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Volume VI, Issue 2, Supplement A, 2014

THE GEOPOLITICS OF HELPLESSNESS - <i>Tiberiu Brailean</i>	6
CATHOLIC SOCIAL TEACHING AND THE ORIGINS OF EUROPEAN UNION - <i>Tiberiu Brailean, Aurelian-Petrus Plopeanu</i>	16
THE EASTERN PARTNERSHIP OF THE EU – THE CHALLENGES AND THE OPPORTUNITIES IN THE CONTEXT OF THE UKRAINE’S CRISIS - <i>Gheorghe Ciascai</i>	31
THE RELATIONSHIP BETWEEN EU AND RUSSIA: SYMBIOSIS OR COMPETITION? <i>Ligia Corduneanu, Stefan Grigore, Ion Muschei</i>	40
CRIMEA – THE BEGINNING OF THE END - <i>Andreea-Ioana Cozianu</i>	56
EASTERN EUROPE, A REGION OF INSECURITY IN THE EUROPEAN UNION'S VICINITY - <i>Bogdan – Lucian Cumpanasu</i>	62
THE ECONOMIC CRISIS AFFECTS THE COHESION POLICY AND SLOWS DOWN THE MIGRATION IN EUROPE - <i>Petronela Daniela Feraru</i>	71
A GEOPOLITICAL STAKE: REPUBLIC OF MOLDOVA BETWEEN THE EUROPEAN UNION AND THE EURASIAN UNION - <i>Mircea-Cristian Ghenghea</i>	86
CHANGING IDENTITIES OF THE BALTIC STATES: THREE MEMORIES IN STONE - <i>Anna Gromilova</i>	94
THE EU-US RELATIONS IN AN EMERGING MULTIPOLAR WORLD - <i>Roxana Hincu</i>	111
THE CAPACITY OF CHANGING THE COMPETITION REGIME IN ROMANIA - <i>Lucia Irinescu</i>	123
THE EFFECTS OF APPLYING COMMUNITARY POLICY UPON THE ROMANIAN ENERGETIC SYSTEM AND THE FUTURE DIRECTIONS REGARDING SUSTAINABLE DEVELOPMENT - <i>Larisa Luchian, Raluca Gabriela Dulgheriu</i>	130
COMMON FISCAL POLICY - <i>Gabriel Mursa</i>	141
CORRUPTION IN EUROPE: RECENT DEVELOPMENTS - <i>Ada-Iuliana Popescu</i>	150
RENEWABLE ENERGY – A NEW DIRECTION IN THE EUROPEAN ENERGY MARKET EVOLUTION - <i>Delia Vasilica Rotaru</i>	161
LOBBY ACTIVITIES AND THEIR EVOLUTION IN THE EUROPEAN UNION CONTEXT - <i>Nicoleta Vasilcovschi, Stefan Ilie Oanta</i>	171
AN ASSESMENT OF THE POLICIES CONCERNING THE EU SUSTAINABLE DEVELOPMENT STRATEGY - <i>Arnold Weiszenbacher</i>	186

THE GEOPOLITICS OF HELPLESSNESS

Tiberiu Brailean*

Abstract: *The events in Ukraine are in the thick of actuality, at the crossroads of East and West. From a buffer zone it has become an acute space of exhibition of Russia's interests, on one side, and of the European Union's, on the other side. As the EU does not have a unique army or a strong political leadership, the presence - as major actors - of NATO and the United States of America is necessary. Huge geostrategic, military, economic, politic, cultural, social and even religious interests are involved. As a neighbour state, member of the EU and NATO, Romania is directly concerned by the present deployments. We wonder if its foreign politics is an appropriate one. Moreover, great stakes aim at the statehood and independence of the Republic of Moldova, but also at the status of the Romanians living in the Cernowits region. Thus, we try to analyse what will happen in Ukraine and with the actors involved, in general. There are several possible scenarios, among which: the success of the elections and the stabilization of Ukraine in integrum; the federation, with the preservation of the frontiers or with the amputation of these ones; Russia's conquest of the country, taking into account EU's demonstrated incapacities; a war that can dangerously escalate; the maintenance of a grey situation, where the two camps explore each other, sanction each other, but not too drastically, elections and referendums are organized, weapons are pacing around, threats are teething, but nothing important is decided, not even a new cold war. The title hints to everyon's weaknesses (is Ukraine a selfsustainable state?), but especially to EU's, the geopolitical objectives of which are in complete disagreement with its means. That is why, in a short term, Russia can win. But in a medium and long term...*

Keywords: Actors (Ukraine, the European Union, Russia, NATO, Romania, the Republic of Moldova, Poland, Turkey, etc.); geopolitics; geo-economics; sustainability challenges; interests; objectives; resources; scenarios for the future.

JEL Classification: F51.

INTRODUCTION

The events in Ukraine should stir our most acute interest. There are approximately 200.000 Romanians who live there, besides those residing in Moldova, who are surrounded by almost-Ukrainians with their good and bad sides. In Eurasia, Ukraine has turned into the main foyer, its centre, disputed – well – between Russia and the European Union. Although weakened and highly dependent upon the NATO, the latter is still driven by an economic and cultural attraction force, discovered by a growing number of Easterners through the increasing freedom of movement, especially since they were promised that after Vilnius they were the next to enter this club (housing for centuries a wealthy civilisation), although any level-headed person could understand there is a long way off.

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1. GREENFIELD POLICY

After Russia's opposition and the shift in power underwent by the oligarchic leadership in Ukraine, after feelers, promises and conflicts, blood has started to flow on the streets of Kiev, and civil war was on the brink. People have heroically resisted to a barbarian power financed – through blackmail – by Russia and without the West provide them with a clear perspective, or a road map. In short, European diplomacy displays a tragic image, with the notable exception of Poland. This Lady Ashton was more fit to lead a group of children to kindergarten, rather than to take part in the European democracy. I have seen it contemptibly attacked by the Russian television, which turned the EU into a scapegoat for what happened in Kiev and, instead of slamming the jerk, mumbled a Sibylline answer and left the room. Western governments are generally moving very slowly: we have no serious agreement regarding what will happen in Ukraine.

Through historical and geographical proximity, those who understand best the state of affairs and act accordingly are the Polish and the Swedish. We should be doing the same thing but, unfortunately, except for the position expressed by President Băsescu, we have seen some Corlăţean straying in Brussels, and willing to sign any resolution, together with a whole bunch of appeasement statements. We have seen this public infant(ile) Victor Ponta, with his lady, in the official stand in Sochi, the only head of government in the UE, if I counted right – which honoured the Russians and, even more, took pictures with the main culprit – Yanukovych – and posted the picture on the internet. Otherwise, what's left for the press to debate upon; politics and Romanian diplomacy, just like the services, seem anaemic, exactly where they were asked for more activism: in the events taking place in the country with which we share the longest borders (650 km). I hope Romanian diplomacy will take notes from Sikorski. Compared to poor Corlăţean, Lady Ashton is Stephen the Great.

Early elections were established, but I believe the Ukrainians will continue to fight among themselves, because what they are looking for is impossible to find completely: their own identity. I do not think that – let us say – the Ukrainian political class represents the people. It is a huge cleavage between the latter's interests and daily life (47 millions scattered on some 600000 square kilometres) and those of the oligarchs and powerful politicians; but it is one gained through fraud. Then, in Ukraine, there are many weapons and a market that is likely to facilitate their rapid growth. Under these circumstances, can you imagine a peaceful future and successful elections? It is very hard for me to believe that. Everybody already has something to avenge there, evil was caused, and a violent and anarchical spirit is already reigning. Moreover, it seems that Russia will never accept

to lose Ukraine. For they would remain, geopolitically speaking, uncovered. Can you imagine, for instance, the “Great Bear” to lose Crimea, Sevastopol? Or even Kiev, considered the cradle of their civilisation – as early as the times of Czar Vladimir (the 19th century)?

2. BETWEEN TWO DECADENCES?

Let us not forget that Ukraine is an artificial state, composed of approximately 80 ethnic groups, of which Romanians occupy the third place, after the Russians and they are hated by the majority anti-Russian supporters. It woke up occupying territories from Poland, Hungary, Slovakia, Russia and from us and Bessarabia. The economic landscape is presently groggy, but it has high agricultural and industrial potential. Russia alone made a concrete short-term offer – now obsolete – the Western procedures being rather heavy. It is equally highly dependent upon the Russian oil and gas, but also on the Russian market, their main export market. Their main economic activity is smuggling and tax evasion has reached unbelievable rates. The fiscal system is in collapse and the banking one is also vulnerable, rinsing black money. Their economic model resembles – like two drops of perspiration – with the Russian one. Heavy money should be invested in production and infrastructure, so as to modernize them. No foreign investor dares to come closer and we are getting more and more affected by this. The Germans alone, led by their Angela, could help them now.

The Western part of the country, the north of Bukovina is populated mostly by Catholics, who no longer submit to the centre. The old commercial route of Lviv, which used to pass through Iași, is thus restored. Ukrainian nationalism, especially in these provinces, is defined today by opposition to the Russians, with whom they have had a history of collision. It is true that there are also other South-Eastern parts, pro-Russian, but they also seem to be asking for something else. The administrative system is highly centralised, although the so-called Party of the Regions, formerly belonging to Yanukovich, won the elections precisely based on promises of decentralisation. They are pious; they fight and die with the cross in their hands, and with priests on their side...

Why has the European Union not anticipated Kiev’s rebellious potential, and why does it act with such delay, while the turn of events in Ukraine was visible as early as the organisation of the European Championship. This is when the Europeans stroke the winning shot, more important than Putin’s money. In the 2013 Report on the state of the nation, the Russian president stated that “Russia is the guarantor of traditional values (probably vodka) against the Western decadence. The world is getting more contradictory and agitated. Within this context, the historic responsibility of Russia is strengthening. Key- guarantor of global and regional stability, the Russian state is

constantly protecting its values. Russia is the final bastion of conservatism.” Both societies, Eastern and Western, are in decay, but Ukraine remains in the middle, as a pinnacle of decadence, a pivot, attracted by both decadences. Only 23 years of statehood do not suffice to provide very much stability.

3. THE ANACONDA PLAN

The present-day crisis strongly slowed down the first wave of globalization, which was a sort of quasi-colonial Westernisation. There have been profiteers, new power centres emerged, but also opponents, if we were to name only the more virile ones: the Islamists, China or Russia. The example of the pendulum teaches us that, the more its axis moves in a certain direction, the more it will do in the other direction. This is also another grid through which events in Ukraine could be read. However, on a larger scale, after the centre of world economy moved to the Pacific, the main Asian states constituted sovereign investment funds, with which they massively buy, following the most liberal principles, Western actives depreciated by the crisis. We can thus talk about a retiring tide, or about a second wave of globalization, which comes, this time, from the East and goes to the West. The two waves met precisely in Ukraine, the soft belly of Eurasia.

The European Union and NATO wanted to apply the “Anaconda Plan” to Russia, a plan aimed at encircling the victim as closely as possible and suffocating it. The problem is that, given the weakening of Europe and the renaissance of Russia, it is no longer clear who the victim is. The story with Ukraine and Russia reminds us of the anecdote with the mouse who knocks at the door of the elephant. The elephant’s wife answers. “I’d like to speak to the elephant, please”, “Who asks for him?” “It’s Rodolpho from the disco-club!”. I remembered this anecdote when the current Ukrainian prime-minister publicly announced, after the annexation of Crimea, the entrance into “the military phase of the conflict”, which consisted into an order of retreat given to the Ukrainian army. Rodolpho from the disco-club...

Europe cannot understand the Slavic spirit, and the Americans even less so. In 1996, five years after the implosion of the USSR, during Boris Yeltsin’s time, I happened to be in Russia and I used to observe on people’s faces, but even more on the faces of soldiers and militiamen, a sort of dismay and confusion. Even they could not understand how they had got in that situation, after they had been told, all their life, that they were the best and the strongest. They were now selling their hats and their caps, with the emblems of the Soviet Union, for 10 dollars a piece. They called me “the American”, probably because of my hat and coat. However, in spite of all these things and

more others, I felt them to be a vital people, I felt that their history is not an accident and that they might revive. The Russians can be hungry, but they will not give up the imperial idea. They are Christian Orthodox, “blessed”, they have outstanding elite in all fields and icy-blue eyes, who come alive when they hear the words “Mother Russia”. They are, first of all, hungry of space, but they do no longer have the necessary population in order to control it. Moscow considers itself to be “the third Rome”, on its flag St. George is killing the dragon, while the Kremlin, with its mixture of churches and administrative buildings represents, just as its emblem, an image of the joining of the laic and the religious freedom. The dominant colours are copper-yellow, white and red for the exterior; white, yellow and green in the interior. The Cathedral of Vasily the Blessed in the square is unique, of a remarkable syncretism.

The Ukrainians are Malo-Russians, who had come a little earlier, in the 11th century they were already christened by the prince Vladimir and his mother, after the success of the byzantine delegation. They are milder, although nationalists, and they have betrayed all the conquerors of Russia until now: Gustav the Second, Napoleon, Hitler, etc. They are slippery, love feasting, their main occupations are agriculture and smuggling, although they have also inherited some industry. They have an oligarchic system, politicians being just puppets. In 1991 they received a patch of territory they hadn't even dreamt about. Although they still depend on the Russians, they started to be seduced by the charm of the Western world. There are around 80 ethnicities in Ukraine, and they become even more nationalists in order to control them. We can cite, for example, the region of Cernauti (Chernivtsi), where Romanians are no more than 20%, although it seemed to me that those Ruthenians are slightly uneasy, knowing this is not their territory. Ukraine is not a settled country, but a patched one, and we, the Romanians, did not have much to win due to this vicinity (see the mouths of the Danube and Snake Island).

Apart from its geostrategic position, I cannot see what the Europeans found in Ukraine. I fail to see what tremendous Ukrainian products could be asked for in the European space. I do consider that Ukraine brings more problems than it solves. The offer of Moscow – we need to acknowledge it – was much more concrete. I cannot see what Europe offers to Ukraine. One billion euro credit must be a joke. Of course, the IMF will come... But if we talk about joining the NATO, things are a little different. The Russians also menace now with the Iranian file, where they had a remarkable contribution, but I do not think that the Iran will come back on the road to negotiations. The whole situation fits China very well, and China is silent and continues to grow.

I can only see the Russians in Transnistria if the balkanisation and the federalisation of Ukraine are wanted, but the probability is nevertheless small, although, just as in the case of the

Republic of Moldova, the options of democratic vote are opposed and sensibly equal. However, in Ukraine there are tens of thousands of Russians, not to mention the Poles, the Galicians and territories that never belonged to them, and that they received... again, from the Russians. What does the Occident defend? The border lines drawn by Stalin? The deterioration of the strategic relation between Germany and Russia, which ensured the calm of the region, certainly constitutes a great loss. Then, the Visegrad group countries made a military alliance within NATO (they may not have confidence?). There is, then, the reopening of the Pandora box of regionalisms on the whole European continent. It seems that this time Anaconda went too far and it squeezed too much, while the elephant was showing off in Sochi. Without Rodolpho...

4. "CONDITIONS FOR A NEW MAJOR CONFLICT"

I was even more worried about Putin's allusions to a Europe which would "meet the conditions for another major conflict" and his intention to spend 500 billion Euros on arming during the following ten years. I am also bothered by the fact that all the present-day events are like a shadow theatre, on which the only important deciders in this matter are being projected: Putin and Merkel. One again, our history is written by others, and people die according to power relationships between the big ones or according to their interests. We could think we are before the signing of the Molotov-Ribbentrop pact. While the special emissaries of the European Union were negotiating long nights with Yanukovych and with representatives of the opposition, while protesters and the militia were fighting in the streets, Merkel and Putin were discussing gas prices. The Iron Lady of Europe is the only one – unfortunately – able to solve the Ukrainian problem, together with Putin. Angela goes on... Obama does play-back. However, after Sochi, Putin's reaction did not fail to come.

Ukraine, or maybe only its North-Western half, continues to represent the "vital half" that the Germans feel that they need, this time together with the Poles. The problem is how much the Russians are ready to lose here, after the Balkans, the Baltic countries and even Bessarabia. They did not give up in Chechnya, in Armenia, not to mention Georgia or Kyrgyzstan. In fact, there is no rest in the whole Caucasus. But all these are small countries, all of them reunited cannot be compared with the importance of Ukraine. Last year, Putin obtained some tremendously remarkable diplomatic victories, so he continues to be in a bellicose mood, he continues to provide arms in all strategic points, and lately he has been preparing for what will be The Battle for the Arctic. However, the Russians have lost more than 100 million people in 23 years, the medium life

expectancy for men is 55 years, the Chinese are putting pressure on them, the dependency on hydrocarbon exporting, so the fact that they have not diversified their economy can give them problems, in spite of all the blackmail they use. And you should know that even given the civic liberties that they offer, they are also confronted with street fights. While Europe, although more and more..., continues to preserve this cultural-civilizing force of attraction, which belongs to what some call *soft-power*.

Russia had *hard-power*, peak military technology in all fields, systems of information and knowledge structure, strategic resources; the state has financial resources, but social inequalities are very deep. There have already been episodes in history when the Ukrainians made alliances with the big powers which attacked Russia; Ukrainian nationalism has its own history, even if a fragmentary one. This is what happened during Peter the Great's time, when King Gustav II of Sweden attacked Russia, or during the First and the Second World Wars, when entire Ukrainian divisions were fighting on the side of the Germans. The Ukrainians betrayed every time, and even so, the revenge of the Russians was an extreme one. Only during Stalin's cooperativization around 7 million Ukrainians were killed, and 4 million were deported. And today, the Czar Boris, who in 1991 had the excellent idea to dissolve the Soviet Union, brought them luck. However, even he reunited his dearest republics, Ukraine and Byelorussia, together with the new Russia, in the ephemeral NIS (Newly Independent States).

At present, Putin probably has deep regrets that he was not quicker with his project of custom union or I don't know what. The worst scenario for what is to follow is that there happens a scission in Ukraine, and even more so, if it is a violent one. What happened in Transnistria, in Chechnya and in Georgia would not be anything compared to what could happen 200 km from Iasi. Of course, we can expect a gas war, which is likely to affect the whole Europe, we can expect murders, etc. Iulia Timoshenko's return is and is not a solution, as I cannot see those who fought in Maidan giving up, in order to free the way for her presidential elections. The world wants new people. Of course, she fought, but in the eyes of the common people, she is just another oligarch, and the measures she took while she was a prime-minister were not that perfect, if we were to think just of the relationships she had with the former president Yushchenko, for instance. Once, more, the Parliament become the centre of the power, the place where future street fights should be fought. But this would already resemble some kind of authentic democracy. Is Ukraine ready for such a thing? I'm sorry, but judging on mentalities, I'm afraid it is not. All these could be the convulsions of the birth of a new democracy on our continent, and the role of the EU could be an essential one

here. If politicians return to a Wilsonian politics, to a politics of self-determination, a Pandora's box will be opened in the whole world, with consequences difficult to foresee.

5. FIVE SCENARIOS FOR THE FUTURE

Others than those for the CNN. We obviously talk about a very close future.

1. Let us begin with the positive scenario, one in which Ukraine remains integral, that is, without Crimea, and a peace formula is reached, guaranteeing the other borders with Vienna. The only organization that could mediate such an agreement would be the OSCE, but I burst into laughter and tears at once, seeing that the separatist forces, the so-called “green men” took hostage 13 members of the OSCE. Can you believe how much visceral hatred these people have gathered? Although the noisiest cities: Donetsk, Kharkiv, Luhansk, Mariupol, Sloviansk, two thirds of the population does not want the annexation to Russia, according to a study carried out by the Institute for Social and Political Analysis in Donetsk.
2. Jumping to the other extreme, the Russians can occupy the entire Ukraine, or at least the South-East and Kiev (the Eastern Orthodox Jerusalem), through a lightning operation, speculating the hesitation in the Western governments, especially since it is hard to believe in the success of some generally recognised democratic elections, on May 25th this year. It would still be a very costly operation.
3. The federalisation of the country, with a general statute of autonomy of the regions, a new constitution, referendums, elections, after multilateral negotiations;
4. If negotiations fail, a civil war is possible, with the implicit or explicit support of the great powers, which would render their confrontation inevitable: a weakened East, after the futile wars in Iraq and Afghanistan, in addition to an ongoing economic crisis facing Russia, which is ready to continue its revenge for the humiliation in 1991. This will be a general war, not a world one. Of course, all this time, China is silently growing, which does not suit anyone.
5. This is why I believe that the most likely scenario is the one that fuels chaos, with menace, “accidents”, return to the so-called negotiations, blackmail on gas, invented procedures, corruption and smuggling, promises and postponements, economic sanctions also result of evasion, etc. For now, this can be foreseen in the short term. In the medium and long term, things will change at Moscow's expense. Obama will attract Japan in the

Kuril, the Chinese will spread to Siberia, the Ukrainian economy will collapse, the Russian economy will increasingly lose ground, substituted by European hydrocarbon suppliers, the Iranian and Syrian files will be reopened, and chaos will spread, acquiring geostrategic virtues.

CONCLUSIONS

An ex-politician from Switzerland used to say: “Collaborate with Russia, but do not get too close to it”. And he was right. What did Europeans want from Ukraine? I could not understand. What can they offer? All of Russia’s reactions are normal, from his point of view, and they had to be anticipated. Things should have been prevented from escalating so far. Does anyone fancy a new world war? I mean, keeping Turkey on the sidelines for almost two decades (do you realise how useful would Turkey be now, within the European Union?), bombing the Balkans – I could not understand why – with an accusing ferociousness, including in the night of the Resurrection, arranging Eastern partnerships up to the borders of the Great Bear, and launching invitations to Ukraine, which has no institutional stability nor a stately political tradition, being thus easy to handle. But where did the Europeans go, those who stirred up everything, when conflict sprang? Well, they have no means. Are we that naive? Did they believe the Americans would rush to bomb Moscow? They did not even go to Libya. Visegrad countries signed a distinct military treaty, Poland is forearming and, generally, entropy increases in Europe...

The problem is that the Ukrainians have started to understand how things work in Europe (see the interview Răzvan Munteanu had with two academics from Kiev, published in “Foreign Policy”, January – February 2014). It will be interesting to observe the evolution of the Ukrainian youth. They were born during a time of independence, they were inoculated a sort of nationalism, and they are now getting old as Ukrainians, without knowing that they live, as least partially, on the territories of Charles the Great, of the Slovaks, the Poles, the Hungarians, the Romanians, the Tartars, etc. The avatars of history do not interest them very much, not even those in the very special relationship with Russia, so they are at loss and risk not to understand recent history. I hope no sacrifices will be required for this.

The Brussels bureaucrats should build an army before planning such adventures; they should reinforce their political unity and declare the spiritual ideal which guides them. Meanwhile, they should solve the debt crisis, the competitiveness crisis, tax harmonisation, the Euro crisis, the crisis of the social model, the demographic crisis, reindustrialisation, remoralizing, etc. As for the

Americans, what are they doing with the deficiencies, what are they doing with Asia? And finally, between us, I wouldn't have thought Obama to be such a weak man...

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CATHOLIC SOCIAL TEACHING AND THE ORIGINS OF EUROPEAN UNION

Tiberiu Brailean*
Aurelian-Petrus Plopeanu**

Abstract: *Many papal encyclicals were not directly concerned about the appearance of European Union due to many historical, political and social contexts. The fundamental principles developed through several encyclicals from early 19th century to the present day reaffirmed the neutrality of the Church regarding to many forms of government. But the most important idea has its root in the restoration of the Christian principles in society. In a time of de-Christianization and secularism, the role of Church as the foundation of peace is also important to notice. It was considered that every modern democracy is the image of the revealed heart of the universal law of charity (Jacques Maritain). That is why between a supranational entity like the European Union and the Catholic Church should be a friendly and close relationship. A unite Europe has its roots in Christianity, especially in Catholicism. The soul of Europe is animated by religious principles. Whether we talk about Schuman or Adenauer, their Christian faith is the engine for their political success. After the Second World War, in Western Europe, the Christian democratic parties had a huge impact for the democratic governance. The socio-economic policies of these parties were anchored in Catholic social teaching.*

Keywords: Catholic Church; social teaching; encyclicals; Christian democrats; Europe.

JEL Classification: A13; B000; Z120.

INTRODUCTION

The way religious ideas influence the life of the individuals is extremely complex and full of beauty. The social thinking of a particular religion may enrich the human action. But a lack of dogma goes inevitably to despair and anomy. Tocqueville once said the following words: “When religion is destroyed among the people, doubt takes hold of the highest portions of the intellect and half paralyzes all the others. Each person gets accustomed to having only confused and changing notions about the matters the most interest his fellows and himself. You defend your opinions badly or you abandon them, and, since you despair of being able, by yourself, to solve the greatest problems that human destiny presents, you are reduced like a coward to not thinking about them. Such a state cannot fail to enervate souls; it slackens the motivating forces of will and prepares citizens for servitude.” (Tocqueville, 2010, p. 744-745) It is needed to know some of Catholic social thinking documents and encyclicals because of their important impact on each faithful’s life.

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It is imperative to articulate an ethic (individual and social) of social life as an effect of the industrialization over the general social sphere in order to respond to the new context. (The Christian Democracy, 2011, p. 10-11)

The essentially Christian-based nature of European unification into a Federation is linked with the search of peace, freedom and justice which created a monolith with its roots based on Christian Democratic principles such as pluralism, personalism, solidarism and subsidiarity. In this direction, such an image of European federalism is based on Catholic social theory. (Burgess, 1989, p. 96)

1. CATHOLIC SOCIAL TEACHING IN THE 19TH CENTURY

In the nineteenth century, papal encyclicals include the entire social thinking of the Catholic Church. The first to submit a letter to the faithful and to the Church was Pope Benedict XIV (1740-1758). And until the already famous papal encyclical, *Rerum Novarum* (1891), no papal encyclical has submitted any doctrine or social teaching.

In 1832, Pope Gregory XVI wrote the *Mirari Vos* encyclical in which he rejects liberalism and the French Revolution because both relativize knowledge and absolute truths and lead to ignoble indifference. (Kraynak, 2001, p. 132) Another encyclical of his, called *Commisum Divinitatis* (1835), related to the state-church relationship, suggested that the state should not interfere in matters which exclusively concern the church, so as not to regulate or control in any way what is externally communicated to the faithful and the parishes, or the episcopal synods' organization and the clergy elections. Pope Pius IX (1846-1878), in his encyclical *Qui Pluribus* (1846), condemned the doctrine of human progress and its importance in the Catholic teaching and also the communist one since their effect over formal and informal institutions (laws, government institutions, private property) and the whole society is disastrous. In *Quanta Cura* (1864) one explains that the denial of natural law imprinted in the hearts of men leads to societal problems and difficulties. In *Mirari Vos* the same pope condemned communism and socialism. (Gilley, Stanley, 2006, p. 143)

In the same direction, in 1864, Pope Pius IX drafted an official document of the Holy See, *Syllabus Errorum*, in which he rages against progress and values promoted by liberalism and modern civilization. (Kraynak, 2001, p. 132)

In *Diuturnum* (1881), Pope Leo XIII confirmed the hierarchical model of state-Church, explaining that the one who does not respect his leaders does not love God, the state being an entity that seeks good for its citizens. Thus, the divine origin of power is assigned beyond its mundane

appearance. In the encyclical *Quod Apostolici Muneris* (1878), he castigated the socialists, communists and nihilists, and then appealed to Catholic wisdom which is based on natural and divine laws to criticise the Freemasons. In 1890, he stated that the Church should not decide which is the most suitable and the best of all existing forms of government and that any Catholic should respect his country as much as he loves the church. In *Plurimis* (1888) and *Catholicae Ecclesiae* (1890) any form of slavery is virulently condemned because the deprivation of liberty is contrary to the divine and natural law. In the encyclical *Libertas* (1888) the concept of human freedom was the most cherished and it was insisted upon the fact that the natural or eternal law tells men what is good and what is bad. Moreover, the human law has divine origins and thus human society must be seen through the lens of transcendental sphere. In 1891, the famous encyclical *Rerum Novarum* is made known to the general public. Therein, socialism is dismissed in its entirety and the Marxist class struggle issue is considered to be contrary to reason. The division of social classes of early capitalism is also fined in the papal encyclical, but not completely since all private property is considered to play a very important part in the economic and social gear. The monopoly is disavowed. The inherent individual rights highlight the essential role that the family should play in society. The care for the less fortunate of the society is mentioned (the poor), and also subjects such as the fair salary issue, the social justice, the shortcomings of the freedom of workers coalition unions are tackled. (Gilley, Stanley, 2006, p. 144-151)

Regarding wages, the income received by a worker is made under the law of supply and demand, and is not just since the individual has no choice but to choose what is being offered, thus becoming a victim of injustice. As previously mentioned, socialism is virulently condemned because it neglects and removes from the equation the private property, that it is hostile towards religion, and that it places great emphasis on social equality. On the contrary, Pope Leo, following medieval theological thinking, highlighted that inequality and hierarchy are necessary ingredients in a society where the classes have to live together harmoniously. The state's role is well defined and it must intervene to protect the rights of the poor and the working-class. (Sniegocki, 2009, p. 106-108.)

Thus, “He glimpsed thus the possibility to link the fundamental value of freedom and market institutions, related to this, with the idea of social justice so as to create a balance that was at the basis of the economic order.” (The Christian Democracy, 2011, p. 11)

His variable position takes epistemological value regarding the citizen reporting to private property. On the one hand, Pope Leo XIII is Thomistic, being the adept of the preservation of natural rights of property; on the other hand, he adopts a vision of separation between private property and possessive individualism. Property rights are considered sacred and inviolable, being

justified by God's choice of making his creation the master of the created visible world, through the need to cultivate generosity, philanthropy and charity in terms of gaining material wealth by the very existence of people unequally endowed with skills, talents and abilities. (Kraynak, 2001, p. 140-141)

1.CATHOLIC SOCIAL TEACHING IN THE 20TH CENTURY

An extremely important papal encyclical that helped crystallize the Catholic social ethics is *Quadragesimo Anno* (1931) written by Pope Pius XI. This encyclical was a *Rerum Novarum* reaffirming (1891) in some essential points: the workers' right to fair wages, protection of the poor by the state or criticism of capitalism and socialism. For example, in full economic depression, capitalism is considered to have established a true "economic dictatorship", a cruel, ruthless and merciless system, where many people suffer from poverty, unemployment and an uncertain future, where few have become stronger. In this bleak landscape, corporations are guilty of "heinous abuses" and numerous frauds and injustices. Therefore, the state's intervention is imperative in order to regulate and supervise the unordered movement in the economy congruent with the requirements of social justice and the common good. (Sniegocki, 2009, p. 111)

Not even the state itself is free from constructive criticism. It is believed that it has become a slave of material wealth. But the role of the state in the economy must obey the principle according to which legal and social order that circumscribe to economic activities must be protected and restored by the state. The state, according to the natural and divine law, must decide what is lawful for the owner. The property has a double valence: private and public. It is considered that the private property helps work against the common good even if it comes across it, but it does not abolish it, but it rather hinders it. Collectivism is dangerous, individualism is evil, and unregulated competition brings many shortcomings to the society. The compromise solution between collectivism and individualism resides in the concept of subsidiarity. (Sniegocki, 2009, p. 111-112)

In 1944 the Christmas radio message of Pope Pius XII (1939-1958) defined democracy as compatible with individual freedom and dignity. Also, the economic sphere must not overwhelm the spiritual, since the latter makes the former. (Sniegocki, 2009, p. 113-114)

Pope John XXIII carefully leans on society and the economy. *Mater et Magistra* In (1961) he considered as positive the findings in science and technological advances that have generated economic prosperity and improved living standards in human communities. This progress is consonant with and justifies the welfare of the state that becomes increasingly stronger, although

the individual's economic initiative remains pre-eminent and decisive. The Keynesian ideas that were fashionable at that time determined the pope to say that the state has an important role in reducing disparities, economic disorder and the reduction of the exploitation of the weakest in society. Also, fiscal and monetary incentives from the State towards the Small and Medium Businesses become an imperative need to improve living conditions. In comparison, when referring to the so-called Third World, poverty and hunger are referred to as effects of a primitive economy, unable to absorb and apply advanced technologies and scientific progress performed by the developed countries. The solutions lies in abandoning old patterns of economic development based on traditionalism and encourage the modernization as the top solution, based on capital accumulation, industrial technology and education. Loans and financial assistance provided by developed countries to the least advanced ones are commendable actions and have a deep moral substrate, but a warning should be mentioned that they can have a shade that betrays danger that of manipulating and dominating politically. The relationship between economic growth and equity and justice is brought to the fore, as well as relations towards workers which should be based on dignity. Without these moral ingredients, any performant system is unjust and immoral. (Sniegocki, 2009, p. 115-119)

Another encyclical written by Pope John XXIII is entitled *Pacem in Terris* (1963). Unlike the liberal tradition of human rights based on political and procedural rights, the Pope renewed this vision by integrating social and economic rights such as the right to food, shelter, medical care or social services. From this perspective, it should be noted that an employer must provide its employee satisfactory working conditions and fair wages. In the event that a worker cannot work normally then the state must help him to fulfill his basic needs. It is believed that constitutional democracy is the best option for protecting human rights. In other words, the Pope reaffirms the features that need to accompany the financial aid for the poorest countries of the world: respect for their freedom, moral and ethnic characteristics and no motivation on the part of the developed countries to dominate them politically. (Sniegocki, 2009, p. 119-121)

Following the Second Vatican Council, the bishops decided to interpret the world and the changes it is subdued to through the lens of the Gospel. As Pope John XXIII asserts in the encyclical *Gaudium et Spes* (1965) the dignity and the social nature of individuals, the preeminence of human rights and the role of the state in the economy should be emphasized. Also, the progress derived from applying the latest achievements of science and technology is brought to the fore. He criticizes the excessive consumerism and the elimination of the spiritual component from and the marginalization of the socio-economic life. In addition, the encyclical *Gaudium et Spes* (1965)

warns that economic inequalities between regions and states are steep and in some cases deepen increasingly, causing the escalation of violence and undermining social justice, causing an urgent need for a thorough reform. Since everything on earth is God's creation and therefore is divided equally, then some limits can be considered when speaking about private property. The idea is put forward: when private property harms the general context, the public one has to take this role. Economic development must not be a privilege only for a few powerful people or rich countries, but as many people as possible should participate in this process. (Sniegocki, 2009, p. 122-125)

Starting from the encyclical of Leo XIII, the idea that private property is lawful is resumed, but it becomes limited in certain circumstances. The property belonging to an individual should not be regarded as exclusive possession, but this situation should be seen as one in which the goods are actually common in order to generate satisfaction not only to the owner but also to others. Moreover, private property is considered an extension of the individual's freedom, also having a poignant social feature given by the common destination of material goods. (Ică Jr., Marani, 2002, p. 158)

The encyclical of Pope Paul VI, *Populorum Progressio* (1967), states that it is unfortunate that the liberal capitalist economic system was built on a foundation which considers profit as the key to economic progress, competition as the supreme law of the sphere of economy and private ownership over production means as an absolute right, without limits and which does not entail therefore specific social obligations. This unrestrained release that occurs only within such a rational human construct, leads to dictatorship rightly denounced by Pius XI as one that produces an “international imperialism of money.” (Paul VI, 1967)

Populorum Progressio (1967) supports the argument that development is not synonymous with economic growth; it is more than that, a new peace formula. It is not enough to produce goods and services that respond only to material needs, as they should be filled with sincere and Christian moral sentiments such as: love, friendship, solidarity, faith. The integrative concept of development must meet the need to promote the natural and human welfare, defined as a process to transform the individual into a “more humane” one. Though being a supporter of economic growth and human progress, the Pope highlights the danger that under the new conditions the traditional structures can be abused to extinction. It is considered that the implementation of free trade, besides being the foundation of economic liberalism, is not capable of generating satisfactory results for participants if not carried out under conditions of social justice. Private property, another constituent element of liberal capitalism should not be regarded as an absolute and unconditional right of the individual. The goods of the earth equally belong to all. It requires urgent, systemic and in depth transformation

of the way in which individuals act in society and the way in which they foster prosperity. (Sniegocki, 2009, p. 126-131)

The second encyclical of Pope Paul VI was called *Octogesima Adveniens* (1971) and follows the principles of Catholic social thought in different social contexts. It emphasizes the need for affirmation of equality in society, women should get equal rights with men. Reforms of the international division of production, trade structure and control of profits or the issue of international monetary system should be continued brisk and profound. Multinational corporations are seen as new economic powers emerging, largely independent of their host states and therefore very difficult to regulate when it comes to the common good. The fear that these companies would become aggressive political and social monopolies is reiterated. Another aspect considered is the ecological component, considered of prime importance for humanity. (Sniegocki, 2009, p. 133-134)

The first encyclical of Pope John Paul II was entitled *Lab Exercens* (1981). The main ideas expressed define in a proper sense the Pope's complex vision of man and society. Human labor gives meaning, strength and dignity to the individual. Work is considered to be at a superior level compared to the capital. The dignity and rights of workers are essential and always reaffirmed. Solidarity in workers must be encouraged and perfected as a struggle for social justice. Wherever the dignity and rights are restricted and assaulted by exploitation, famine, poverty, the Church has an obligation to help those burdened. Liberal capitalism and socialism are criticized aggressively. (Sniegocki, 2009, p. 142-143)

In 1987, Pope John Paul II drew his second encyclical *Sollicitudo Rei Socialis*. The Pope deplores the deteriorating situation of those in poverty and tries to formulate a number of causes that contributed to the status quo. On the one hand, the obsolete and incomplete economic development models are to blame; then structural injustice is considered a key factor for the deterioration of living standards in many parts of the world. He warns that the fracture between the few rich who live in order to "posses" and not "to exist" and the many poor who are deprived of basic goods increases and raises a big question mark for the state in which human society finds itself everywhere. Development seen as a social profound change must take place without violence and with solidarity. (Sniegocki, 2009, p. 143-144)

The last encyclical of Pope John Paul II's *Centesimus Annus* was written in 1991, 100 years after another famous encyclical, *Rerum Novarum*. The Pope analyzes the transformation of former communist states and demonstrates that the failure of the communist conception consists in the impossibility of seeing Man as *imago Dei* and in the violence with which it imposed a mundane order that was not the effect of any reasons and freedoms. The economic collapse of the communist

regimes is marked by the suppression of private initiative, private property and restricting any kind of freedom in the economic sphere. (Sniegocki, 2009, p. 144-145)

Pope John Paul II shows that, if in the past the production factors were the land and the capital, today the primordial production element is the man himself with his ability to know, to be organized, to produce for himself and for others, to cooperate and make progress. Capitalism is a social and economic system that prevailed real socialism precisely because its ethos and its ingredients cultivated integral human freedom, oriented towards the common good, whose backbone is ethical and religious. (Ică Jr., Marani, 2002, p. 169)

The capitalist system has some gaps that have an impact on individuals, such as the weight carried by those in poverty, who are unable to escape from the ghetto helplessness, the absolute primacy of capital, which impacts the property and erodes the freedom and dignity of the individual, the phenomenon of consumerism, the ecological problem. Regarding the first issue, it is necessary that those in poverty (due to the dignity that characterizes them) to be helped to educate themselves, to acquire new capabilities in agreement with the market requirements in order to be inserted into the economy to earn a wage to support their family, and to be protected in case of unemployment and retirement. (Ică Jr., Marani, 2002, p. 159-162)

The Pope opposes to capitalism not the bankrupt socialism, but an alternative model, a “society of free work, of enterprise and of participation. It does not oppose the market, but demands that it be adequately controlled by social forces and the State, in order to guarantee the basic needs of the whole society.” (Ică Jr., Marani, 2002, p. 162) Therefore, a so-called genuine “human ecology” is required, which consists in cultivating family values grounded in the sacrament of marriage between man and woman.

The role of profit as an indicator of the effective functioning of an enterprise is recognized by the Catholic Church. But while profit shows that resources are used in the best way possible, this is not the only objective indicator. It is possible that a company earns its profits through illegal business or by exploiting its staff. Or (if people's dignity is taken into account) if a firm is in fact a community of people, it is impossible not to take into account the fact that by analyzing and comparing the size of the profit we simply neglect the essential moral and human aspects. (Ică Jr., Marani, 2002, p. 162)

In other writings, John Paul II continued to reflect upon the change the whole world undergoes. Regarding the widespread phenomenon of globalization, he asserts that if market laws are only directed by the rich then the results will be unemployment, deteriorating public services, pollution, depletion of natural resources, increasing inequalities between social classes, fierce

competition which will further isolate poor countries. (Paul II, 1999) Thus, in an article called *The Ethical Dimensions of Globalization*, the Pope stressed that globalization can be seen as a new form of colonialism.

Neoliberal capitalism, which subordinates the individual to the unseen forces of the market, generates increasingly higher prosperity for a small group of rich countries, while a large number of countries become poorer and poorer. (Paul II, 1998)

2.CATHOLIC SOCIAL TEACHING IN THE 21ST CENTURY

Pope Benedict XVI has not written any papal encyclical, but he was concerned with the many formulas of Catholic social thought. He turned out to be a successor of Pope John Paul II, speaking about the role of solidarity in society and greater justice in the distribution of wealth across the globe. He strongly argues that the elements that define the economic sphere must not dominate the political ones. (Sniegocki, 2009, p. 152)

Pope Francis recently released a new encyclical entitled *Fidei World* (2013). Some important ideas are worth highlighting: the role of faith and love, the family spirit are the foundations of the contemporary society. If faith is fading, it perverts mutual trust, balance is weakened and the only binder in our society would only be fear.

In *Gaudium* Gospels, Pope Francis shows how individuals are considered consumer goods in today's world, which are exchanged when they expire with more powerful and adapted ones. The problems of inequality persist in the world and fierce competition in conjunction with social Darwinism causes social exclusion. The market's economy system that generates economic growth and social justice is considered naive. The globalization of indifference is the general symptom, the lack of compassion for those in poverty and suffering is a problem that grinds and gives food for thought. The dominance of money in everyone's life turned into pure idolatry. Man was reduced to the status of passive consumer. Pope Francis rediscovers what the previous encyclicals already warned us about: the increasing distance between the rich and the poor. It is believed that the source of these blatant inequalities (that produce and maintain widespread poverty) is given by ideologies that emphasize the absolute autonomy of the market and financial speculation, refusing any form of statist control. Corruption, tax evasion, deficits spoil the purchasing power and the standard of living of the individuals. This is why, ethics is designed to soften and somehow humanize the mysterious and ineffable social order. The current social and economic system is unjust in its depths, leading to instability and violence between individuals, regions and nations. Consumerism

with radical inequality affects social structure. Economic policies should be articulated according to the dignity of individuals and to the pursuit of the common good. The invisible hand of the market is no longer considered valid, the focus moves to the distribution of income in the economy, creating new jobs and aid to the poor. (Francis, 2013)

The unitary principle of the Catholic Church's social doctrine is the foundation upon which the Catholic social thought is built. Whether talking about human dignity, the common good, the reality of subsidiarity or solidarity, all circumscribe to the moral and religious principles that bring forth the love of God and neighbor. (Paul II, 2004)

3. THE CHRISTIAN DEMOCRACY AND THE EUROPEAN UNION

Until 1878, the whole Catholic Church became very centralised, a true “supranational” force, a real “supernatural fortress.” (Conway, 1996, p. 13) The European Catholics felt of belonging to “a civilization ... as a whole way of life involving many different folk communities, each having its own physical identity but bound together by a higher order ... of shared legal and moral norms, sacred cultural rites and performances, overlapping forms.” (Boyer, 2004, p. 20) Until World War I, the transnationalisation of Catholicism from a religious point of view and the centralisation of the institution of Catholic Church determined the Catholic political parties to follow a nationally perspective. Seymour Lipset and Stein Rokkan considered that the Catholic parties are the creations of the Catholic Church as a counter-attack process for the rise of anticlericalism and mass politics. (Lipset, Rokkan, 1967, p. 103) In these conditions, the Pope became the main figure of the Catholic resistance in the culture wars throughout Europe. (Kaiser, 2007, p. 12-20)

After World War I, the threat of socialism was a decisive argument for a specific social action. It supported any right-wing anti-communist authoritarian political regimes. Especially in Italia and Germany, the protection of Church rights was extremely important. (Kaiser, 2007, p. 54-55) The Catholics from all over Europe were eager to participate in the political realm. The support for Franco-German reconciliation gave Catholic parties greater liberty “in developing a less defensive and introspective vision of national and European politics. This also reduced the barriers to transnational contacts and cooperation. In addition, the structures of domestic party competition and the contestation of the dominant domestic and foreign policy issues also changed after 1918.” (Kaiser, 2007, p. 45)

It was considered that after 1918 a double perspective was in the front of German external policy. One is based on the Catholic influence that militated for reconciliation and peace. Another

one is Prussian-based and put in the foreground the military revenge. (Vecchio, 1987, p. 292) In other words, such duality demonstrates the lack of unity, an alienation which began with Luther and the Reformation. In 1866, under Bismark, the Prussian hegemony over the Catholic Austria and the Prussian-liberal Kulturkampf in the 1870s marked the caesura between the Protestants and the Catholics. The formers were the winners. It was considered that the ‘Prussification of Germany’ has an important impact over the National Socialism and the beginning of World War II. (Kaiser, 2007, p. 216) In the eyes of the Christian democrats, such a political regime and structural status quo had deep roots in the nineteenth century where the impact of the materialist ideology of liberalism transformed the society in an amoral and irreligious community. The same politicians considered that what they called the “European collective guilt” has nothing to do with the profound Catholic Europe. (Kaiser, 2007, p. 217)

In this direction, “‘Europe’ became upgraded in the course of Christian democratic party networking and intergovernmental decision-making in the first decade after World War II to their main collective policy instrument ... ‘Europe’ thus became a core element of the Christian democratic parties’ postwar identities, contributing in a major way to their distinctiveness in domestic party competition.” (Kaiser, 2007, p. 188-189)

The role of European Christian democratic parties in the making of the European Union was extremely important for different reasons. The most important one refers to a process where “the Christian democrats’ formal and informal cooperation contributed to the lasting creation of transnational social capital. Compared to interwar Europe, when Catholic party cooperation was still dominated by domestic nationalist claims and inter-state rivalry, the Christian democrats accumulated not instrumental trust directed at securing specific interests, but social trust in the form of normative-emotional bonds between party elites. Their regular party-level meetings in mostly non-politicized private contexts allowed the Christian democrats to communicate their congruent political beliefs and preferences, especially for the creation of an economically integrated core Europe with supranational institutional dimensions and without British participation, over longer periods. In this way, their decision-making as governing political elites in power in all founding member-states of the ECSC in 1950–51 became mutually reliable and calculable despite of conflicting domestic pressures from coalition partners, public opinion and economic pressure groups.” (Kaiser et al., 2009, p. 21)

At the beginning of the fifth decade of the 20th century, French Foreign Minister Robert Schuman reported that the French and German coal and steel industries unified, but there had to be respected several political conditions to realize such an ambitious plan. It was extremely important

that the French proposition should have been accepted by the West German government. The Russian threat was escalating. It is well-known the historical rivalry between France and Germany and some worries rose from it. Only five years have passed since the end of the Second World War. But important French politicians like Georges Bidault and Schuman were close to Adenauer because of the meetings of European Christian democrats since 1947. That is why it was believed that Konrad Adenauer would react favourably to the French initiative. (Kaiser, 2007, p. 191-252)

Adenauer considered the Schuman Plan in political terms as the only way to defend the Western Europe against the Soviet socialism. “The Christian democrats tried to build a Catholic Europe, decentralised federation in the making based on the principle of subsidiarity and excluding Protestant-socialist Northern Europe in its formative phase. It is this shared set of norms and policy ideas combined with the political hegemony of the Christian democratic Centre-Right in continental western Europe around 1950 that largely account for what the socialist Pineau has rightly recalled as the start of integration ‘in a very Christian democratic manner’.” (Kaiser, 2007, p. 251)

The role of Christian democrats in the reconciliation between France and Germany needs to be reaffirmed. In western Germany, the inter-confessional party CDU/CSU was led by predominately Catholics. (Kaiser, 2007, p. 218) One of the leaders of CDU (Christian Democratic Union) was Konrad Adenauer. It was believed that “Chancellor Adenauer aims at the creation of a European federation. His entire foreign policy is essentially based on this objective. He considers the Franco-German entente as the cornerstone of his grand design which can only be realised in a wider western European context. Chancellor Adenauer thus sacrifices deliberately the question of German unity. He believes that the integration of western Germany is more important than the restoration of the unity of the former Reich.” (Kaiser, 2007, p. 219)

That is why “The roots of transnational Christian democracy’s constitutional ideas and preferences for European integration were embedded in their largely shared collective experience of the centralised liberal nation-state, their regional political identity, their preferences for societal and political organisation in line with the principle of subsidiarity derived from Catholic social teaching and federalist thought as it largely developed inside the intellectual tradition of personalism – and this combined with the borrowing of essentially liberal interwar ideas about functional market integration as a suitable mechanism for eventually bringing about political integration as well.” (Kaiser, 2007, p. 10-11)

Several traditions of political Catholicism stimulated the new European vocation especially after the Second World War. One of them was based on the continental European orientation of political Catholicism antagonistic to socialist ideology and Stalinist centralisation. Another one was

rooted in the mistrust for the centralised nation-state paradigm, a doubt rooted in the liberal-dominated national integration and the culture wars in the nineteenth century. (Kaiser, 2007, p. 189)

By appealing to the medieval order where the Christendom had to be protected by any external attacks, the Christian democrats became the most powerful political force in Western Europe and the most important pawn against Soviet communism or the “new Islam”. The unity of Europe against the “red threat” was compatible with the Catholic social teaching idea of a human society founded by the principle of subsidiarity. While this concept emphasized the allocation of social tasks at different levels, Christian democrats thought it would be a great idea to stress the division of political decisions at several stages. This was a superior order, more efficient than the collectivist socialists’ design where the economic order was dominated by the emergence of a centralised nation-state. (Kaiser, 2007, p. 228-229)

CONCLUSION

The papal encyclicals we scrutinized were not directly concerned about the appearance of European Union. The most important result was the restoration of the Christian principles in a (post)modern society. The roles of Church as the foundation of peace, unity, justice, freedom and charity, the impact of its power to reduce the economic inequalities, corruption, tax evasion, and deficits are important elements to stress. At least in official terms, such ethical elements were and are followed by European Union’s political sphere.

We found that between a supranational entity like the European Union and the Catholic Church was a close relationship. A unite Europe has its roots in Catholicism and its social teaching. Until World War I, the transnationalisation of Catholicism from a religious point of view and the centralisation of the institution of Catholic Church determined the Catholic political parties to follow a nationally perspective.

The idea of Europe became a core element for the Christian democratic parties’ postwar profiles. The role of European Christian democratic parties in the making of the European Union was important because of their formal and informal cooperation that contributed to the creation of transnational social capital and trust. The Christian democrats tried to build a Catholic Europe, a decentralised federation based on the Catholic principle of subsidiarity.

After the Second World War, in Western Europe, the Christian democratic parties had a huge impact for the democratic governance. The socio-economic policies of these parties were anchored in Catholic social teaching. The political Catholicism stimulated especially the new European

vocation. The continental European orientation of political Catholicism was antagonistic to any socialist ideology and Stalinist centralisation. The mistrust for the centralised nation-state, doubt rooted in the liberal-dominated national integration and the culture wars in the nineteenth century was also important.

The Catholic influence militated for a reconciliation and peace between France and Germany. The so-called “European collective guilt” had nothing to do with the profound Catholic Europe. The fear of France was the appearance of Russia at its borders. The American leaders were on the same wavelength. The Franco-German cooperation in terms of European Coal and Steel Community was a scenario to counterbalance the threat of the Soviet Union. The threat of socialism was a decisive argument for a specific social action. The unity of Europe against the “red threat” was compatible with the Catholic social teaching idea of a human society founded by the principle of subsidiarity.

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THE EASTERN PARTNERSHIP OF THE EU – THE CHALLENGES AND THE OPPORTUNITIES IN THE CONTEXT OF THE UKRAINE’S CRISIS

Gheorghe Ciascai*

Abstract: *The aim of this paper is to highlight the political limits and the strategic and geopolitical dilemmas of the European Union’s approach concerning the Eastern Neighbourhood. For this reason, the research will examine the main steps of the implementation of the Eastern Partnership and the main consequences and dilemmas of this implementation for the Eastern European Partners, especially for Ukraine. Also, the paper will investigate the impact of the Eastern Partnership for the Russian approach concerning the near western abroad and the European Union.*

Keywords: European Union; Eastern Neighbourhood; Eastern Partnership; security; geopolitics; crisis.

JEL Classification: F51; F53; F59.

INTRODUCTION

The five years anniversary gala for the launch of the Eastern Partnership has passed almost unnoticed. The conference dedicated to this anniversary, organized by the Ministry of Foreign Affairs of the Czech Republic in Prague on April 25, 2014, under the patronage of the President of the Czech Republic, brought together, with few exceptions, only the second-ranking diplomatic representatives and academic experts from the European Union, the partner countries and the Russian Federation (Conference "Eastern Partnership Five Years on: Time for a New Strategy", 2014). The Ukrainian crisis and the negotiations for its settlement have overshadowed the conference held in the capital of the Czech Republic, although the influence of the Eastern Partnership on developments in Ukraine was substantial. Moreover, into the message sent to participants at the conference, European Commission President, Mr. Barroso, remarked rightly that "Events in Ukraine today show that the relevance and necessity of the Eastern Partnership is clearer today than it has ever been." (Barroso, 2014).

Paradoxically, one of the most prudent instruments of the EU foreign policy - the Eastern Partnership – has catalyzed one of the most terrible crisis of the post-war period. Perhaps the most serious, because, for the first time after the Second World War, there held an annexation of a territory of a sovereign and independent state by another state in Europe. Amid the European

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priority given resolving internal effects of the economic crisis, the real weakness of the CFSP of the European Union, very little used in the Eastern Neighbourhood, the rifts and the diversity of European options of the six partner countries in Eastern Europe, and not least, the Russian strategy to restore this influence in its *near western abroad*, the Eastern Partnership recorded a questionable result.

In this context, the objective of this article is to highlight the political and strategic limits of EU approach concerning its Eastern Neighbourhood and geopolitical dilemmas of this approach. For this reason, the research will examine main steps of the implementation of the Eastern Partnership and the main consequences and dilemmas of this implementation for the Eastern European partners, especially for Ukraine. Also, the paper will investigate the impact of the Eastern Partnership for the Russian approach concerning the *near western abroad* and concerning the European Union.

1. THE EASTERN PARTNERSHIP BEFORE THE VILNIUS SUMMIT: - THE EXCESSIVE PRUDENCE AND THE AMBIGUITY

In the early 2000s, the European Union launched, almost simultaneously, two strategies that have marked the behaviour of the Union in respect of the regions in the immediate proximity, including the Eastern Neighbourhood. Thus, in December 2003, at the proposal of the HR for CFSP, Javier Solana, the European Council enacted the European Security Strategy (A Secure Europe in a Better World, 2003), while in March of the same year, the European Commission initiated a strategy on the European Neighbourhood, European Neighbourhood Policy / ENP (Wider Europe - neighbourhood: A Framework for Relations with our Eastern and Southern Europe, 2003).

If we look at the European Security Strategy, we will find that among the three main objectives of this strategy the building security in the European Neighbourhood, both in the southern and in the eastern regions, but without specifying the means of achieving this goal (A Secure Europe in a Better World, 2003). In turn, the European Commission's initiative concerning neighbourhood tried somehow to fill this deficiency, by providing a framework for cooperation with all neighbouring countries of the European Union from the south of the Mediterranean Sea, or from the Eastern Europe and the Southern Caucasus. In addition, by using the financing instrument and the bilateral action plans, the Commission's strategy on neighbourhood provided for all partner countries the useful means to support their policies of the economic reform and the modernization

of governance through cooperation and consultation with the EU, including the association with European Single Market (Ciascai, 2012).

Largely, this double European approach seemed to meet the needs and expectations of the neighbours situated on the southern shore of the Mediterranean, some of them already benefiting from EU Association Agreements and their positive effects. Instead, for the states located in the space between the expanding European Union and a Russian Federation willing and able to reaffirm the interests in near abroad, the EU's ambitions were too limited and ambiguous, especially on size CFSP (Popescu, 2005).

In this context, to come to greet aspirations about the European Neighbourhood Policy of some Eastern partners, who wanted a closer relationship with the European Union, including European integration, following the proposals and the tenacious actions of Poland and Sweden, EU launched in 2009 at the summit in Prague Eastern Partnership (Joint Declaration of Prague Eastern Partnership Summit, 2009).

The new foreign policy instrument was an adaptation of European Neighbourhood Policy at the specific circumstances of the Eastern Neighbourhood and covered all states located between the European Union and the Russian Federation, including those visible backtracked on the democracy and the respect for human rights like Belarus. Basically, the Eastern Partnership provided to the countries concerned a common and multilateral platform for engagement between those states, the European Union and the Member States of EU, which was likely to deepen the process of rapprochement between the EU and its partners and finally to support the full association with the EU (Ciascai, 2012).

The initiative for the eastern partners started from the idea of a stronger political involvement of EU Member States and the EU. This stronger involvement was based on the institutional multilateral cooperation structures in four thematic platforms and on the strengthening of the bilateral framework with each state by opening negotiations on Association Agreements between the EU and partner countries (Ciascai, 2012). In addition, the Eastern Partnership has benefited from an increase of the financial resources available which amounted to 2.5 billion euros in the period 2010-2104 (Fulle, 2014). The assessments about the effects of EU financial aid for the eastern partners are more pessimistic, despite positive trends in Georgia and in Republic of Moldova (Kaca, E., Sobjak, A., Zasztowt, K., 2014).

The four thematic platforms of the Eastern Partnership were focused on priority areas of cooperation agreed between the EU and partner countries. These areas are: “democracy, good governance and stability; economic integration and convergence with EU sectoral policies; energy

security; and Contacts between people” (Joint Declaration of Prague Eastern Partnership Summit, 2009, p. 9). The way of working in these formulas is based on the active involvement of partner countries and EU Member States, on the multilateral dialogue and on the exchange of information between participants. European officials also hoped that this way will encourage a genuine rapprochement between the EU and the Eastern partners (Ciascai, 2012).

In addition, to allow the adequate monitoring and the evaluation of the process of cooperation with each partner, the Eastern Partnership set a timetable for execution of actions planned and a rigorous roadmap. An evaluation in technical terms of the meetings held in the four platforms and the progress of bilateral negotiations in association agreements with some partner countries such as Ukraine, Armenia, Georgia and Moldova in the first four years after launching of the Eastern Partnership indicated on mid-2014, a few months before the summit in Vilnius, an important commitment of the EU *vis-a-vis* of the Eastern partners. But a more demanding political and strategic examination the EU approaches in the framework of the Eastern Partnership indicated rather a constant concern of the EU to spare the susceptibilities of the Russian Federation. This concern was manifested in the constant avoidance of the topic of potential EU membership for the Eastern partners, despite the legitimacy of such aspirations in accordance with the EU Treaty, and the acceptance of the certain "*red lines*" suggested tacit or explicit by Moscow regarding the management of the security issues into Eastern Neighbourhood. The absence of the security subject from the Eastern Partnership agenda and the shy use of the EU security tools like CFSP in the Eastern Neighbourhood, despite the many outbreaks of conflict in this area, confirmed the prudence of the EU commitment to this region (Ciascai, 2013).

This excessive caution of the EU towards a region which is vital to protect its interests, otherwise known in the European Security Strategy, can lead to the precarious outcome in Vilnius. The stop of the Armenian negotiations on the EU Association Agreement for joining the Eurasian Union proposed by the Russian Federation on September 2013 and Yanukovich refuse to sign the Association Agreement as a result of Russian pressure seemed to prefigure a real mess of the Eastern Partnership (Popescu and Dreyer, 2014). Finally, the EU – Georgia and the EU – Republic of Moldova Association Agreements has been initialled in Vilnius and the Eastern Partnership survived.

2. THE VILNIUS SUMMIT OUTCOMES: - THE CATALYST OF UKRAINE CRISIS?

The last moment resignation of the Ukrainian leaders to sign the Association Agreement and Deep Free Trade Entertainment at EU summit in Vilnius on 28 November 2013 revealed two distinct political phenomena. On the one hand, at the EU level, the refuse of Ukraine reveals the inability of the European negotiators to persuade the most important Eastern partner to associate with the Union. In addition, at the Eastern Neighbourhood level, the summit in Vilnius confirmed the assessments on differentiation of the Eastern partner states into two groups, the EU-oriented states, Georgia and Republic of Moldova, and the non EU-oriented states, Armenia and Azerbaijan, and the singular status of Ukrainian, namely its inability to make a clear choice on the relationship with the EU (Kaca, E., Sobjak, A., Zasztowt, K., 2014).

It is possible that the insistence of the European leaders to condition the signing of the Association Agreement with Ukraine on the fulfilment of substantially political exigencies (see, the request for release from the prison of the former Prime Minister Yulia Timoshenko) and the absence of a clear post-association perspective for Ukraine be weakened the attractiveness of the European Union. But certainly, the oscillation, the hesitation and the duplicity of the Ukraine administration led by Viktor Yanukovich, even before the summit in Vilnius, generated a strong international discrediting Ukraine and an aggravation of the constant internal rifts in the Ukrainian society.

Through the Vilnius failure and the sudden reorientation to Moscow of Yanukovich administration, the recession that knocks the Ukrainian economy and the suspicions about the endemic corruption that reigned in Ukraine has been an accelerated radicalization of the Ukrainian political climate. The outbreak of anti-government protests in Kiev, immediately after the summit in Vilnius, revealed, first of all, the existence of a strong pro-European segment in the political establishment and in the Ukrainian society, and also the incapacity of the regime led by V. Yanukovich to meet the expectations of the public who took seriously the European values and the EU-Ukraine Association Agreement. Secondly, the extension, the radicalization and the proliferation of the protests into other regions of Ukraine ant their violent turn indicated the inability of the Kiev government to negotiate a political settlement with protesters and to stop the deepening of the fault lines in Ukrainian society and the weaknesses of the Ukrainian state .

Thus, due to political inability of the authorities led by Victor Yanukovich was revived and aggravated gradually the linguistic, political and economic cleavages between western and eastern regions that have marked the evolution of independent Ukraine from its separation from the Soviet

Union in late 1991 (Gerard , 2014). On this line, a significant phenomenon highlighted by some authors about the developments in the independent Ukraine is the recurrent reactivation of the separatism in the eastern and southern regions, with Russian support, during the periods when the political Eastern Ukrainian elites lost the control of the central administration in Kiev (Meister, 2014. The Yanukovich failure of the management of the political crisis catalysed by the result in Vilnius summit and the violence that accompanied the collapse of the regime revealed an unambiguous role of the Russian Federation in undermining the territorial integrity of Ukraine, since the end of February 2014 (Wolczuk, 2014).

3. WHAT NEXT: THE EASTERN NEIGHBORHOOD BETWEEN THE EUROPEANIZATION AND THE RUSSIAN *RECONQUISTA*?

After over two months of anti-government protests in Kiev and in other Ukrainian regions and after a tentative of bloody crackdown, the giving up to the presidential prerogatives by Viktor Yanukovich and the taking power in Kiev by the coalition of the pro-European parties not resolved the domestic Ukrainian crisis, aggravated by eastern and southern separatism (Paul, 2014), and caused an international crisis unprecedented since the end of World War II.

The crisis in Ukraine and the events that followed in the country after the Vilnius summit marks so far a rupture in the European and global geopolitics. The tacit or explicit *red lines* set by the Euro-Atlantic organizations and the Russian Federation in their area of interference from Eastern Europe (including Southern Caucasus) were brutally violated by the annexation of the Crimea by the Russian Federation.

Only in this context, amid the weakness and the obvious inability of post-Yanukovich Ukrainian authorities to effectively respond to the centrifugal tendencies of the south-eastern regions, stimulated and supported by the Russian Federation in full counteroffensive (Taran, 2014), the EU decision-makers and Member States have understand the magnitude of the cataclysm underway in Eastern Europe. However, the epithets on irrational and illegal behaviour of the Russian government, the recurrent comparative analyses between the Putin regime and the the international Nazi regime behaviour before World War II or the Western sanctions against the Russian Federation are insufficient to address the concerns of states situated in the Eastern Neighbourhood.

From this perspective, only the returning of the EU and member states leaders, along with North American allies in NATO, to a combined approach that include the hard and soft power

actions would be able to temper the coolness of the Russian Federation in this region of Europe. The deployment of additional forces and capabilities in the allied NATO countries, located on the border with the Russian Federation, the emergency financial assistance given to post-Ianukovich regime by FMI, the signing of the political party the EU-Ukraine Association Agreement on March 21 2014, the liberalization of the visa regime for Moldova's citizens since April 28 or the launch of a strategy of Moscow's international isolation are some concrete steps for stopping the *Reconquista* campaign triggered by the Russian Federation in the EU's Eastern Neighbourhood.

Other European projects regarding the initiation of an EU police mission in south-eastern regions of Ukraine, the setting up a European Energy Union to reduce EU dependence on Russian Federation and the acceleration of the procedure to signing the EU Association Agreements with Georgia and Moldova before June 2014 are the additional steps that EU would be able to complete in the near future on the above. In this context, it may be recovered the viable segments of the Eastern Partnership to strengthen the association process with Georgia, Republic of Moldova and Ukraine as well as to open the official perspective of their full European integration.

CONCLUSION

It is clear that the Eastern Partnership, as enacted by the EU and partners summit in Prague in May 2009, has been a *quasi* failure. Although European objectives such as fostering good governance in partner countries, the European norms and values dissemination or the partial association in some of the EU policies were rather cautious and less ambitious in terms of policy and strategy, they were perceived as threats to Moscow for the Russian influence in Eastern Europe and Southern Caucasus. The Europeans' lack of ambition, the failure and the weakness of the governments of the partner states and the ability and the determination of the Russian Federation to control the former Soviet republics contributed at the *quasi* failure of the Eastern Partnership.

Paradoxically, even if the Eastern Partnership objectives were largely missed, it has two undeniable merits. The first is to put an end to hypocrisy covering the EU's relations with the Russian Federation, including the tacit *red lines* agreed by some EU leaders and the Russians leaders on the Eastern Neighbourhood. The second merit of the Eastern Partnership is to be supported and strengthened the (pro) European elites and the societies that actually exist in some Eastern European states such as Georgia, Republic of Moldova and Ukraine. Considering this aspect, an Eastern Partnership adjusted and more ambitious could be revived by the EU to respond

effectively and consistently to expectations of these states in a radically changed geopolitical context.

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THE RELATIONSHIP BETWEEN EU AND RUSSIA: SYMBIOSIS OR COMPETITION?

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Abstract: *Cooperation and trust between Russia and the European Union (EU), two of the most important international actors, have reached the lowest level since the Cold War. The main bone of contention has been the future of countries situated in Eastern Europe, in the so-called ‘in-between’/’buffer’ region. On the one hand, the EU aims at strengthening links with the six Eastern European partners – Armenia, Azerbaijan, Georgia, Belarus, Moldova and Ukraine – by encouraging reforms and by luring them to embrace European core values. However, Russia’s counteractions have mitigated the EU’s plans towards its vicinity - as the case of Ukraine best points out. Apart from the geopolitical competition over the ‘shared’ neighbourhood, the EU-Russia relation has started to depend heavily on the energy issues further complicating the already complex background. Russia uses the energy card as tool to influence the shape of the regional context, whereas the EU responds with a superior technological advantage and a more attractive economic and political agenda. Having this a backdrop, this paper aims to underline that a clear competition between the two players exists, fomented by a fundamental ideological difference in perceiving the outside world.*

Keywords: Russia; European Union; Crimea, Energy; Commerce; Eastern and South-eastern Europe; soft power; hard power, normative power.

JEL Classification: Q42; Q48; F10; F5.

1. EU AND RUSSIA AS INTERNATIONAL ACTORS: A THEORETICAL BACKGROUND

The end of the Cold War, the end of the bipolar world, and the beginning of an era characterized by multilateralism, meant a new stage in the international relations. The violent burst that soon came after in the form of the Balkan civil war has remembered to the European Union (EU) that the dissolution of the Soviet Union and the end of communist regimes in Central and Eastern Europe would leave this territory uncontained and unsecure. With its new neighbour at the east, Russia, left weak after a long ideological war, the EU felt it its duty to “take over”, to create stability and security in the region, mainly through cooperation and interdependence.

The EU felt it necessary at this point to develop a Common Foreign and Security Policy (through the Treaty of Maastricht), policy reinforced in time by a Common Security and Defence Policy (1999). In Eastern Europe, the European Neighbourhood Policy (2004) and the Eastern

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Partnership Initiative (2008), have been seen as alternatives to the enlargement strategy, even though not officially stated (Moga, Alexeev, 2013, p. 41). With the end of the Cold War came for the EU the possibility of applying outside its borders the model of integration that brought peace and prosperity to the Western European countries after the Second World War. Thus, Brussels tried to bring stability and security to this region through „a liberal security perspective of normative transformation based on the EU’s core values – democratization, rule of law, human rights, market economy” (Moga et. al. 2013, p. 42). The EU started to impose itself as a civilian and a normative power at both the regional level, and the international level.

Being a civilian power entails non-military actions and it includes economic, diplomatic and cultural policy instruments (Smith, 2005, p. 1). It does not entail only the means that are being used, but also the ends that are being pursued by the actor (Smith, 2005, p. 2). François Duchêne (1973, p. 20) argued that “the European Community will only make the most of its opportunities if it remains true to its inner characteristics (...) primarily civilian ends and means, and a built-in sense of collective action, which in turn express, however imperfectly, social values of equality, justice and tolerance.” On the other hand, Hans Maull, argues (2002, p. 19) that “civilian powers concentrate on non-military, primarily economic, means to secure goals, but retain military power to safeguard other means of international interaction.” Duchêne’s argument is to be better observed in the lights of the current relationship of the EU with the partner states – Ukraine, Moldova, Belarus, Georgia, Armenia, and Azerbaijan – under the Eastern Partnership (EaP) initiative. Even though the civilian means and ends have remained intact, the “built-in sense of collective action” has been altered especially through the different views between the member states on the role of the EU and the relationship that it should have with these countries, and subsequently with Russia, and through the different definition that the concept of ‘*partnership*’ has for the EU and for the ‘*partner*’ countries, deteriorating the sense of “equality, justice, and tolerance” meant as shared values.

Manners, in his study on Europe’s normative power (2002, p. 239), proceeds from the ideas of Carr (1962, p. 108), Duchêne (1973, p. 2, 7), and Galtung (1973, p. 33). On the one hand, Carr makes the distinction between economic power, military power, and power over opinion. Moreover, Duchêne sees the European Community as an ‘*idée force*’, starting with the beliefs of the ‘founding fathers’ and extending through its appeal to widely different political temperaments. Finally, Galtung believes that “ideological power is the power of ideas” and that it is “powerful because the power-sender’s ideas penetrate and shape the will of the power-recipient through the media of culture.” After assessing these arguments, Manners points out that “one of the problems with the notions of civilian and military power is their unhealthy concentration on how much like a state the

EU looks.” Hence, in order to understand the ways on which EU is acting and the strength of its normative power, we should first understand the characteristics of its international identity that come from its historical context, its hybrid polity (supranational and international forms of governance), and its legal constitution (elite-driven, treaty-based, legal order) (Manners, 2002, p. 240). All of these characteristics have driven the EU to placing universal principles and norms at the centre of its relations with its member states (Merlingen et. al., 2001) and the world (Clapham, 1999; Smith, 2001), maybe in a way of legitimizing its own existence and its new form of international actor. A general definition of the concept of ‘*normative power*’ is provided in the paper of Laïdi (2008, p.1): “a power of which the identity and strategy is grounded on a preference for a ruled-based system which has three essential characteristics – to have been negotiated and not imposed; to have been legitimized equally by international bodies; and to be enforceable on all actors of the international system notwithstanding their rank within it.”

Russia, on the other hand, seems to be following a more realist approach. The relationship between Russia and the EU after the Cold War has been dominated by geostrategic changes, and the policy responses (rather reactive than planned strategies) of the EU to the political changes in post-1991 Russia can be viewed in three overlapping stages (Hughes, 2006, p. 2). The first of these stages consists in the immediate post-1991 period, “on the basis of a conceptual re-division of the post-communist Europe”, EU decoupling the Central and Eastern Europe countries, regarded as likely candidates and who were given aid and integration, and the Former Soviet Union states and Russia, in a relationship based on aid and cooperation (Hughes, 2006, p. 2). The second stage begins from 1994, when EU emphasizes on ‘partnership’ with Russia, especially because of its growing energetic dependency on the eastern neighbour, developing new instruments – Partnership and Cooperation Agreement in 1994, the Common Strategy in 1999 (Hughes, 2006, p. 2). The third stage, which begins from 2000, founds a more assertive Russian leadership and an EU with internal conflicts between the ‘old’ member states and the ‘new’ member states (Hughes, 2006, p. 2).

The realist political view considers that the states are the dominant actors in global politics, that force is a usable instrument in politics, and even an efficient one, and that military security is of very first importance when it comes to global politics (Keohane and Nye, 2009, p. 67). Furthermore, political integration between states is reduced and it lasts as long as it serves the national interests of the more powerful states, transnational actors are not important from a political perspectives or they do not even exist, and only the use of force or threatening of using force allows the states to survive, the system remaining steady as long as statesmen succeed to adapt their interests, as in a balance of power (Keohane et.al., 2009, p. 68).

The fact that Russia considers the states as dominant actors in global politics can be further observed in its relationship towards EU. Russia discusses with the EU representatives on one hand, and with the officials of the member states with who it has shared interests on the other. Russia takes advantage of the drift that appeared between the EU member states on the basis of political integration, enlargement policy, and most importantly the approach towards Russia. Mark Leonard and Nicu Popescu (2007, p. 2) distinguish five policy approaches to Russia among the member states. The first are the ‘Trojan Horses’ (Cyprus and Greece), “who often defend Russian interests in the EU system, and are willing to veto common EU positions”. Secondly, there are the ‘Strategic Partners’ (France, Germany, Italy and Spain), “who enjoy a ‘special relationship’ with Russia which occasionally undermines common EU policies”. Thirdly, the ‘Friendly Pragmatists’ (Austria, Belgium, Bulgaria, Finland, Hungary, Luxembourg, Malta, Portugal, Slovakia, Slovenia) “maintain a close relationship with Russia and tend to put their business interests above political goals”. Fourthly, the ‘Frosty Pragmatists’ (Czech Republic, Denmark, Estonia, Ireland, Latvia, Netherlands, Romania, Sweden, United Kingdom), “focus on business interests but are less afraid than others to speak out against Russian behaviour on human rights or other issues”. Finally, the ‘New Cold Warriors’ (Lithuania and Poland), “who have an overtly hostile relationship with Moscow and are willing to use the veto to block EU negotiations with Russia.”

The other aspects of the realist theory can be observed in Russia’s foreign policy actions. Russia promoted its image of an ‘imperfect democracy’, lobbying for the prioritization of pragmatic interests over liberal values (Moshes, 2009, p. 2). In addition, Moscow learned how to use the legal frame in its advantage, selecting only the agreements that suits her, and not the whole body, thus circumventing Brussels by exploiting the bilateral ties (Moshes, 2009, p. 3).

The main distinction of the two international actors is that “the EU stands for an idea of order based on consensus, interdependence and rule of law, while Russian foreign policy is motivated by a quest for power, independence and control” (Leonard and Popescu, 2007, p. 8). The fundamental theories for the foreign policies of the two actors, Russia and EU, are clearly different. Russia exploits the fact that the EU can make use of military force only as last resort, which buys Russia enough time to tangle the situation in its benefit. In this case, it is not a competition, nor a symbiosis, it is a clash.

2. THE CRIMEAN DEBACLE. THE END OF THE EU IDEALISM?

From 2008, Moscow's approach is a more pragmatic one, and its current foreign policy is 'sovereignization', the consolidation of power at home (Trenin, Lipman, Malashenko, 2013, p. 10). What does 'home' mean at this moment for Russia, when clearly it has overpassed its borders? Putin sees a world with the Russian community at its centre, in a form of concentric circles, all starting from Russia and Ukraine at the middle, followed by Belarus, and so on (Menkiszak, 2014, p.1). The 'Russia and Ukraine' formula is explained in Putin's discourse from 18 March, after the annexation of Crimea, by the argument that they are "one people" and that they "cannot live without each other." Russia sees itself as a defender of the Russian-speaking communities and their rights, the West being an enemy characterized by moral decline, who wants to stop the Russian world from gaining its unity (Menkiszak, 2014, p. 2).

Russia, who has now regained its strength and, more importantly, its confidence, is trying also to regain its influence in the region by annexing territories that it can use as leverage whenever it wants and as long as it wants (Transnistria in Moldova, Abkhazia and South Ossetia in Georgia, Nagorno-Karabakh in Azerbaijan, and Crimea in Ukraine). The fact that Russia maintains good neighbourly relations in order to recognize the independence and territorial integrity of the post-Soviet states (Menkiszak, 2014, p. 1) can be observed in the case of Belarus, which has even accepted to be a part of the Eurasian Economic Union. The Eurasian Economic Union is built as an alternative to the European integration for the post-Soviet states. Even though it contains the word 'economic' in its title, this union has the basis of a spiritual and civilizational community, the 'Russian world', formed by "Russian-speaking people centred around Russia, who identify with the Orthodox Christian religion and culture and cherish the same shared values, irrespective of their citizenship or ethnic background" (Menkiszak, 2014, p. 2).

Russia has succeeded in the years that followed Putin's coming to power to exploit the weaknesses of the international actors as a whole, and those of the EU in particular.

Firstly, Russia affirms that the West, especially the United States, "violates the international law, employs a policy of force, and pursues an effectively neo-colonial approach in order to strengthen their geopolitical position" (Menkiszak, 2014, p. 2), this being exactly what Putin did in Crimea.

Secondly, Russia has took advantage of the political handicap that EU suffers from – not being a state. Laïdi (2008, p. 2) affirmed that "norms are killing politics", that "they appear less legitimate than national political decisions". Moscow uses its strong cultural and historical links

with the EaP countries, reinforced by strong, and with short-time effect, economic incentives in order to maintain an equal balance of power. Putin neither wants to win, nor to lose more than he has already had. In response to these Russian actions, the EU has begun to combine the preference for norms with realpolitik in order to further its interests (Laïdi, 2008, a), but this new approach has appeared from a strategic necessity or from a need to satisfy the member states' different visions? If it comes from a strategic necessity, then the EU can say it has made a step forward the political integration, but if it is a way to satisfy the member states' different views, then Russia will certainly spot this weakness and exploit it even further that it has already done. Moreover, the need for EU's realpolitik approach can come from EU's inability to foresee Russia's strong economic, and political, recovery and from the strong belief that the end of the Cold War would mean "living in a world in which traditional conflicts between states were on the wane, giving way to a logic of interdependence that would call for governance by norms" (Laïdi and Lamy, 2002).

Thirdly, Russia is emerging as an "ideological alternative to the EU that offers a different approach to sovereignty, power and world order" (Leonard et. al., 2007, p. 8) and it is not afraid anymore that the ENP/EaP dyad will erode its influence (Leonard et. al., 2007, p. 13), mainly because it believes, through Gleb Pavlovsky's affirmation, that "the EU provoked and supported colored revolutions but failed to manage the consequences. Just look at the mess in Serbia and Ukraine" (Leonard et. al., 2007, p. 13).

In addition, Moscow exploits the image of 'the victim'. On one hand, it deliberately portrays itself as a 'victim' of the West, who has been neglected for two decades while the Occident continued to rewrite the rules that govern their relationship (Leonard et. al., 2007, p. 19) – NATO and EU enlargement, the plans for partial and ballistic missiles shield in Europe, the new US military bases in Europe, and the Kosovo campaign. On the other hand, it depicts its neighbours as 'victims', as 'collateral damages' for the West always seeking to maximize its benefits.

For Russia, its relationship with the EU is based on competition, Russia revealing itself as an antithesis of the EU. It aims to represent for its neighbours from Eastern Europe and South Caucasus, all that EU is not – a *true partner*. At this moment, victories are seen as a survival strategy (Leonard et. al., 2007, p. 12) and Putin's situation is composed as to riding a bicycle: unless he carries on peddling, he will fall over (Leonard et. al., 2007, p. 12). For the EU, its relationship with Russia is a symbiosis, because it needs Russia in order to being able to have the effect and the result it seeks in the Eastern neighbourhood, which cannot happen without Russia's consent.

The relationship between Russia and the European Union is not a symbiosis, neither a competition *per se*. Each part of the relationship sees it as it wants and sets its own playing rules. We can call it an ‘asymmetric interdependence’ (Hughes, 2006), “a relationship that is shaped on both sides by calculated utility and norms, by logics of consequences and appropriateness” (Hughes, 2006, p.1). In the end, the EU fails to change Russia, but Russia is certainly changing the EU (Leonard et. al., 2007, p. 26) by blocking European objectives, by refusing to accept the European norms, and by passing off Brussels’ authority.

3.HARD POWER VS. SOFT POWER. RUSSIA VS. THE EU

3.1 Energy

It is a known fact that the EU is not in the position to provide enough energy from its own sources, the 28 member states being forced to import oil or gas from other areas, which makes them extremely vulnerable and dependable¹. The highest share of these imports originates from Russia, whose disputes with the so-called *transit countries*, are threatening to disturb the normal provision, like it happened in 2009. The EU-Russia relations have a major importance for both players, but when one actor uses these commercial and strategic ties as leverage for influence, then it becomes unstable and dangerous for the other side. Russia takes advantage of the energy card, willingly knowing that EU member states are strongly dependent on its oil and, especially, gas supplies.

¹Currently, EU countries import 54.1% of their need (Eurostat, 2012, p.29).

Table 1 - EU dependence on Russian natural gas

EU Energy Consumption of Russian Natural Gas		
Country	Primary Energy	Natural Gas
Austria	12.8%	52.2%
Belgium	10.9%	43.2%
Bulgaria	13.6%	100.0%
Croatia	9.4%	37.1%
Cyprus	0.0%	0.0%
Czech Republic	14.2%	80.5%
Denmark	0.0%	0.0%
Estonia	10.0%	100.0%
Finland	10.6%	100.0%
France	2.7%	17.2%
Germany	8.7%	39.9%
Greece	7.2%	54.8%
Hungary	19.7%	49.5%
Ireland	0.0%	0.0%
Italy	7.5%	19.8%
Latvia	31.0%	100.0%
Lithuania	50.0%	100.0%
Luxembourg	6.1%	27.9%
Malta	0.0%	0.0%
Netherlands	2.1%	5.8%
Poland	8.3%	54.2%
Portugal	0.0%	0.0%
Romania	8.8%	24.2%
Slovakia	20.3%	63.3%
Slovenia	6.3%	57.4%
Spain	0.0%	0.0%
Sweden	1.9%	100.0%
United Kingdom	0.0%	0.0%

Source: <http://www.peakprosperity.com/dailydigest/84905/daily-digest-34-californias-600-billion-sinkhole-lingering-us-winter-and-ukrainian>

Even though the EU-Russia relation is of mutual advantage, each part essentially pursues its own national interest. Russia seeks long term contracts to supply European countries with gas and oil, while the EU demands Russia to respect the rules of free market and competition, and also those of human rights and democracy. This is difficult to achieve when your business partner is Russia governed by the current leadership. Vladimir Putin's Russia seems to be a nostalgic of the imperial

era, and the energy card is the only instrument of survival in the new world order of the globalization.

Some EU member states, like Estonia, Lithuania, Latvia or Finland, are 100% dependent on Russian gas, while Slovenia, Slovakia, Poland, Greece, Czech Republic or Austria import over 50% of their need from Russia, others importing in a lesser proportion, but enough to create a dependence. The EU perceives its relationship with Russia as one of symbiosis, Poland's foreign minister Radoslaw Sikorski declaring that "Moscow needs our money" (Die Spiegel, March 2014). From Russia's point of view, it seems to be an energetic competition, Russia trying to prove that if Vladimir Putin sneezes, the whole Europe freezes¹. Furthermore, Russia is not abiding by the 3rd energy liberalization package. This forced the European Commission to announce that 6 contracts with EU member states and Serbia are not according to European Union's legislation and must be renegotiated.

In these conditions, the European Union has undertaken a series of well calculated measures which are addressed to reducing the energetic dependence on Russia..

One of these alternatives is the import of gas either from the Middle East or from the Caspian Sea region. This alternatives would be viable only after 2019, when the construction of the Trans-Adriatic pipe will be finished. Through this pipe, Europe will have access to 10 billion cubic meters of natural gas, each year, from Azerbaijan (Barroso, June 2013).

Another solution is the Europe 2020 Strategy, which sets the priorities of the energetic policy until 2020, and presents the measure to be taken in order to stand up to the challenges linked to reducing energy consumption and securing energy supply at a competitive price.

Studies show that if Europe 2020 Strategy objectives are reached, the EU member states could save 60 billion euro until 2020, money that could be used to develop new technologies for green energy sector and could create 600.000 jobs, supplemented by another 400.000 jobs if the energy efficiency indicator is reached (Europe 2020 in a nutshell, 2012).

Liquefied natural gas (LNG) represents another solution taken into account by the member states, being mentioned in the development strategy of various countries².

Importing energy from the US could be another alternative, taken into account at the EU.-US summit in March 2014, when leaders of the two superpowers revitalized talks concerning energetic security and trans-Atlantic trade, amid the escalation of conflict in Crimea. Importing gas from the

¹This happened in 2009, when Gazprom shut down the gas on Ukraine, provoking negative effects for many European countries, as most of the pipes that supply Europe pass through Ukraine.

²Lithuania and Poland are taking actions in this regard, building facilities and other infrastructure items, so they can import LNG from Qatar, United States of America (US), Australia or Norway can be other suppliers. Also Czech Republic, Hungary and Ukraine support this idea (Andrei Radu, March 2014).

United States of America became possible after the shale gas revolution, after combining 2 different mining techniques: horizontal drilling and fracking.

This *American revolution* will have global consequences, redrawing energy supply lines, turning the US from the biggest energy consumer to one of the most important energy suppliers in the world. This competition will have an effect on prices and the winners of this competition will be the biggest consumers: EU and China. A hindering factor will be the additional transport price and the lack of infrastructure for this type of imports.

In their article “America’s Energy Edge”, Robert D. Blackwill and Meghan L. O’Sullivan (March 2014) state that in this new order Russia will be the most affected, even though it has vast oil and gas resources, because the geopolitical advantage of owning energetic resources will diminish. The biggest winner of the shale gas revolution will be Europe, which will have multiple suppliers and also a stronger position in the future EU-Russia negotiations.

As written above, alternatives to Russian gas exists, and the EU is making a considerable effort to put them in practice. But to reach these targets, time and financial resources are needed.

3.2 Commercial ties

After the collapse of the USSR, the Russian economy began a transformation process since the beginning of the 2000’s. The new leader, Vladimir Putin, built the new economic system around Russia’s vast gas and oil reserves. This way, Russia took advantage of the lack of energy resources in Europe to become the most important supplier of oil and gas.

As pointed out in figure 1, 12 out of 28 European countries, all of them from Eastern and Northern Europe, import more than 50% of their natural gas consumption from Russia. This aspect underlines that Russia has an upper hand as far as the commercial ties are concerned. Speaking strictly in numbers, it may seem so. Considering the importance of energy in today’s world, Russia seems to have a geostrategic advantage over EU. But if we analyse in a thorough way the commercial trade between these actors, we see a different image.

According to the European Commission’s report from July 2013, the EU countries import from Russia mainly fuels (Petroleum and petroleum products represent 65% of Russian export to EU countries), no other product group surpassing 8% of Russian export towards EU.

The same report emphasizes that the EU exports towards Russia consist of equipment and products, *inter alia* agricultural products (11.4%), 8.5% of which represents food, chemicals (15.8%), especially pharmaceuticals (6.4%), machinery and transport equipment (49.6%), which

includes, among others, telecommunication and electronic data processing equipment (12%), automotive products (14.3), and non-electrical machinery (16.5).

Table 2 - European Union trade with Russia

Product Groups	Imports		Exports	
	Value (Mio €)	Share in total (%)	Value (Mio €)	Share in total (%)
TOTAL	212,882	100.0	123,016	100.0
Primary products	173,532	81.5	14,032	11.4
-Agricultural products	4,197	2.0	11,694	9.5
--Food	2,033	1.0	10,489	8.5
---of which Fish	349	0.2	215	0.2
--Raw materials	2,164	1.0	1,205	1.0
-Fuels and mining products	169,335	79.5	2,339	1.9
--Ores and other minerals	1,702	0.8	453	0.4
--Fuels	162,448	76.3	1,395	1.1
---of which Petroleum and petroleum products	138,964	65.3	1,345	1.1
--Non ferrous metals 5,186	5,186	2.4	491	0.4
Manufactures	17,096	8.0	107,261	87.2
-Iron and Steel	4,393	2.1	1,620	1.3
-Chemicals	6,276	3.0	19,412	15.8
--of which Pharmaceuticals	34	0.0	7,806	6.4
-Other semi-manufactures	3,898	1.8	9,490	7.7
-Machinery and transport equipment	1,970	0.9	61,035	49.6
--Office and telecommunication equipment	102	0.1	8,169	6.6
---Electronic data processing and office equipment	25	0.0	3,888	3.2
---Telecommunications equipment	59	0.0	3,941	3.2
---Integrated circuits and electronic components	18	0.0	341	0.3
--Transport equipment	742	0.4	23,434	19.1
---of which Automotive products	66	0.0	17,548	14.3
--Other machinery	1,125	0.5	29,270	23.8
---Power generating machinery	592	0.3	1,777	1.4
---Non electrical machinery	253	0.1	20,273	16.5
---Electrical machinery	280	0.1	7,220	5.9
-Textiles	47	0.0	1,088	0.9
-Clothing	22	0.0	3,410	2.8
-Other manufactures	491	0.2	11,177	9.1
--of which Scientific and controlling instruments	172	0.1	3,198	2.6
Other products	5,922	2.8	1,095	0.9

Source: European Commission, *European Union, Trade in goods with Russia*, p. 6.

According to the above table, Russia's export comprises primary products, especially natural resources, while EU offers high technological equipment and products. This means that EU has a clear technological advantage, whereas Russia focuses mainly on exporting raw materials.

The aforementioned data point out that Russia is still a developing economy, characterised by little competitiveness, highly dependent on its trade with EU. A potential break in the EU-Russia commercial ties would mean a severe collapse for Russia. Hence, Russia's geostrategic advantage towards the EU seems to lose its strength.

Apart from being Russia's main trading partner, the EU is also the biggest foreign investor in Russia. However, the member states are not investing evenly in Russia, the most important investor in the eastern country being Germany. In 2013, commercial ties between Germany and Russia rose to 77 billion euro (Hesse, Neubacher, Neukirch, Pauly, Reiermann and Schepp, 2014)¹.

All in all, we can see that the commercial ties create interdependent relations, a disruption of which could lead to an economic crisis in Russia. Business analysts from Oxford Economics estimate that an embargo on 80% of the gas and oil sales would lead to a 10% contraction of the GDP by the end of 2015, while the Eurozone GDP would decline with 1.5% in the same period (Euronews, 2014).

It is expected that this commercial relation will experience a twist, as the shale gas revolution is expanding in Europe and other parts of the world, putting pressure on gas and oil prices.

3.3 Frozen conflicts

Russia considers that its influence in Eastern Europe, especially in former soviet states, is under threat, both by the EU policy and the increase of US's sphere of influence. For this purpose, Russia supports, if not fabricates, artificial conflicts, the so-called "frozen conflicts".

A frozen conflict is an armed conflict which gets in an irresolute balance, not peace-not war, consequence of a military superiority of the minority group, with external help, and the independence of the minority group is not recognized, violating the international law (Tocci, 2007, p.2).

As Zbigniew Brzezinsky argued at the Globsec 2013 (Bratislava Global Security Forum), "the neighbour from the East is a large post-imperial state profoundly confused by its own illusions and nostalgias and with its leadership still yearning for superpower status and subordination of its former provinces, especially Ukraine and Belarus – and possibly Georgia".

To maintain former soviet republics under its influence, Russia fuelled separatist movements in Republic of Moldova, Azerbaijan, Georgia, conflicts which led to *de facto* separatist states,

¹In the light of the last events in Ukraine, and as the European Union considers an option to adopt economic sanctions against Russia, the German corporate representatives claim that at least 300.000 jobs are threatened if such sanctions are to be put into force, as 6.000 German companies are having some kind of activity in Russia. (Hesse et al., 2014).

unrecognized by the international community, like Transnistria, Nagorno-Karabakh, Abkhazia or South Ossetia. The most dangerous aspect of these frozen conflicts is that they can heat up at any moment, as the Georgian episode proved us. This conflict was not new, existing since the beginning of the 90's (The Economist, 2009).

The involvement of the European Union in the former Soviet states from Eastern Europe and Southern Caucasus puts pressure on Russia, which seeks to keep EU and NATO at bay. But Putin is assuming that EU or NATO will refuse a country with territorial or sovereignty problems. The accession of Cyprus to European Union points out the contrary.

The dominance of Russia in the Eastern neighbourhood is more than obvious. Russia has a military, economic and cultural advantage in this area (Korosteleva, 2012, p. 116), while the European Union just starts to become appealing for citizens who desire to embrace democratic values.

Until now, Europe and the US have not managed to offer viable alternatives to Russian menace over the former soviet states. An Eastern Partnership, or a visa liberalization treaty are still not able to contain the Russian threat (Cornell, 2014). This means that both the US and the EU should alter their approach and strategies, in order to stand against any future Russian aggression.

CONCLUSIONS

The relationship between EU and Russia cannot be defined strictly and totally as a symbiosis or as a competition. Depending on the *field* where the battle is being held, the relationship changes its nature. On one hand, at an ideological level it is a confrontation. The EU is trying to establish itself as a normative power in the Eastern region by sustaining actions that help the development of the civil society and democratic institutions, whereas Russia undermines these kind of actions by controlling the elites and the media. On the other hand, the symbiosis is to be observed when regarding the energetic and commercial ties, even though geostrategic, Russia is becoming more and more dependent.

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CRIMEA – THE BEGINNING OF THE END

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Abstract: *The present approach studies the probability of the decomposition of the current international geopolitical system in the context of the EU's socio-economical and political stagnation. We do not intend to say that European Union represents the determinant factor for the system's decomposition, since we have not found EU as a major player on the International Relations arena, but we are more pointing out that EU's dream to recover a lost greatness will not so soon fulfil. We also intend to refer to those elements that actually connect EU to a changing world: competitive human resources engaged in the market economy, and hardly its values, like the promotion of the human rights and democracy. So, is it possible to play by the rules and be regarded as a powerful player on the same time?! International Relations system diversity makes it almost impossible. (Neo)Liberal concepts like "democratic peace" or "international institutions", the promotion of the human rights and of democracy get pale in the face of a reality dominated by an emerging Russian Federation that plays by the (Neo) Realism power commandments. And so we get to deal with the Ukrainian situation where to each Western sanction, The Russian Federation opposes a "tank".*

Keywords: Crimea; European Neighbourhood Policy; (Neo)Realism versus (Neo)Liberalism; Russia as an emerging power; the value of the international interdependence; the new international actors on IR scene.

JEL Classification: F5.

INTRODUCTION

After the end of the Cold War, researchers agreed that the international relations system was in transition, but they could not actually predict its evolution or future structure. Daniel Biro (Miroiu, Ungureanu, 2006) explained the heterogeneity of the international system as being caused by the coexistence and the competition of different logics regarding the political and economic organization and the development of the foreign policy. For a while United States ruled the international scene, and I believe that the main consequences of US hegemony were related to the increased relevance of the technology of communication, the internet, and with a consistent decrease of the borders importance, that lead to a more and more significant role of a variety of actors but states on the international arena.

Yet, 2008 announced the end of this hegemony, due to an economic crises started by the crash of the American banking system. We almost can say that US lost it on its own liberal game. Meanwhile, concepts like "democratic peace", "global governance", "state rebuilding / reconstruction" have been put to work, making Neoliberalism like the ultimate star on the

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International arena. Based on Neoliberalism principles, US highly contributed to the economical rehabilitation of the former Soviet Union, mainly because a drifting Russian Federation would have endangered the integrity of the whole world. The economic help mission succeeded, since the Russian Federation is among the fast growing economies in the world. Yet, the money proved to have no smell / “added value”, because they only seemed useful for the economic recovery, while having no effect what so ever on the evolution of the Russian (democratic) political system. So, now, the emerging Russian Federation is logically reaffirming its traditional position within the global order by claiming territories on liberal grounds: the protection of the human rights of their Russian citizens, and their right to choose freely their destinies.

I believe we once more assist to a paradigm’s clash, an epic fight between the (Neo)Liberalism and the (Neo)Realism, but in a twisted way, where Russian Federation acts in a Rational fashion while invoking Liberal arguments.

1. RUSSIA AS AN EMERGING POWER

In a world where states theoretically agreed upon the importance of supporting human rights and the principles of democracy, and “sealed” the *status quo* within all sorts of treaties, while establishing guardians – international institutions for its protection; an economic and power position winning solution would be to let others do it, play by the rules, while the emerging state is banding the rules, giving the least of attention to the promotion of human rights or democracy. Such attitudes would only stay in the way of the economical progress, which leads to a preeminent power position on the international arena in the 21st century. Sometimes, playing by the rules might reflect the impossibility of doing it in any other way, as it is the case of the European Union, whose cohesion relays on sticking to the common values, or else.

Getting back to The Russian Federation, based on Ann C. Logue (2014) “Russia is the world’s largest country in terms of land and has an emerging market to match, although it doesn’t have as much foreign investment as many other emerging markets.” The Telegraph, in an article by Liam Halligan (March, 2008), headlined: “Russia is emerging as a global economic giant”, while continuing with an apologetic analyses: “Goldman Sachs describes Russia's economic performance as "remarkable". UBS calls it "awesome". Russia, India, China and the other large emerging markets are upending the world economic order. Their resurgence has created hundreds of billions of dollars of wealth and lifted tens of millions from poverty.” The author, who was the Chief Economist at Prosperity Capital Management, thought that whoever criticized Russian Federation

style, as it was the case of Hillary Clinton, “is nothing but a small-minded reaction to this rapidly shifting balance of global power” [...] Western politicians struggle to adjust to these new realities - particularly when it comes to the old "Cold War" enemy.”

In 2009, Andrew E. Kramer reported in the New York Times (June, 2009) that “the leaders of the four largest emerging market economies discussed ways to reduce their reliance on the United States at their first formal summit meeting”, in Yekaterinburg, Russia. The prediction regarding the four countries, China, Russia, India and Brazil, indicate that by the middle of this century, a surpass of the current leading economies while producing a tectonic shift, and dethroning United States and Western Europe from the center of world’s productivity and power. It is hard to think that such a change will leave no marks on the values’ system, and accordingly on the behavior and attitudes. At this very (first) meeting, Dmitri A. Medvedev, the Russian president, believed that meeting’s main aim could be to point out that “the BRIC should create conditions for a more just world order”.

In 2011, OECD ordered a study that focused on the *Inequality in Emerging Economies*: “Emerging countries are playing a growing role in the world economy. It is a role that is expected to be even greater in the future. It is important, therefore, that any comprehensive assessment of inequality trends worldwide considers the emerging economies. This chapter discusses inequality patterns and related issues in the biggest emerging economies. It begins with a brief overview of such patterns in selected countries, before going on to examine in greater detail the main drivers of inequality. The following section outlines the key features and challenges of underlying institutional settings. Finally, the chapter sets out some key policy challenges that the emerging economies need to address to improve income distribution and curb inequalities, while promoting more and better jobs.”

So, the Rationalist theory of the “Prisoner’s Dilemma” is efficiently put to work when it comes to achieve high economic growth by transgressing the rules agreed upon at the international level.

2. THE VALUE OF THE INTERNATIONAL INTERDEPENDENCE

Based on Liam Halligan (Telegraph, March, 2008), “Russia is now far more than "just an oil and gas economy". Retail sales are growing at around 13 per cent a year in real terms - one reason why leading multi-nationals are now piling into Russia. Construction is expanding by 16 per cent a year, and domestic investment by 20 per cent - as Russia rebuilds its shattered post-Soviet infrastructure. Again, this trend is now attracting massive - and welcome - foreign investment.”

Though, at approximately one year difference (2009), Medvedev, suggested that Western aid, and the dependency on the two foreign coins, the Dollar and Euro, should be removed from the BRIC's economies as much as possible, during Yekaterinburg meeting, in Russia. The Russian Federation was building not only its economic emergence, but its old international statute as well with the help of all the interested parties, either Western or fellow emerging countries that it seemed to favour.

So, the 2014 Ukrainian international crisis revolves around old topics, like territorial claims, and the display of military power, and around new ones, like the race for conventional energy resources – oil and gas. But the crisis is hardly a spontaneous one. In my opinion it is the result of a meticulously planned Russian scenario that was not kept hidden during this time, but displayed with all occasions, yet taken lightly by the Western powers, which treated Russian political class condescendingly, as if it was in a clumsy attempt for gaining image and Russians' sympathy – an often used way in the democratic societies of moving people attention from the more pressing issues: poverty, unemployment, corruption and misuse of funds etc. In all this time, Western powers were quite sure that The Russian Federation is dependent of the Western capital and other resources, like the agricultural ones. But when the conflict between Ukraine and The Russian Federation broke, “some countries balk at punitive measures that could hurt their own economies” explains Ian Talley, in the *The Wall Street Journal* (10th of April 2014). But the G7 meeting did not have the expected outcome regarding the administration of sanction to The Russian Federation: “Despite weighing further punitive measures, the brief G-7 statement after the meeting made no mention of sanctions, underscoring the difficulty of reaching consensus.” (Talley, I. 2014). The Ukrainian Minister of Finance, Oleksandr Shlapak got very disappointed with the inappropriate result, and I believe he actually felt betrayed by his country protectors and international law warrants. Pier Carlo Padoan – The Finance Minister of Italy explained, before the G7 Meeting, that: “The degree of economic interdependence between the countries involved is so high today that it would be ultimately disruptive in ways we cannot measure with accuracy if sanctions were to move forward”. But The Russian Federation seems to be more prepared for the economic crises than its Western homologues, since it does not hurry towards a diplomatic solution. Lubomir Mitov, one of the highest ranked economists from the Institute of International Finance thinks that Europe will be pushed back into recession if Vladimir Putin's threats of cutting off oil and gas exports come true; but the economist sugars his prediction, by stating that “it wouldn't be as deep as Russia's" given Moscow's reliance on energy revenues”. In the economic war of the 21st Century, the question is who will be hit harder in order to give up for now.

3. EUROPEAN NEIGHBOURHOOD POLICY

Would the crisis started if the European Union did not push so hard on the Ukraine admission as associated state to the European Union as part of the *European Neighbourhood Policy* and *Eastern Partnership Initiative*?

Olga Shumylo-Tapiola (2013) believes that “a real discussion of the EU’s interests in Ukraine that moves beyond generalities may help member states avoid further frustrations and help the EU get more out of its relations with Kyiv.”

EU’s interest for Ukraine started with the “Orange Revolution”, in 2004, when Ukraine did no longer seemed to be so far from the EU’s values, principles and system, and so close to The Russian Federation and its economic and political practices. But “many policy decisions are very much driven by individual member states and their often divergent national interests.” (Olga Shumylo-Tapiola, 2013)

An explanation would be the ring of security and democracy states around The European Union, as part of the policy scenario from 2003 European security strategy. Yet, a more pragmatic scenario shows Poland, Lithuania together with other (Sweden, Finland) member state of the EU, as directly interested in Ukraine association to EU, based on the geographical and linguistic proximity, which pointed Ukraine as a potential market, and a ramp for these states’ economic revival.

But European Union was pushed into two different directions, and this became obvious when Ukraine did not sign the Association Agreement with European Union. For the Euro-conservatives, a way to preserve and insure EU’s security was to no longer force the association or integration of new countries, in order to reach EU’s economic strength and social cohesion, unless those states fully fitted the bill. In the current events light, “Ukraine is significant for the entire EU (EU27) in terms of political stability, security, and energy-related matters.” (Olga Shumylo-Tapiola, 2013)

CONCLUSIONS

Paraphrasing the former Russian President, Mr. Medvedev, I presume that a “more just world order” is materializing now in Ukraine, from a Russian perspective. I believe that the conflict was premeditated, and meticulously prepared by the Russian Federation during the past decade, and EU’s pressure on the Ukraine’s agreement regarding the association to EU was only a good pretext for the Russian Federation to act in the name of the human rights’ protection of the Russian ethnics from Ukraine. The troops movements show a Russian Federation that is not actually willing to

reach a compromise, but to gain more time to get to the perfect international relations conjuncture for a fully power position on the international arena.

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EASTERN EUROPE, A REGION OF INSECURITY IN THE EUROPEAN UNION'S VICINITY

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Abstract: *During Cold War, the region of Eastern Europe was formed by European states that were behind the Iron Curtain. Once communism has fallen and former Warsaw's Pact members have joined EU in 2004 and 2007 along with the Baltic republics, a New Eastern Europe comprising Ukraine, Republic of Moldova and the Caucasian Republics emerged at the border of EU. The north, west and south maritime frontiers of European Union are opposite with Eastern territorial one that are more difficult to control and defend against asymmetrical threats as: organized crime, drugs traffic, arms proliferation and illegal immigration. This paper aims to demonstrate that EU's policies initiated in the framework of Eastern Partnership (EaP) that wanted to bring peace in the Eastern neighborhood did not succeed to fulfill the desired goals. One explanation is that EU did not take in consideration the Russian dream of redesigning its sphere of influence in Eastern Europe. Another one is that the cultural, political and social differences between EU and its EaP partners led to the failure of the project. Thus, European Union's actions toward Eastern vicinity led to a clash between two civilizations: East and West as well as to a geopolitical competition between Russian Federation and EU over their shared neighborhood.*

Keywords: security; European Union; Eastern Partnership; Ukraine; Russian Federation; soft power; hard power.

JEL Classification: F5.

INTRODUCTION

The European Union, an ambitious supra-state project, born from the ashes of World War Two was initially designed for protecting the Old Continent from a new devastating World War. Nowadays, EU has become an important international actor, which “conquers” new territories, not through military means, but by “attracting” its neighboring countries through its soft power instruments. After the collapse of USSR and the fall of Iron Curtain, the Warsaw Pact members and the three Baltic soviet republics (Lithuania, Latvia and Estonia) sought an alternative for their national security and interests. Joining European Union, the entity that was promoting the four fundamental free of movements: of people, goods, services and capital, became an immediate aim for the ex-communist countries, ravaged after more than 50 years of bankrupt planned economy, precarious social services and violation of human rights and freedoms. That is why in 2004 Poland, Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Malta, Cyprus and Slovenia and three years later, in 2007, Romania and Bulgaria embraced the European policies and values and became members of the European Union.

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Being the greatest economy of the world, having the values of Gross Domestic Product – GDP (12280.6 millions of euro) one of the highest in the world, the life expectancy at birth averaged at 79.2 (*The 2012 Ageing Report, 2011*), European Union is seen as a territory of wealth, great social services and attracts people all over the planet. The threats to the security of EU are perceived as not being traditional (as are for example the military one), but asymmetric such as: organized crime, terrorism, proliferation of weapons of mass destruction, illegal immigration and Cross Border criminality. Therefore, the European Union sought measures for maintaining its borders safely and keeping a favorable climate in its vicinity. That is why in 2003, the European Union launched the first European Security Strategy, where it was “in European interests that countries on European border to be well-governed. Neighbors who are engaged in violent conflict, weak states where organized crime flourishes dysfunctional societies or exploding population growth on its borders all pose problems for Europe”. Subsequently, in 2008, with the emergence of new challenges to European security like globalization, cyber-terrorism, climate change, energy security (*Report on the Implementation of the European Security Strategy, Providing Security in a Changing World, 2008*), the European Security Strategy has been modified and completed. Also, after the new dynamic of the International System in the southern neighborhood, like the Arab Spring and the continuously political changes in North Africa and in the eastern neighborhood, before and after the Vilnius Summit, it is admitted that European Union needs a different security strategy, which have to be able to cope with the new International geopolitical changes.

1. EASTERN PARTNERSHIP (EAP) EVOLUTION AND CONSEQUENCES

In 2003, the European Neighborhood Policy (ENP) was launched. Its aims was to support a pro-European orientation, democratization and liberalization within the 16 partner members (*Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, the Republic of Moldova, Morocco, the Occupied Palestinian Territories, Syria, Tunisia and Ukraine*), the countries that lie to the South and East of the European Union. Furthermore, ENP was created in order to assure an individual partnership between the EU and each individual neighbor through a single policy that promotes strong commitment to the human rights and freedoms, democracy and the rule of law (*Joint communication to the European Parliament, the Council, the European and Social Committee and the Committee of the regions, 2013*). Also, ENP had two dimensions, first is Euro-Mediterranean Partnership- EUROMED and second, Eastern Partnership.

“EUROMED, formerly known as the Barcelona Process, was re-launched in 2008 as the Union for the Mediterranean (UfM), with the goal of developing concrete regional and sub-regional projects in the economic, energetic, migration and environmental fields. The Union for the Mediterranean promotes economic integration and democratic reform across 16 neighbors (Albania, Algeria, Bosnia and Herzegovina, Croatia, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey) to the EU’s south in North Africa and the Middle East” (Source, http://www.eeas.europa.eu/euromed/index_en.htm).

The other dimension of the ENP addresses to the eastern neighborhood of the EU, more specifically to the six ex-Soviet republics: Belarus, Ukraine, Republic of Moldova, Azerbaijan, Armenia and Georgia. In this regard, the area that today is known as “the New Eastern Europe” (due to the fact that ex-members of Warsaw Pact have joined EU), became in the foreground of foreign European agenda in the last years.

The Eastern Partnership was launched by the EU in 2009, at the Prague Summit. The EaP was created in order to test the EU’s ability to exist as an important international actor. Also it was designed by EU with the aim to act as a regional normative power, being able to make changes in the politic, economic and social fields of its neighbors and to implement European norms and values. EaP was perceived to reduce the economic and political differences between EU and EaP countries, through implementation of several European norms and reforms. The platforms of the EaP promote energy security, visa liberalization, developing financial investments and have created political and civic dialogue among the sides involved. Furthermore, EU adopted a “more and more” strategy, where more reforms were implemented resulted in more benefits that were offered and additional financial support (*for the period 2011-2013 1.9 billion were available for bilateral and regional cooperation, including 350 milion euro of additional resources*) was given for implementing political and economic reforms. All this efforts would eventually lead to the signing of Association Agreements (AA), including Deep and Comprehensive Free Trade Agreements (DCFTAs) at the Eastern Partnership meetings. The last one took place on the 28-29 November 2013 in Vilnius (*Kuznecova, Potjomkina and Vargulis, 2013*).

1.1 Consequences of the Vilnius Summit

The continuously expansion of NATO and EU in the former soviet sphere of influence, attracted the attention of Russian Federation, which perceived EaP as a threat to its own national interests. No more interested in maintaining a sphere of influence in Europe, but defending its borders and immediately vicinity, Russia imposed aggressive measures against EaP partners such as economic embargoes (the import of wines from Republic of Moldova), sustaining territorial secession in independent countries (Abkhazia and South Ossetia in Georgia, Transnistria and Gagauzia in Republic of Moldova) or getting involved in the domestic affairs of the EaP countries through Russophile parties (in Republic of Moldova and Ukraine). These measures were seen as hard power actions, where military threats and energetic blackmail became the means of the Russian foreign policy.

Also, the Russian hard power was in contrast with the European Union soft power, understood as “the ability to affect others through positive attraction in order to obtain preferred outcomes and consequently, the types of resources associated with it include intangible factors such as institutions, ideas, values, culture and the perceived legitimacy of policies. (Nye, 2012)

The Security Dilemma in a multipolar system alliance formations underlined that small states tend to choose the more powerful alliance and the risk of defection is very probably in the case of a better emerging alternative (*Snyder, 1984*). Being aware of this, EU adopted a different approach in the case of EaP, a process known as Europeanization. A broad definition of the Europeanization suggests the emergence of a belonging sentiment to the European identity, which is complementary to the national and regional identities. Furthermore, this concept is used for the European Union and its action of spreading the European norms, policies and values towards other states. Also, Europeanization is seen as a process through which the states and the societies are modeled after the EU established standards. Having neighboring states, where societies adopted the European norms and values and feeling that they belong to the European civilization, in theory, the risk of defection shrinks.

However, in practice the EaP have failed. Four of the EaP partners renounced to their European approach, and just Republic of Moldova and Georgia still maintain their European aspirations and subsequently initialed the Association Agreement at the Vilnius Summit.

Belarus, considered the last European dictatorship and member of the Eurasian Economic Community (EurAsEC), was perceived hopeless in implementing the EaP norms (*A Roadmap to the autumn 2013 Summit, 2012*).

The relations between EU and Azerbaijan were mostly oriented to the energy agenda. Azerbaijan, a rich oil resources country had never intended to join EU and even if it was a EaP partner and the negotiations to sign an AA were put in discussion, implementing the norms of EU in terms of human rights and the rule of law were in contrast with the authoritarian style of governance, based on a social pyramid that sustains the interest of ruling family and oligarchic clans (Kuznecova, Potjomkina and Vargulis, 2013a, pp 8-9). Perceived as a champion of the negotiation process among the EaP countries, Armenia has succeeded in July 2013 to establish a DCFTA with the EU. But the decision taken by this country, on 3 September 2013, to join the Russia-led Customs Union was a major blow to the future of Eastern Partnership and a victory for Russian Federation, which once more, after the military intervention in 2008, in Georgia, has shown to the West that Caucasus will remain in their sphere of influence.

In my opinion, the biggest stake of the EaP was Ukraine, the largest European continental country after Russia, with more than 50 million people and a country that has a huge agricultural and economic potential. But Ukraine (which literary means „at the border”) is a country between two civilizations, the West and the East and also the birth place of the Russian nation. A Russia without Ukraine is a country, but a Russia with Ukraine is an empire. Due to this consideration, any attempt of Ukraine to join the Western part became a threat to the national Russian interests.

2.EASTERN EUROPE, EUROPE’S NEW POWDER KEG?

2.1 EU and Russia – different ways of understanding security

The eastern border of European Union is also its largest territorial one and is the buffer zone between EU and Russian Federation. For Russian Federation this area represents its west European border and also an ex-soviet territory, that once had the capital at Moscow. In this regard, it is obvious that the two great European actors are looking for maintaining their influence over their common neighboring countries, in order to protect their own security.

But the European approach in understanding security is different than the Russia’s one. On the one hand, from the European perspective, the military conflicts are long gone, and the asymmetrical threats are more relevant in threatening the Union’s security. On the other hand, in a conventional war, European Union depends of the NATO’s military capabilities due to the fact that the Union does not have a united and single European army. A particular situation is found regarding cooperation between the European’s intelligence services. Therefore, Berne Club reunites

the secret services of the member states in order to have a common fight against international European Union's security threats. But the concept of "need to share" remains at a low level between the European Union's secret services, focusing more on sharing secret intelligence products regarding Organized Crime, Terrorism, arms proliferation or cyber-terrorism. As referring to the traditional military threat, it seems that this one remains in the responsibility of each European state to deal with it.

In opposite, the notion of security for Russian Federation is perceived different. Firstly, Russia remains a military power with nuclear capabilities. Also Russia uses military threatens in its foreign policy in order to deter the former soviet republics and to renounce to their European path. Nowadays, Russia is awakening from their national nightmare from the beginning of the 90's, namely the dissolution of USS, and tries to reestablish its influence in Europe by changing the post-soviet order in the Eastern Europe. The larger is the territory that Russian controls outside its borders, the higher is the security for their own frontiers. This Russian conception of security has its roots from the beginning of the Russian nation. Being a lowland people, with no natural fortress to defend their cities, the old medieval Kievan Rus' were almost brought to extinction by the ferocious Mongol raids during 1237-1240. All Russian medieval and pre-modern history concentrates in the Great East European Plain, an immense insecurity lowland zone. This can be an explanation why Russian sought to control a large territory, in order to be able to protect their own citadels.

In my opinion, all present Russian actions are related with their history and with their national psychology, influenced by a tumultuous past. On the one hand, the Russian millennial dream is wrote in the Peter's the Great Testament. It reminds about the duty of the Tsar's descendants to bring Russia to the shores of the "warm seas" and also underlines the dominance of Russia over its Christian neighboring states, due to the fact that Moscow, also entitled "the Third Rome" carries the Byzantine legacy. On the other hand, Russia's power to regenerate itself determined the analogy with a phoenix bird, which has the capacity to rise from its ashes more powerful than initially had been, examples of this events being obvious in Russian history. After the almost collapse of the medieval Russian states, Russia became an empire conquering vast territories of its previous enemies. After the Bolshevik revolution in 1917, withdrawal from the First World War and the nearby Nazi conquer, Russian Empire became USSR, incorporating 1/6 from the total world continental territory. After the dissolution of the USSR, the expectations are higher and perspectives brighter.

2.2 Ukraine between European soft power and Russian hard power

Where two civilizations clash, two diplomatic approaches collide too. In this regard, Ukraine is in the middle of great geopolitical interests and became the key piece on an international chess table. Through its hard power measures, such as giving a low gas price in exchange of a Russian oriented direction or maintaining its military troops in Sevastopol (where is located the entire Black Sea Russian fleet), Russia successfully “hijacked” Ukraine from the European approach, first in 2008 when Ukraine did not join NATO, and five years later at the Eastern Partnership Summit in Vilnius, when Ukraine did not sign AA.

But the process of Europeanization had a great impact over the Ukrainian society. Immediately after the Vilnius Summit, people went out in the streets and protested against the decision taken by the politicians and demanded the resignation of the president, Viktor Yanukovich. These protests degenerated into ferocious street fights and had finally led to the president's fleeing to Russia and the establishment of a pro-Occidental government.

However, in Ukraine has appeared an unexpected turn of events that destabilized the country and also the whole European region. Moscow accused and characterized the new Western oriented political class by being a real threat for the rights and liberties of the Russian minority. In this regard, Russian Federation supported the proclamation of independence of the people from the Autonomous Republic of Crimea (with a Russian ethnic majority), which after a referendum, contested and unrecognized by the Western states, voted for the separation from Ukraine and annexation to the Russian Federation. From the Russian perspective, the annexation of Crimea was in accordance with the right of every ethnic majority group to the self-determination, but the International Law stipulates that an annexation should be an act of will of the people from the country that will lose its sovereignty. Due to the fact that Crimea was just an Autonomous Region which belonged *de jure* to the Ukraine's national territory and not a sovereign state, the act of annexation can be considered illegitimate.

What initially was designed to bring peace in the European neighborhood, in my opinion did exactly the contrary. With a difficult situation in Ukraine, where the Russian military intervention in the Eastern provinces, after the continuous riots of the Russian ethnic majority became a real scenario, with the probability of appearing a similar situation in Belarus, in order to change the dictatorial Lukashenko's regime and with the possibility that the “frozen conflicts” (Transnistria, Nagorno-Karabakh region, Abkhazia and South Ossetia) to become “hot”, Europe is facing a difficult and dangerous situation. Therefore, the Eastern neighborhood of the EU became vulnerable

and could be perceived more and more as a region of insecurity and could have a destructive effect even over the EU, due to the fact that this situation would encourage the secessionist movements in entities like Scotland, Catalonia, Basque Region, North Cyprus, Southern Tyrol or in the Szeklerland in Romania.

CONCLUSIONS

The present geopolitical situation in Eastern Europe is characterized by many variables and no one can predict exactly what would happen within this territory. There are many predictions, but in these circumstances, in my opinion, Europe has just opened the Pandora's box of the post-soviet order. The two major European actors, Russia and European Union, are now in direct competition and like in the Security Dilemma, increasing one's security means threatening the other's one. The interconnected relations between this two actors are complex and it seems that the two powers depends one of each other, but none of them renounce to their policy of exploiting the other's vulnerabilities. Russian's dream to become again a world power raised concerns among the EU's member states and I personally consider that the annexation of Crimea brought Russian Federation back in Europe after 20 years of losing its ex-soviet sphere of influence.

In conclusion, I believe that NATO, as a political and military alliance that has the fundamental objective of protecting the member states against military threats, became legitimate in the face of the new challenges that shrink the European security.

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THE ECONOMIC CRISIS AFFECTS THE COHESION POLICY AND SLOWS DOWN THE MIGRATION IN EUROPE

Petronela Daniela Feraru*

Abstract: *The economic crisis has made it difficult to achieve the key objectives of the European Union and the cohesion policy as a result of the increase in regional disparities. The main causes are the decrease of employment rates, increasing poverty and social exclusion. Among the effects of the crisis, there have been identified within the present work, on the one hand, some Member States of the European Union, who are facing more problems, but also fewer public resources and, on the other hand, the trend of population migration slowdown in regions marked by large flows of migrant workers in the pre-crisis period. All these issues highlight the need to reconsider the cohesion policy. In the present work, we are trying to establish to what extent the tools for the reduction of discrepancies between EU Member States on the management and impact can be successfully developed within the new cohesion policy for 2014-2020, starting from the compromises made for the purpose of connecting the European objectives to the national ones.*

Keywords: cohesion; migration; economic crisis; sustainable development.

JEL Classification: A13; E24; F22; F43; J61.

INTRODUCTION

At first, the policy of economic and social cohesion had a redistributive character. Since 1986, with the enactment of the European Single Market Programme, and the signing of the Single European Act, a new era begins for the policy of economic and social cohesion within the EC. The concerns were related to the free movement of persons, capital and services. The Maastricht Treaty, which came into force in 1993, designates the cohesion as the main objective of the European Union and it creates the Cohesion Fund. The policy of economic and social cohesion of the European Union must be considered an integral part of the Lisbon Strategy (2000) which sought to make Europe until 2010 the most competitive and dynamic knowledge-based economy. Among the objectives introduced later, the most important one is to ensure the sustainable development.

The cohesion policy, by the objectives included, had to meet the growth and employment strategy and become the mainstay for their implementation through national and regional development programmes. Global challenges determined in 2007 a new reform of the cohesion policy. The new reform aims at implementing a new framework of cohesion policy programmes through the adoption of a new Legal Framework of the Cohesion Policy 2007-2013, and setting new intervention goals for the main financial instruments through which cohesion policy is carried out.

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Economic crisis marks the economic deadlock by the economic and social issues raised, by through which many countries are passing even at present, and that is why many people don't see other solutions, they don't see the benefits that the European Union can bring to all Member States. A culprit or more are looked for the deadlock of certain Member States, but the offenses brought to Romanians or to Bulgarians cannot solve such a problem. The Romanians are neither the cause of the derailment within Europe, nor the criminal peak. The populist attacks addressed to the "assault" of Romanians into Europe are unfair.

Mobility is a normal thing, a principle that has led to the creation of the EU, which includes the right to free movement of persons, goods, and labour. Mobility is a global harmony, closing borders is part of Europe's past and it always makes us think to the period of the Cold War. Labour mobility in Europe creates an added value of human capital and Romania would be able to benefit from the knowledge and experience of work assimilated by the Romanians abroad. How could those who wish to return to their country and to reintegrate into the labour market be concertedly supported? There are studies that show that fewer Romanians want to leave to work abroad, and moreover, that many of those who left want to return to their home country and to use the experience gained during this period spent outside the country. However, it is a subject that should be intensely debated, because as we have seen there is a much higher migration of Romanians after January 2014 to other Member States.

The debate on labour migration from Romania and the image and status of the Romanians abroad will continue, because it is a leitmotif for many anti-European speeches. Thing stated in an interview for AGERPRES and by the PSD European deputy, Ciprian Tănăsescu, organizer of several debates in the European Parliament on the effects of the removal of restrictions on the labour market for Romanians and Bulgarians starting from January 1st, 2014 (AGERPRES, 2014). The image of Romanians abroad must be improved, ending discrimination and denigration on the labour market and not only in the EU Member States, but also considering the interpretation of social dumping cases caused by inappropriate management of the workforce by some employers, who often reaches stigma and burden for generations of workers who area leaving from Romania.

1. CONCEPTUAL DISTINCTIONS

Cohesion policy is and will remain a central pillar for achieving the objectives of the EU sustainable development. Its historic mission is to adjust the subsequent development of the single market by strengthening the economic, social and territorial cohesion of the Community as a whole. Today it's time to check how strong the implementation and impact of this policy turned out to be over the years and, more importantly, to see what could be the role and the place given to cohesion policy on the future.

Europe is currently facing major new challenges such as globalization, demographic decline, migration. Therefore, the discussion on the future of cohesion policy, within the framework of the present paper, focuses only on disparities and distribution of employment. All these, under the conditions in which the population migration remains a subject of interest today, as a result of the mutations that the phenomenon had borne during the global economic crisis. The approach of these new challenges involves a new policy aimed at the structural factors of competitiveness and social sustainability and promoting restructuring of regional economies by building their own specific institutional facilities and human resources. The discussion on the future of cohesion policy should be seen in this context.

The notion of social cohesion is a complex one and that is why we don't have yet a universally accepted definition. Most of the theoretical approaches of the concept are based on different scientific approaches, depending on the level of analysis. McCracken considers that the social cohesion is a feature of a society based on connections and relationships between social units such as individuals, groups, associations, and between territorial units (McCracken, 1998).

Within the analyses carried out by the World Bank, the term of social cohesion is preferred to that of social capital; according to the World Bank specialists, the term of social capital may cause confusion when applied to social areas, because many of the characteristics of the physical capital do not apply. The World Bank uses the term social cohesion in a manner which is different from the term of social capital (Manole, 2012, p.116).

According to the definition given by Cătălin Zamfir and Lazăr Vlăsceanu, *migration* is a phenomenon which consists in moving some crowds of people from a territorial area to another, followed by a change of residence and/or employment in some form of activity within the arrival area (Vlăsceanu and Zamfir, 1993).

The definition of the migration problem depends on a number of theoretical and methodological conditions and, therefore, what is important here is the definition of R.K. Merton

given to the social problem, as being a significant discrepancy between social norms and social reality, as a matter of fact. Other authors make the distinction between negative social problems and the positive ones. Negative social problems are dysfunctions of social systems. Allan G. Johnson defines migration as being physical movement of people within the social systems and between them (Johnson, 2007).

International migration is a social phenomenon that poses major social problems. An example in this sense is the number of migrants worldwide who registered a new record, increase which has been caused by the conflicts existing in the country of origin, by poverty or the lack of life expectancy. Another argument can be the British Government's report, showing that immigration from Eastern Europe has generated problems in the field of social services, health and education.

The total number of international migrants increased from 150 million in 2000 to 214 million in the year 2010 (IOM 2010). The world migration report 2010-*The future of migration: consolidation of capacities for change* shows that more than half of those who live in low and medium income countries, and many developing countries are simultaneously countries of origin and destination for migrants. This increasing regional and global mobility, on the one hand, gives rise to opportunities, contributing for example to poverty reduction and to innovation, but, on the other hand, makes necessary an effective governance for the resolution of some issues such as the "brain drain" (emigration of educated persons), the exploitation of migrants and the effects of migration on urbanization.

At the macroeconomic level, migration leads to the destabilization of the labour market by creating a surplus in some areas (in the areas of adoption of migrants) or to shortages of labour in certain sectors, during certain periods and in certain areas (in the areas of origin of migrants). Oversaturated job market in a sector can be regarded as an aggressive phenomenon by the native population. The impact at the level of impairment means that Romania sectors were facing a dearth of manpower until the last half of 2008, alarming unemployment currently at national and international level, the effect of the crisis that strongly affected the different sectors (Nicolae, 2009).

Originally, the notion of unemployment was synonymous to that of "inactivity". Unemployment data definitions in the literature are numerous. A separation of the unemployment is voluntary unemployment and involuntary unemployment. Voluntary unemployment exists when workers refuse the opportunities to engage in certain jobs, at wages that are on the market. Involuntary unemployment exists when the economy has insufficient jobs, at the existing salaries. The percentage of the unemployed who are voluntarily unemployed is known, according to some definitions, as the natural rate of unemployment (Anderton, 1991). Unemployment separation in

voluntary and involuntary is one of the major controversies in economic theory. However, the most common classification system is based on dividing the unemployment causes into the following major types: frictional, structural unemployment, while according to the ratio demand-offer, we can identify seasonal and cyclical unemployment. There are various tests carried out to determine the geographical imbalances in the workforce. In these situations, the unemployment is identified. Structural unemployment occurs because of change of job applications, because of wages which are rigid, and because of the high costs of occupational and geographical mobility. The unemployed person included in this type of unemployment has a lower probability of moving from unemployed to employed person. Any social policy measures aimed at increasing the probabilities (of subsidy policy of training of the unemployed, to improve information about jobs and cost-cutting migration), are aimed at reducing structural unemployment. Thus, unemployment is part of the economic considerations that motivate and facilitate migration, especially at the European level, but of interest for the analysis are the socio-economic aspects of the phenomenon, as a first element of impact of migration flows on communities of insertion, even long before the presence and integration of immigrants in the labour market, through the establishment of the European policies.

2. THE ECONOMIC CRISIS AND ITS EFFECTS

The global economy means the impact of the global financial crisis and reflects the poor structural organization of the European economy. The social and economic differences between the Member States show the necessity of using cohesion policies, within a clear framework of the European Union.

The current economic crisis is a complex process. As the crisis has spread, the importance of the EU dimension has become increasingly clearer. Because the impact of the crisis is differentiated amongst the Member States, cohesion policy should focus on speeding up and facilitating the implementation of cohesion programmes. This could be achieved mainly through the introduction of some changes into the legislative framework, related to the areas of pre-financing, interim payments, deadlines extended. The cohesion policy invests in the real economy. Thus, with a total budget of EUR 347 billion for the period 2007-2013, approximately 70% of this amount, or EUR 250 billion is allocated for investments in the four priority areas of the EU strategy for economic growth and employment (Katsarova, 2009, p. 9). These investments are designed to contribute to a more rapid recovery, improving competitiveness by helping the Union to adapt to the new economy.

The new reformed cohesion policy will have nearly 367 billion, over the next seven years, for investment in the regions, the cities and the real economy of Europe (Coman, 2014). It is the main instrument of the Union's investments in order to achieve the objectives of the strategy "Europe 2020" - the creation of jobs and economic growth, approaching the problem of climate changes and energy dependence, the abatement of poverty and social exclusion.

In Romania, the big problem was the very low rate of absorption of funds. According to estimates, the national strategic report on the implementation of the structural funds and the cohesion, if the current rate of absorption will be maintained, the amount of repayments will reach the initial allocation of 19 billion Euros only in 2020 (Gomboş, 2013).

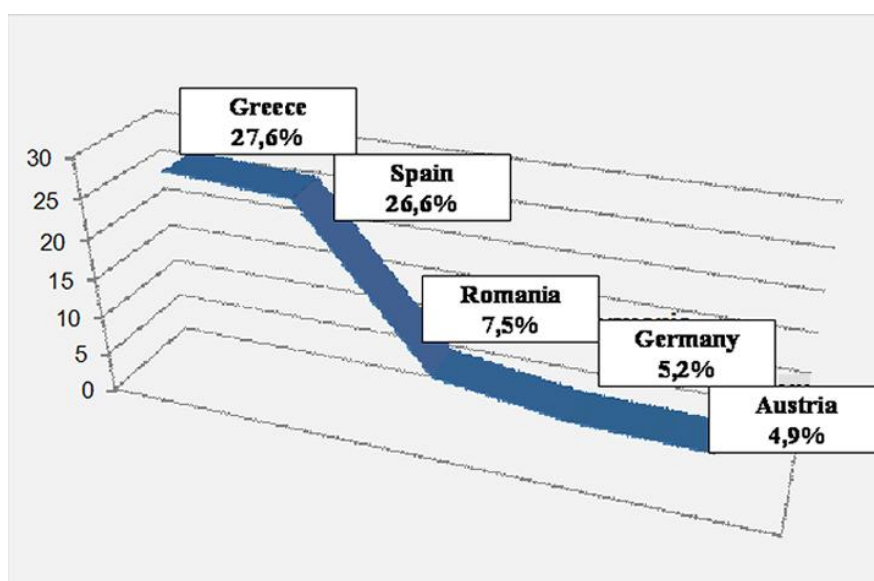
2.1 The economic crisis and its effects on the cohesion policy

Cohesion policy is a decentralized policy that combines both the global objectives of the Union with the Member States' objectives for achieving the balanced development in all regions and for ensuring economic and social cohesion. Implementation of the cohesion policy is carried out in partnership between the European institutions, national, regional and local authorities. The way the principle of partnership is understood and applied is different in the 27 EU Member States. Some States, including Romania, have chosen a centralized implementation model, in which operational programmes are managed by the ministries and implemented by the authorities deployed from the territory, while other countries such as Spain, Portugal or Sweden, for example, have chosen a decentralized deployment model, in which the powers of management of regional policy are shared between central and regional or local authorities (www.mediafaxtalks.ro).

Member States have many levers by funding programs to deal with EU funding. Romania had a low absorption of funds, this under the conditions in which it is known that the maximum capitalization of EU funds can lead to economic growth and creating new jobs. In 2011, the European Commission announced that the initial measure of "supplementation" recorded a temporary increase of EU funding, of up to 10 percentage points by the end of 2013, provided upon request to the countries hit the most powerfully by the crisis, such as Ireland, Greece, Hungary, Portugal and Romania. The measure does not represent a new financing, but it allows an easier use of funds already allocated within the cohesion policy of the EU. The EU's contribution would be increased up to a maximum value of 95%, thereby reducing the requirement of national co-financing at only 5%. Another measure within this proposal responds to the request concerning the future budget of the EU that the European Council asked since February to the European

Commission, to explore the ways in which Romania and Slovakia could use the EU funds more easily. The funds allocated to Member States within the cohesion policy can be divided into annual amounts to be expended within two or three years, according to each country (European Commission, 2013). The Commission's proposal extends the N + 3 rule for Romania and Slovakia that otherwise would have expired in 2013. Thus, these States have a greater freedom to spend and to request funds from the EU, reducing the risk of loss of funds. The measures would help these Member States to find solutions to the problem of unemployment among young people. For example, the unemployment rate in the euro area has reached a new record of 12% of the active population in February 2013-the highest level since the launch of the single currency in 1999, while in the EU, the indicator reached 10.9%. The record rate of 12% in the euro area is translated by a total of 19 million unemployed persons, and 10.9 percent of the European Union as a whole reveals that almost 26.400 million citizens of the Member States had a job in February. According to the data published by Eurostat, Romania was classified in February 2013 below the average in the European Union, with an unemployment rate of 6.7%, increasing slightly during the month of January, when it recorded a 6.6 percent (Petrovici, 2013). Throughout the European Union, Eurostat estimated in September 2013 a stable unemployment rate, of 11%. Among the Member States the first places are occupied by Greece (with 27.6%) and Spain (26.6%). Austria lies at the opposite pole, with an unemployment rate of 4.9%, and Germany (5.2). Romania is below the EU average, with 7.5% (*see* Figure 1).

Figure 1 – The unemployment rate in the euro area, September 2013



Source: Eurostat 2013

Returning to the measures, the highest values within the community block were in Greece (26.4%), Spain (26.3%) and Portugal (17.5%), and lowest in Austria (4.8%), Germany (5.4%), Luxembourg (5.5%) and the Netherlands (6.2%). In the absence of the proposed measure, investments within cohesion policy for growth could be lost because of the lack of time for spending money or because of the difficulty of finding co-financing donors at national level and in the private sector in the current economic climate. The first measure would contribute to the mobilization of approximately 500 million Euros of investment to encourage the faster development in Greece, Cyprus and Portugal. In this way, the EU investment contribution is increased in the favour of cohesion policy and it allows a more reduced national contribution. This resulted in an extension of another two years of an agreement on co-financing of December 2011, easing the pressure on national budgets without involving new funds from the EU. The second measure proposed today would give Romania and Slovakia more time to spend the money of cohesion policy (Stroescu *et. al.*, 2013). It would allow a better selection and the implementation of strategic projects — for example, to the creation of jobs for young people.

In conclusion, the unexpectedly high levels of unemployment are a tragedy for Europe. They show us the actual size of the crisis which is now in the euro area countries. The European Union and the Member States shall mobilize all the instruments they have at their disposal, in order to create the jobs and the prerequisites for a sustainable growth. The emergency measures applied under programmes devoted to young people, which will assist them to acquire the skills necessary to enhance their chances of getting a job and to access existing vacancies.

2.2 The economic crisis and its effects on population migration

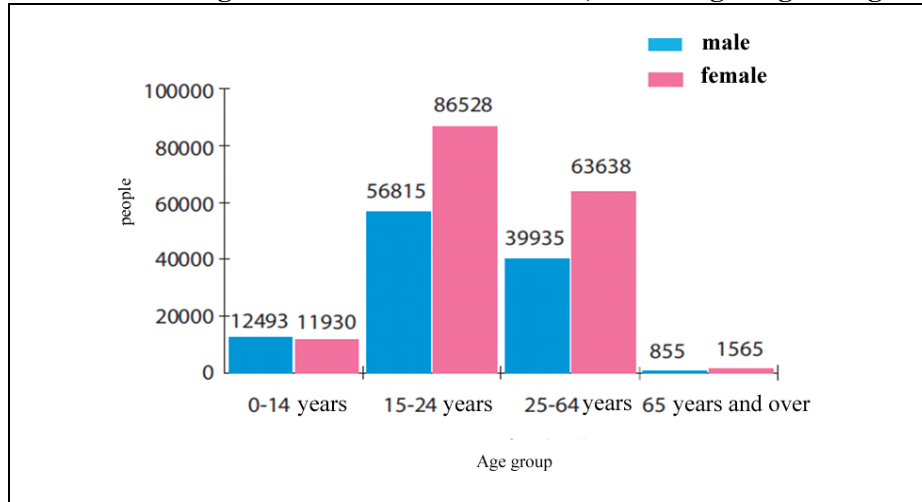
International migration has led to an annual average population reduction in Romania by almost 104.2 thousand persons. The year 2012 marked a balancing of the number of immigrants and emigrants in Romania, while 2007 was the peak of departures abroad, it being of 458 thousand persons (<http://www.insse.ro>). International migration increase at the level of the working population will result in a medium to long-term horizon, major labour market problems in the pension system and subsequently, in financing social services.

Global approach of migration and mobility within the EU has made possible the development of a comprehensive and balanced foreign policy that includes migration and development among the four priority operational areas. Migration is a priority in the change agenda of the EU, the development policy of the Commission for the reorientation of the work of the countries or areas that have the most need of help. In the period 2004-2013, the European Commission supported with almost EUR 1 billion over 400 projects relating to migration. In this way, the EU aims to turn migration into a key factor for development.

After 1989, Romania confronted with the phenomenon of international migration, which led to the reduction of resident population. According to INS (2010), during the period 1989-2012, the stable population of Romania has been reduced by more than 3.1 million inhabitants. More than 77% of the negative increase of the stable population within this period was caused by emigration.

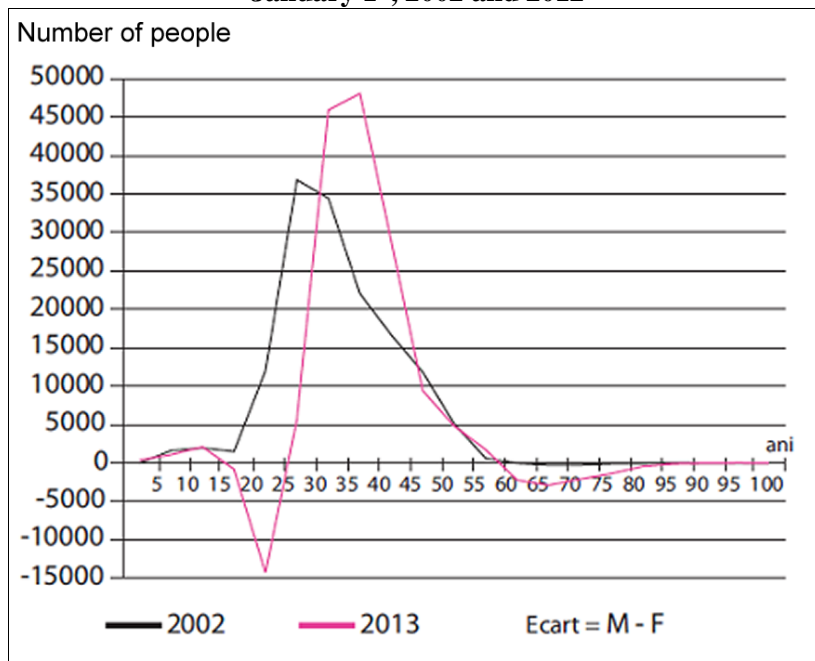
The resident population decrease within the period 1990-2012 is based, among other causes, on the international migration, which has led to a reduction in the average annual population of Romania by almost 104.2 thousand persons (INS, 2010). In Romania, we can find a feminization of migration, looking at the statistical data for the period 2002-2012 (*see* Figure 2 and 3). The degree of women's participation in economic activities is an important indicator for the economic growth and for the well-being of families.

Figure 2 - The flow of emigrants from Romania in 2012, according to age and gender groups



Source: INS, 2014, <http://www.insse.ro>.

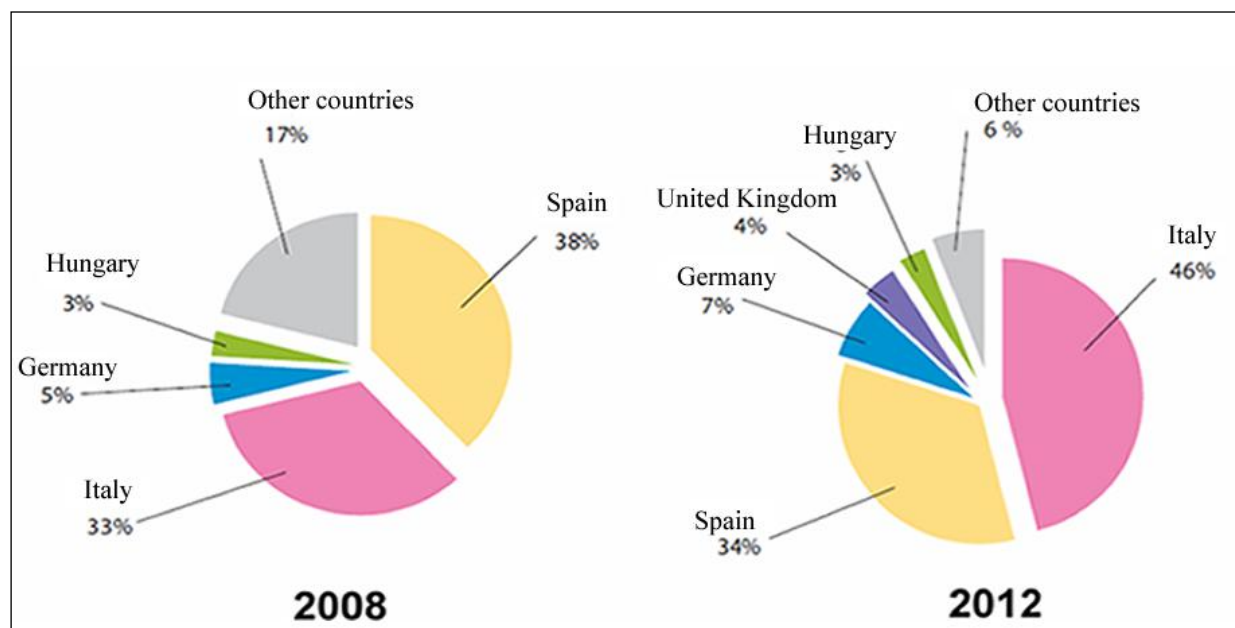
Figure 3 – Age spread between men (M) and women (F) of the migrants from Romania as from January 1st, 2002 and 2012



Source: INS, 2014, <http://www.insse.ro>.

According to statistical data provided by the National Institute of Statistics of Romania (INS) for the period 2008-2012, the favourite destinations of Romanian migrants are Spain and Italy, followed by Germany, the United Kingdom and Hungary (*see* Figure 4).

Figure 4 – Distribution of migrants by country of destination in 2008 and 2012



Source: INS, 2014, <http://www.insse.ro>.

Italy and Spain, two of the key destinations for Romanian emigrants, are no longer attractive. Economic recession begins to be also felt in Spain, where the construction sector, the engine of the Spanish economy for a long time, went into decline, resulting in a significant increase in the number of unemployed people, many of whom are Romanians. The campaign triggered in Italy against immigrants can be added to this, which has caused many people to rethink the decision to emigrate/remain in Italy. The emigration of the labour force from Romania has created a shortage of labour in many sectors of activity in Romania (construction, textile, health).

More on the opportunities of globalization, but also on the effects of economic policy that ensure the free movement of capital and labour, can be found in a paper written in 2011, in which the challenges of global economic crisis brings are outlined at length (Feraru, 2011a, p.56). The difficulties come from the fact that there is a situation identical for the analysis of historical data, the lack of data related to the impact of economic crises on migration flows and the labour market, the fluidity of global economic climate affected by the need for understanding the motivations and the behaviour of immigrants, as well as the extremely complex nature of the relationship between migration flows and fluctuations in the business cycle, for an optimal evolution of policies in this area. Regarding the motivations of Romanian immigrants from Italy, a study carried on in 2011 shows that most of the interviewed persons were determined in their migration by objective economic factors in the desire to win more, in the interest of well-being, to have a peaceful old age. Some of the participants to that research were determined in their migration by professional,

educational factors or for the sake of the aspiration towards a profession in accordance with their training and very few of them were determined in their migration by socio-cultural factors such as religious tourism or the comfort. On the last place, there were placed the participants in the research who were determined affectively, as immigrants, on the grounds such as family reunification or the possibility of creating a social network at their destination (Feraru, 2011b, p. 81). The main motivation for the Romanian immigrants is the economic one, but it also includes another indicator of the frequency of “transnational practice” of these emigrants on the place of departure through a concrete commitment in the life of the family left behind, which meant sending remittances periodically. These practices into which the Romanian migrants are involved cover the economic needs and fill the affective void created by the departure of a member or several members of the family.

Another aspect that deserves being pointed out is the phenomenon of the loss of intelligence (“brain drain”). This is a social indicator, difficult to quantify. A growing trend has been highlighted in the rate of migration, together with the increasing level of education, of training of individuals. Migration of young Romanian people to Europe and to other professionally and economically attractive areas is a natural reaction to the lack of prospects on the labour market in Romania. Some of the data on migration “intelligence” can be found in a paper published recently in 2013, and it likely reflects the reality of immigration of young Romanian students from Italy (Feraru, 2013).

Romania faces various problems in terms of employment, in particular as regards the qualified personnel. It is worth to consider the phenomenon of migration and its impact, in order to understand it and try to reduce it. Cooperation is needed at the international level regarding this phenomenon. In terms of Romanian policy, it would be preferable to go both on the support of Romanian migrants, and on closer monitoring of foreign immigrants, on promoting the image and interests of Romania in the international labour market, further studies on the causes of migration, on the creation of viable projects for re-attraction and support for young people with potential.

CONCLUSIONS

The high-level dialogue on international migration and development aims to identify concrete measures for enhancing coherence and cooperation at all levels in order to increase the benefits of international migration for migrants, and equally for the countries involved, as well as its connections with development.

Starting from the consequences of the global financial crisis on the cohesion policy and international migration, it is necessary to assess the effects of international migration on the sustainable development and identify priorities relevant to prepare the development framework post-2015. These measures should ensure respect for and protection of the human rights of all migrants, with special emphasis on women and children and in preventing and combating trafficking in persons and migrants and to ensure orderly, regular and secure migrations. Moreover, it is also required to strengthen the partnerships and cooperation with regard to international migration, the mechanisms for the effective integration of migration into the development policies and to promote coherence at all levels. For this purpose, data and research in the field bring a significant contribution to the delimitation of international and regional mobility of the workforce while providing information on the impact of migration on development.

There is a risk of a failure of the cohesion policy? To reduce the risks of failure of the policy of cohesion, all Member States should recognize the migration as a “determining factor”, in order to respect the dignity and development supporting basic human rights for migrants. To promote migration and mobility as determinants for countries of origin and destination, both low-income and middle-income countries involved must seize the opportunities offered at EU level and to address the challenges associated with international migration.

In addition, the EU could resort to a closer approach of the topic of migration and development within the framework of its own policies and practices, in particular through *the overall approach in the field of migration and mobility, and the EU's policy for development*-the so-called “agenda for change”. A critical approach to the role played by migration and mobility in the sustainable development through identification of new priorities, including the promotion of governance and development, impact of migration between developing countries, as well as the integration of migration into the development agenda. The support of initiatives in the field of migration and development, including through the provision of assistance to the partner countries of the European Union for the promotion of governance in this area, is equally important.

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A GEOPOLITICAL STAKE: REPUBLIC OF MOLDOVA BETWEEN THE EUROPEAN UNION AND THE EURASIAN UNION

Mircea-Cristian Ghenghea*

Abstract: *Following the initialling of the Vilnius Agreement from 28-29 November 2013, the Republic of Moldova seemed to have entered the path towards the European integration. The great failure for the Brussels' leaders was, by far, the Ukraine's refuse to sign the Association Agreement, a decision placed on the account of Moscow's influence and which proved once more the fact that the relations between the European Union and the Russian Federation have grown increasingly confrontational over the Eastern Partnership's countries. In the context of the unrests in Kiev at the beginning of 2014 and subsequently of the pro-Russian movements in the South and East of the Ukrainian state, the Republic of Moldova has acquired a special significance within the geopolitical situation of the region, being regarded as an outpost of what certain analysts already consider to be the "New Cold War".*

Keywords: Republic of Moldova; geopolitics; European Union; Eurasian Union.

JEL Classification: F50; F53; F54.

INTRODUCTION

27 November 2013 was a highly significant date for two of the Eastern Partnership's members, Georgia and the Republic of Moldova. On that day, in Vilnius, Lithuania, the representatives of the two states initialized the Vilnius Agreement, coming one step closer to the European Union. The great failure of the summit was Ukraine, the most important and advanced member of the Eastern Partnership, which was supposed to sign the Association Agreement but for reasons widely known did not. The process of re-defining the European Union's Eastern neighbourhood had to come to a hold as the unfortunate events in Ukraine and the Russian Federation's involvement led the world to the edge of a conflict which might lead to a general destabilization of the situation within the South-East of Europe.

1. FOLLOWING THE EASTERN PARTNERSHIP: REPUBLIC OF MOLDOVA – “LOST IN GEOPOLITICAL GAMES”

At the beginning of 2014, an article signed by a freelance writer in Chişinău surprised the reality from this small state at the border of the European Union – “lost in geopolitical games”

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(Corlăţeanu, 2014). Less visible at the end of 2013, when the Ukrainian crisis had arisen, the strategic importance of the Republic of Moldova rapidly increased in the context of the Russian annexation of Crimea and the aggressive anti-Ukrainian attitude manifested by Moscow. A number of articles and analysis regarding the special position of the small former Soviet republic have already been issued and the situation seems to get even worse as the Russian Federation is not willing to step back in order to give up its influence within the territories that it once mastered. Under these circumstances the Transnistrian file acquired a new page as the leaders of the so-called Transnistrian Republic have already solicited the inclusion in Russia. The Crimean episode became the precedent they needed to invoke and the narrow strip of land became “the frontline in East-West struggle” as depicted in an article published in “Financial Times” (Oliver, 2014).

A brief survey of the major interests in the region shows the followings:

- the European Union needs the Republic of Moldova to firmly confirm its political option in order to prove not only that the Eastern Partnership was not a complete failure, but also to acquire a safe and certain partner in this region.
- the United States of America are concerned with protecting their interests in South-Eastern Europe where they have deployed elements of the anti-missile shield, an action which has been permanently contested by Russia.
- the Russian Federation has a particular interest in keeping the Republic of Moldova under its influence as it strives to maintain its economic and political presence in order to secure the Eastern part of this state – Transnistria – a territory where Moscow constantly refused to withdraw its military forces from. In addition to this, President Vladimir Putin did not give up his master plan of creating the Eurasian Union and Ukraine was supposed to play a certain part in this strategy.

2. THE WEST, THE RUSSIAN FEDERATION AND THE “NEW APPEASEMENT” POLICY

“History repeats itself” – this is one leitmotiv that seems to be in many people’s minds when thinking about the Ukrainian crisis and the way in which Vladimir Putin acts and endangers the international relations’ system. Yet history tends to repeat itself only when people learned nothing from previous experiences that put to test their will and capacity of response or the following generations simply forget or ignore the teachings of the past.

Despite critics and contradictions, a number of analysts, specialists in international relations and politicians considered that Vladimir Putin’s actions surprisingly resemble Hitler’s during the

'30s, when the West's capacity of defence and reaction was also put to test but failed to prove itself. Yet this aspect is more than worrying when taking into account not only the proper annexation of Crimea or the possibility of invading the East and South of Ukraine, but the fact that the Russian Federation shows complete disrespect regarding international treaties and obligations assumed by mutual consent. Combining these elements and the rather flexible and divided attitude of the Western European powers one might even consider that we are dealing here with a new kind of appeasement, in certain manners similar to the conciliator attitude that Hitler used in order to achieve his purposes at the end of '30s. Naturally, the general conditions and the international elements are now largely different, we have other major actors within the field of international relations and the Great Powers' interests are considered mainly from a global perspective. However, the issue stands as it might lead to a reconfiguration of international spheres of influence and the balance of power might shift again.

The above mentioned major actors (the United States of America, the European Union, the Russian Federation) – to which one must necessarily add China – are likely to confront the necessity of redefining the coordinates they use for revealing their diplomatic and geopolitical games. One might also assist to a very interesting change of economic background in the eventuality of emerging the Eurasian Union – this will truly be a test especially for the economic capacity of the European Union, even if only considering the possibility that Russia will change its major economic targets and will focus primarily on the Asian connections with China and other states.

Another conclusion can also be drawn from the recent events and has already been mentioned under various forms in a number of articles and analysis: “The premise of an international order defined by the West and shared by the rest has been shown to be faulty” (Janning, 2014). Under these terms entities like the Russian Federation, China, and quite likely certain emergent powers would definitely challenge the American and Western geopolitical supremacy.

One of the questions that seem to preoccupy the thoughts of many analysts and Western politicians is “how far is Vladimir Putin willing to go?”, as it is more than clear that the Ukrainian crisis is at the same time a test and a possibility to prove that Russia has recovered after the Cold War and is trying to play again an important role in the international arena. Yet, from Europe's perspective, the main question should be “how far is the European Union willing to let this situation go?”. It is true, however, that the instruments preferred and promoted by the leaders in Brussels – dialogue and negotiations – had no effect so far. Besides, let us not forget that the Eurasian Union projected by Vladimir Putin can and should be seen also as a strong reaction against the continuous

extending European Union and against the military force of the Occident, NATO, which was permanently regarded in Moscow as an alliance directed specifically against Russia (Janning, 2014).

In our opinion, it is more than a question of territorial gains for the Russian Federation within the space of the former Soviet Union. The main issue is that Vladimir Putin and a large part of the Russian political elites wish to retake the position held by Moscow before the collapse in 1991 and the unfortunate events in Ukraine represent only a phase of this attempt.

3. THE EUROPEAN INTEGRATION – A VITAL PROJECT FOR THE REPUBLIC OF MOLDOVA AND THE POLITICAL ELITES IN CHIȘINĂU

Within the current geopolitical and economic background, the Republic of Moldova is but one of the strategic points of the European continent. Due to the fact that its Eastern part – Transnistria – represents a key-point for the Russian influence in the region, the Republic of Moldova unwittingly became a sort of “no man’s land”, a political entity which seems to have already chosen the direction it should follow: West. Nevertheless, things are not so simple.

Were we to use a word game, the Republic of Moldova is rather doomed to deal only with Unions: escaped from the former Soviet Union, it hopes and prepares to become a part of the European Union, despite the fact that a number of its citizens would prefer to be members of the Customs Union (the future Eurasian Union). Following the events in April 2009, when the communist leadership was removed, the government in Chișinău repeatedly proved its desire of European integration as this is the only possible way not only for completely breaking up with the Soviet past, but also for the very existence of the state. As a consequence, there were certain periods when a very aggressive European discourse was promoted in order to emphasize this aspect, but also to avoid the frontal approach of other very sensitive matters like the identity of the Republic of Moldova’s citizens or the possibility of territorial disintegration if the Transnistrian side of the state would actually decide that and would be backed by Russia.

The efforts of the leaders in Chișinău are continuously contested by the former holders of the power, the communists and their supporters. It is not a secret that the Russian propaganda is very strong in the Republic of Moldova despite the fact that the idea of European integration has already become a common place for the public opinion. Russian TV channels and Russian newspapers and magazines practically dominate the media background within the former Soviet republic. Although the official language is Romanian or, as most politicians in Chișinău like to say, Moldavian, and

there is also an official decision of the Constitutional Court of the Republic of Moldova regarding this aspect in December 2013, the Russian language continues to play an important role in many citizens' everyday life. Nevertheless one must not forget the fact that the communist inheritance is still very strong especially when thinking about the mentality of the population, a fact which clearly represents an obstacle when we try to understand certain features of the Moldavian political stage.

During the last two years, as the efforts and preoccupations of the government for acquiring a real perspective of European integration have increasingly grown, the Communists' Party and their allies promoted their own goals trying to counterbalance the pro-European campaign. One of the subjects of this truly anti-European integration offensive refers to the benefits that would result for the Republic of Moldova if the state became a part of the Customs Union (the future Eurasian Union). Especially after the summit in Vilnius the articles and various manifestations against the European integration and also against the Romanian identity became even more numerous than before. For instance, in spite of its alleged adversity towards the Communists' Party, the Socialists' Party in Moldova conducts a vigorous press campaign against the European idea and in favour of the Customs Union. Slogans like *За таможенный союз!* (For the Customs Union!), *Молдаване – не румыны!* (Moldavians – not Romanians!), or *Люблю Молдову* (I love Moldova) can be frequently met in most issues of the periodical entitled "The Socialists".

All international observers and analysts agreed that in the Republic of Moldova the division between the citizens wishing closer ties with the Russian Federation and those choosing the European way is really sharp. Many of the first are easy to manipulate and indoctrinate, as their way of thinking was practically deformed during the long Soviet period. This twisted way of seeing things is just one of the features that characterize the true wicked and poisoned communist inheritance which can be met within the Republic of Moldova.

The whole of the aspects presented here combined with the fact that the country will face parliamentary elections in the autumn of 2014 which could still bring an unwanted victory for the Communists' Party contribute to the underlining of a rather complex and delicate situation which fully necessitates the attention of the decisional factors of the European Union. It is also quite clear that a communist-led Republic of Moldova might turn sooner or later from an Association Agreement with the European Union to a possible membership in the Customs Union – the future Eurasian Union (Boonstra and Shapovalova, 2014, p. 41).

4. THE OTHER WAY – THE UNION WITH ROMANIA

Following the initialling of the Vilnius Agreement from November 2013 by the Moldavian Prime Minister Iurie Leancă, the Romanian President Traian Băsescu brought to public discussion the idea of a project regarding the unification of the two states, Romania and the Republic of Moldova. The reactions and statements of the political leaders in Chişinău are widely known, practically denying any intention of union with Romania and emphasizing the fact that there is a Moldavian identity and a Moldavian nation. The situation was not new at all. After the events in April 2009, when plans and ideas of unification had again begun to flourish, the attitude of the Moldavian politicians was also quite clear in this regard, a new version of the so-called “Moldovenist doctrine” coming to life step-by-step. Those who are not familiarized with the historical and political background in the Republic of Moldova might consider rather contradictory and more than surprising the fact that the democratic forces leading nowadays the neighbouring state have fully assumed and promoted a Soviet inspired thesis previously sustained by their political opponents, the communists and their allies. Yet the contradiction is only apparent. Such an attitude was and will probably be a permanent feature of the Moldavian diplomacy as long as the identity project named *Republic of Moldova* will stand and as long as in Chişinău will exist a political elite unwilling to give up its prerogatives and privileges in order to integrate in another state – Romania – where it will not have any guaranties for maintaining the positions it has now. Besides, one must note that this issue of the more or less formally rejection of Romania has become a constant within the leading circles in Chişinău regardless of their political colour. It would be interesting to see how these leading circles would react if the so-called Moldavian statality was really endangered.

According to one of the most authorized Romanian analysts of these issues, namely Dan Dungaciu, former councillor of the Moldavian ex-president Mihai Ghimpu, one can talk about a true syndrome of the political elites in the Republic of Moldova, metaphorically named *the “too much Romania” syndrome* (Dungaciu, 2013). The idea was developed in an article published in the summer of 2013. The author did not state any conclusions, he simply acknowledged the syndrome in question which is closely connected with the so-called “European Moldovenism”, having some very interesting implications for the identity project *Republic of Moldova*.

After the euphoria of initialling the Vilnius Agreement, many have noticed with dissatisfaction and concern that the formulations and expressions chosen for the final statement in Vilnius were very prudent and moderate as there was no reference to two issues of major interest

for the government in Chişinău: the frozen conflicts (with immediate reference to Transnistria) and Article 49 of the European Union's Treaty which provides the clear possibility of accession. Thus, in the eventuality of a more difficult European way both for internal and external reasons (such as the need to implement certain reforms, the connection to the European Union's standards, and various pressures and interferences from the East), it would be again interesting to see to what extent the identity project and the European one will hold – the two major Moldavian projects promoted by the democratic politicians in Chişinău. The real endangering of one of these two projects could automatically lead to endangering the other, having as a final result the questioning of the perspectives of the state Republic of Moldova.

CONCLUSIONS

The international context at the beginning of 2014 and the clashes of the Great Powers' interests in South-Eastern Europe and particularly in Ukraine do not contribute in any way to the shaping of a calm and peaceful climate within the former Soviet entity Republic of Moldova. Both at the level of political stage and the population, the state continues to be divided between the two options – West (European Union) and East (Customs Union and implicitly the Russian Federation). A complex of internal and external factors also plays an important role when discussing the hesitations and the duplicitous attitude which sometimes characterized the actions of the politicians in Chişinău within the last five years. Nevertheless, nobody can deny that the political forces that got the power after April 2009 have done much in order to come as close as possible to the European Union and try to take the Republic of Moldova out of the so-called “grey zone” in which the state finds itself because of the situations in Transnistria and Găgăuzia and because of the pressures exerted by the Russia (Boonstra and Shapovalova, 2014, p. 44). Yet, the closest date mentioned for the desired integration in the European Union is year 2019. As an Eastern neighbour of the European Union and a former Soviet republic, Moldova has only a few options. One of the moments that will show which way its citizens decide to go is represented by the elections in the autumn of 2014. The context might complicate depending on the situation in Ukraine and the attitude of the Russian Federation. Things might get even worse if thinking at the possibility of the direct access of Moscow in the Transnistrian region or in the Southern part of Ukraine. However, the unwanted case of the dismemberment of Ukraine and the Russian presence will put the Republic of Moldova, the European Union and Romania in a very delicate dilemma: if Europe does not want to lose Moldova, and if the Moldavian citizens truly desire to become members of the European

Union and to completely break up with the Soviet past, this might lead to a way which seems to be at the same time the fastest but also the most problematic, because of the international entanglements and discontents – the unification with Romania.

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CHANGING IDENTITIES OF THE BALTIC STATES: THREE MEMORIES IN STONE

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Abstract: *This paper presents a comparative analysis of how Estonia, Latvia and Lithuania handled the process of nation-building, finding their self in their new reality which was no longer created and manipulated by the Soviets since their breakaway from the USSR. To do so, this paper suggests an ingenious method of the identity politics analysis which focuses on the importance of the so-called “lieux de mémoire” or “meaning-full places” for people. Monuments and statues are good examples of such places and play an important role in identity construction due to their ability to evoke particular kinds of feelings in people. Undertaking an in-depth analysis of monuments in Baltic States provides a valuable insight on the possibilities and challenges of Estonia, Lithuania and Latvia to develop communities of shared values and to finally stop living in the shade of their “post-Sovietness”.*

Keywords: Monuments; national identity; Soviet Union; “Monument Wars”; Baltic States.

JEL Classification: F5; Y8.

INTRODUCTION

The decision made by the authorities of the Latvian town of Bauska, in Septemeber 2012, to unveil the monument commemorating "Bauska's Defenders against the Second Soviet Occupation" was followed by utterly emotional political debates. The Bauska's defenders in question were the three battalions of the Latvian legion of Waffen SS punitive police. Contrary to the absolute absence of reaction to the event from the European Union, the reactions coming from some of the other countries were immediate and fierce. Belarusian representatives pointed to the fact that the blood of the hundreds of Belarusian partisans and civilians who were fighting against Germans was on the hands of Bauska defenders. The Belarusian government added that the fact that Bauska officials not only accepted the construction but also attended the opening ceremony was “particularly concerning” (Savinykh, 2012). The Russian government condemned Bauska officials as well as urged the European Union to respond to this event. Furthermore, Israel reacted to the event stating that the opening of this Monument is “insulting both to the victims of Nazism and to those still alive” (Suharenko, 2012). The discontent of the Jewish community in Latvia was especially sharp in the light of its failing attempts to get the approval for establishing a memorial for the Holocaust victims in Bauska; the question has been on hold for almost ten years.

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In Estonia, during the night of 27th of April 2007 the “Bronze Soldier” was moved from the Tõnismägi hill in the centre of Tallinn to the Military Cemetery. With only a few Estonians keeping themselves aloof to this even, the “small” monument removal in the “small” country immediately appeared in the newspapers all over the world raising a wave of debates and discussions on its causes and effects. First of all, dismantling the monument that glorifies the Soviet liberators of Estonia from the Fascists became yet another apple of discord in the already complicated Russo-Estonian relations: members of the Russian Federation Council unanimously signed a note addressed to Vladimir Putin suggesting to react in the fiercest way possible and, if necessary, to sever diplomatic relations with Estonia. The dispute resulted in an economic boycott starting with the refusal to sell Estonian goods in the Russian supermarkets up to the suspension of investment projects and cessation of some oil supplies to Estonia. According to some estimates, the “Bronze affair” cost Estonia around EUR 450 million which stand for around 3% of the country’s GDP (Brilliant Fixer, 2008).

Looking further backward, in April 2001, the Lithuanian Grūtas Park was welcoming its first visitors. Located only about fifty miles away from Vilnius, in the small resort of Druskininkai, this park imitates Soviet realities: the main roles here are played by the main leaders and heroes of the Soviet Union - Lenin, Stalin, Dzerzhinsky etc. Around 90 statues removed from their public sites in the beginning of the nineties were bought by one of the Lithuanian entrepreneurs, Viliumas Malinauskas, who won the government competition for the best ideas on what to do with all those reminders of the Soviet past. Notwithstanding massive criticism towards the so-called “Stalin World” bringing up unpleasant memories of the Soviet repressions in the vast number of Lithuanian population, Mr. Malinauskas claimed that remembering the past is crucial for Lithuanians to move forward. According to him, “If it [past] is brushed under the carpet, it will be unhealthy for the next generation.” (Coomarasamy, 1999) Despite being quite remote from the usual “touristic routes” in Lithuania, the park soon became one of the major touristic destinations and receives around 100,000 visitors per year (Dokodemo Door Blog, 2012).

These three different cases signalize that some monuments that remained from the Soviet era became matters of concern and central to the numerous political debates within the post-Soviet Baltic area. Moreover, they were often politicized and this led to the escalation of the existing conflicts. Nevertheless, as it has been briefly identified above, the contexts of each of these three cases substantially vary. It is even more compelling as we take into account that these three countries are geographically close, have, to a great extent, common past and share a lot of social, economic and political similarities. Therefore, this article aims to investigate the question of what

monuments and stories behind them signalize about the political identities of the Baltic States. Furthermore, it aims to scrutinize the differences in the nation-building processes in Estonia, Latvia and Lithuania. The paper proceeds as follows. Firstly, important considerations and identification of choices with regard to the theory of national identity are presented. Secondly, the paper focuses on the specific case studies that shed light on identity formation in Latvia, Estonia and Lithuania after the dissolution of the Soviet Union. Furthermore, it scrutinizes how the historic development, both before and after regained independence, is reflected in the attitude towards monuments in these countries and what it says about their identity politics. Finally, conclusions with regard to the posed questions are drawn.

1. THE MONUMENTS' ROLE IN THE "IDENTITY POLITICS"

Elaborating the four-fold classification of the national identities' theories given by Anthony D. Smith, this paper chooses to focus on the constructivist view of the national identity identified as an "elusive socially constructed and negotiated reality, something that essentially has a different meaning for each individual" (Wan and Vanderwerf, 2013). It is also presumed that the governments and the elites play a significant role in the process of shaping (and re-shaping) national identity. By this, it is implied that each country endeavours to establish a degree of national solidarity and unity among its people – the so-called *nation-building*. According to Bloom, successful nation-building can form "a clear political solidarity in relation to the external environment" and thus cannot be underestimated (Bloom, 1990, 79-80). States do so through a variety of media: high art and literature; mass communications and kitsch; architecture and monuments; ceremonies, rituals, and myths (Osborne, 2001). There are cases when specific historical moments (e.g. wars, military defeats, coup d'états etc.) can undermine peoples' ever deeply held beliefs. These crises - to which scholars often refer as "critical junctures" - lead to rapid transformations of the political identity of the states and trigger the memory politics (Risse, 2010). Osborne notes a particular importance of specific, "meaning-full places" in this respect. According to him, some "places" are crucially important for peoples' self-identification as they reinforce collective memory and "establish spatial and temporal reference points for society". One of the first pioneers to analyse the importance of such *lieux de mémoire* (*places of memory*) was Pierre Nora who applied it on the identity formation in France (Norra, 1996). Since then, a number of historians and researchers have extended his inquiry of how monuments and memorials have a symbolic significance for nation-building. For example, Maurice Halbwachs, in his work "On Collective Memory", stresses the particular

importance of monuments and other topographical features in the formation of collective identity (Halbawachs, 1992). Anthony D. Smith underlines such practices of creation of the feeling of national unity and how, in this respect, it is important to celebrate and commemorate national heroes – people that the citizens want to identify with. According to him, there is a need to dedicate certain places to these heroes thus making the collective commemoration possible (Smith, 2003, 219-53). Collective memories then help in establishing “a transcendent national experience that bridges awkward historical chasms and lends purpose and meaning to the forward progress of the nation through time.” (Roshwald 2006, 63)

Conducting the analysis of monuments is important as the decision of their erection/dismantling in the majority of cases lies with the government or state officials and clearly shows with which heroes and events state officials want their nation to identify with. Nevertheless, such decisions sometimes lead to the strong opposition of some parts of the community. This paper relies on the premise that the decisions made by governments regarding the monuments matter as they reveal the nature of the collective identity/identities of the nation. The way in which the state leads its identity politics can either open up new horizons for the unification of the national identity or lead to conflict, which will become a serious obstacle to the formation of an integrated identity in the long-run.

When it comes to the existing studies on the monuments in the Baltic States, Estonia clearly has an upper hand. For example, Karsten Brüggemann and Andres Kasekamp investigated the challenges of Estonia’s nation-building and the importance of the Bronze Soldier’s removal in their article, *The Politics of History and the “War of Monuments” in Estonia* (Brüggemann and Kasekamp, 2008). Marko Lehti, Matti Jutila and Markku Jokisipilä added to this analysis, claiming that the events of 2007 can also signalize on the ongoing shift of the Estonian narrative towards heroism (Lehti, Jutila and Jokisipilä, 2008). Stuart Burch and David J. Smith moved Estonia’s monument wars’ analysis to its eastern border city of Narva focusing on the commemoration practices there (Burch, Smith, 2007).

There is a large number of studies on the conflicting views on the Soviet period in Latvia’s history (e.g. Oberländer, 2009; Dzenovska, 2005; Rožukalne, 2010). Sergei Kruk significantly contributed to the studies on the monuments in Latvia, analyzing both the production of statues of Lenin in Latvia during its Soviet period and the peculiar practices the Latvian government currently uses for political communication with its citizens (e.g. renaming of monuments, alterations of the inscriptions etc.).

As for Lithuania, it is important to mention the research of Rimantas Buivydas and Almantas Samalavičius on *Public Spaces in Lithuanian Cities: Legacy of Dependence and Recent Tendencies* (2011), in which they performed an important overview of the transformations of Lithuania's public spaces throughout its history (since Czarist Russia's colonial rule up until the restoration of Lithuania's independence). The above mentioned Grutas Park is often analysed in comparison to the Szobor Park in Hungary and its possibilities to produce the distancing effect from the Soviet past (Williams 2008). Some scholars tend to compare such practices with the ongoing commemoration of the victims of Communism in other post-Communist Eastern European countries.

It is possible to say that more and more scholars become engaged in the national identity studies by means of visual representation. This article, therefore, by taking into account the existing research on the monuments' role in identity politics in the Baltics, aims, first of all, to fill the gap of comparative analyses among the three states. The focus will be put on the existing similarities and differences in the nation-building practices in Estonia, Latvia and Lithuania.

2. ON THEIR “BALTIC WAY” TO INDEPENDENCE

The last three decades were significantly important for the three Baltic countries. Having been “Sovietized” for almost seventy years, Estonia, Latvia and Lithuania fought for their independence showing tremendous strength and unity. The so-called “Baltic Way” can be noted here - when around a million people joined hands and created a human chain of 600 km long, starting from the foot of Toompea in Tallinn through Riga, up to the foot of Gediminas Tower in Vilnius, demanding independence and recognition of the secret Ribbentrop-Molotov protocol that determined the economic, political and social development of Estonians, Latvians and Lithuanians for years. In the end, all three countries succeeded in regaining their political independence in the course of the Singing Revolutions.

The common Soviet past predetermined specific problems the three countries had to deal with after the dissolution of the Soviet Union – liberalization of its markets, changing forms of their political systems. Above that came the identity search and the problem of the nation-building specifics. After the years of Communist propaganda, when nation-states and national identities had no importance in the supranational state of the Soviet Union, it was particularly hard for the states that experienced only brief periods of independence to launch their identity politics campaign at the

end of the first decade of the 20th century¹. Therefore, we can see the dissolution of the Soviet Union as a “critical juncture” for the three Baltic States (according to the terminology this article elaborates). The situation was even more challenging considering the vast number of Russian-speakers who remained on their territories and did not necessarily share the general negative feeling towards their Soviet past. What the countries undoubtedly shared (and had to deal with) were hundreds of monuments built according to Lenin’s “Monument Propaganda” plan and the necessity to build monuments that would play an important role in strengthening collective identity. And that is when “Monument Wars” began.

2.1.Latvia

Latvian feelings towards stones are particularly strong and have roots in pre-Christian times. According to these traditions, stones are “receptacles of solar powers and the forefathers’ knowledge” with their own personalities and souls (Kruk, 2009). This idea materialized in France in 2005, in a Latvian design project, “Talking Stones”, during the Latvian Cultural festival, “Surprising Latvia”. The nine stones have human faces projected on them and each stone has a unique character leading its own life: they tell stories about Latvian culture, traditions and history. Despite the general public’s reaction to the installation that was quite obscure, the Latvian government still spent around 485, 000 lats on the installation and seems eager to spend another 150, 000 to permanently place it in the centre of Riga, making it a touristic destination (Delfi, 2010). Nevertheless, as we will see below, the Latvian government’s “love” for stones is quite selective.

Although in the early 1990s, around 80 monuments to Soviet leaders were dismantled by the Latvian government, there are still a few that remained. There are numerous reasons for that: firstly, the demolition usually requires significant investments; secondly, it is technically complicated. Last but not least, the Latvian government always needs to take into account the public reaction to these dismantles. One of the good examples of this is the case of the removal of the monument to the Soviet soldiers-liberators in the Latvian town of Bauska. In August 2007, the monument was transferred from Korfa Park to the military cemetery. Even though local officials stated that the action had no political context, as a matter of fact, it seems that there is definitely something political to it. In fact, just like with all the others, the issue with this particular Soviet monument lies in history or - putting it more correctly - in its interpretation.

¹ Except for Lithuania, which had already experienced a long period of independence during the Grand Duchy of Lithuania (12th century – 1795)

For Latvia, the establishment of the Latvian Soviet Socialist Republic in 1940 was an illegal occupation on the provisions of the Molotov-Ribbentrop Pact. By sponsoring the coup d'état and implementing Soviet leadership in a matter of only a couple of months' time, the Soviets imposed a regime of terror, arresting and deporting hundreds of people. A lot of Latvians, who managed to run away from NKVD, were hiding in the forests forming anti-Soviet resistance groups and joined the Nazis when Germany attacked the Soviet Union. To a vast number of Latvians, there was no liberation but 3 occupations in less than ten years: the 1940 Soviet annexation, the 1941 Nazi occupation and then, yet another Soviet occupation in 1944. The Russian government regards this incorporation as legitimate and stresses the significant role of the Soviet Union in the liberation of Latvia from the Nazis. This position is generally shared by the Latvian Russophone minority which stands for almost one third of the total Latvia's population. As the anti-Russian sentiment in the country is already quite strong, events such as the dismantling in Bauska only complicate the strained relationships between the two sides and undermine the possibilities to form a coherent Latvian collective identity.

Hitherto, the main Monument to the soldiers of the Soviet Army (the "Monument to the Liberators of Soviet Latvia and Riga from the German Fascist Invaders") was not dismantled and currently plays an important role as a gathering place for all those who revere the Great Patriotic War and its important dates. Nevertheless, the monument has not been well maintained and the inscription that used to read in Latvian and then in Russian, "For the liberators of Soviet Latvia and Riga", has been removed. Moreover, in 1997, the neo-Nazi groups attempted to blow up the central column (79 meters high) which is sometimes called "Moscow's fingers" in Latvia (Hatlie, 2013). Despite all calls among the Latvian public in favour of dismantling the monument, the Latvian government appears to be quite hesitant when it comes to actual decision-making. Up until now, the Latvian government has not called to pull down the monument, stating that even though "from the moral viewpoint this monument deserves being pulled down" it can as well "cause too many dangerous consequences" (The Voice of Russia, 2012). It is important to stress that the current Latvian government acknowledges its obligation to provide for the preservation of the monument as it is subject to *Intergovernmental Agreement between Latvia and Russia on the social protection of military pensioners residing on the territory of the republic of Latvia and their family members*. This agreement has been in force since 1994 and, among other things, it provides for the "preservation and maintenance of commemorative structures and mass burial sites" (Embassy of the Republic of Latvia). Therefore, the prospect of tearing down the monument is regarded to be a violation of this agreement.

It is important to stress again that the crux of the problem in the majority of cases is not about life under the Soviet regime, but about the role of Soviets in the fight against Fascism in the Baltic States. This question still remains remaining a sensitive issue to all those for whom the Great Patriotic War can have no “additional” interpretation. Addressing this question via these post-Soviet era monuments has no potential in laying the foundations for future consensus and is, therefore, of no help in integrating the Latvian community or reshaping the national identity as “free from the past”. Recent events in Bauska such as the erection of the monument to Waffen SS legion - mentioned in the introduction of this article - show that the government should not underestimate the gravity of its possible impacts on the society; it tends to only intensify the “understanding” gap in the community.

There are some other ways in which the Latvian government conducts their memory politics. For example, the famous Monument of Red Latvian Riflemen, located in the main square of Ratslaukums in Riga, survived the numerous debates on its Communist symbolism and was not torn down. Nonetheless, it also lost its “Redness” being renamed to the “Monument to Latvian Riflemen”. Moreover, the Museum of Red Latvian Riflemen, built together with the monument in the Ratslaukums Square, started to serve as a Museum of Occupation with a declared mission to “commemorate the wrongdoings committed by the foreign occupation powers against the state and the people of Latvia from 1940 to 1991” (Mission and History, 2013). Furthermore, there are the ongoing debates of opening another monument in the same square with a non-communist meaning (Kruk, 2009).

A monument that is forsooth playing a special symbolic role for Latvians is the Freedom Monument. Standing in the very heart of Riga, the monument is a column on which a Latvian woman stands, lifting three stars skyward. The monument was unveiled to honour soldiers killed during the Latvian War of Independence in 1935 in the short period when Latvia was free of foreign rule (1920-1940). Miraculously having survived the years of Soviet rule, the monument became particularly important for Latvia’s political identity since it links the modern period of Latvian independence with its independence in the interwar period. The current common view of the monument as a symbol of independence from the Soviet regime is a successful example of identity politics when the government can invoke the national spirit in people by linking to a time period which is not related to the Soviet regime.

2.2. Estonia

The problem of interpretation of the Soviet period history refers as much to Estonia as to Latvia. The Estonian government continuously demands recognition of the illegal incorporation of Estonia into the Soviet Union after its short period of independence (1918 -1940). Furthermore, it condemns any positive representation of the Soviet rule and puts it together with Nazism as being one of the biggest evils in the Estonian history. In fact, the evils of Communism are seen by some groups to be greater than those of Nazism. In 2004, in the western town of Lihula, approximately 2,000 people attended the unveiling ceremony of the monument to those who fought together with the Nazis against Bolshevism (BBC, 2011). The opening ceremony immediately elicited strong international criticism, notably, by Russia, the European Union and Jewish communities. The reaction of the Estonian society was controversial itself. The negative reaction of the Russian minority in Estonia (about 25% of the total population) was backed by the Estonian Government that, possibly under the pressure of the EU, called the unveiling a ‘provocation’ and decided to remove the monument. The removal, however, caused massive protests in Lihula and the monument was successfully removed only with the help of the police and use of teargas (Lauri, 2002).

The consequences of the infamous monument affair mentioned in the introduction of this paper - the removal of the Bronze Soldier from Tõnismägi in central Tallinn – were even fiercer, going as far as imposing economic sanctions on Estonia. These events also raised concern about the possible revival of neo-Nazi groups in Estonia and its consequences on the Russophone minority.

One might find it also interesting to look at the legal perspective of the removal. Initially under the jurisdiction of the Tallinn City Council, which showed no serious intentions to relocate the statue, the Bronze Soldier removal was possible mainly due to the activities of the Reform Party Prime Minister Andrus Ansip. In the beginning of 2014, he succeeded in pushing two major bills in the Estonian Parliament - War Graves Protection Act (signed on January 10, 2007) and Law on Forbidden Structures (approved on February 15, 2007). The former bills gave the right to the Parliament to overrule local governments in the decisions concerning monuments if such measures were to “ensure the honouring and dignified handling of the remains of the persons killed in the military action on the Estonian territory” (Riigikogu Press Service, 2007). The latter aimed at prohibiting the public display of monuments that would glorify the years of Soviet rule in Estonia. Although President Toomas Hendrik Ilves vetoed the Law on Forbidden Structures as anti-Constitutional, the War Graves Protection Act was still enough to dismantle the monument and have it moved to the Defence Forces cemetery. The case of the Bronze Soldier is significant, clearly

showing that Estonia went yet another step forward from Latvia and it was the state's decision to relocate the monument which is symbolic for a vast number of the country's population who commemorates the Great Patriotic War.

Another example of identity politics is the case of the restoration of the "Swedish Lion" monument in the eastern border city of Narva. The monument filled the place where once Lenin's monument stood but was then dismantled. Received as a present from Sweden, it commemorates the Battle of Narva and Sweden's victory over Russia. Stuart Burch and David J. Smith, in their article *Empty Spaces and the Value of Symbols: Estonia's 'War of Monuments' from Another Angle* (2007), argue that despite the common fears that such gesture would trigger a furious reaction in such a city as Narva, where the absolute majority (82%) of the population are Russian by ethnicity, the result was quite opposite. It showed that Estonia's Russians, despite "looking to the heritage of the Tsarist Russian rule" also see the Swedish Lion as a legitimate symbol of their city (Burch, Smith, 2007). The idea of the importance of their town in the course of the Great Northern War - keeping in mind that Sweden was, in the end, defeated - is appealing to the Narvians. As for the government of Estonia, the connection to the Swedish past - the "Golden Age" of Estonian history - is momentous in the light of the growing engagement of Sweden in Estonia. Therefore, despite the fact that "Russian" and "Estonian" perspectives on the Great Northern War are different, it can still be seen as a successful "discussion of the past" (Burch, Smith, 2007). There are, of course, limits to this success. The followed proposals of Narvians to erect a statue of Peter the Great in the city stumbled across the rejection of the Estonian government. Estonian Prime Minister Andrus Ansip expressed his strong disapproval of the idea, arguing that this erection would be as a "spit in the face" of Estonia's inter-war leaders who spent a lot of effort to remove other Peter the Great monuments. Hence, the Estonian self-identification is strongly linked to that short period of Estonian self-rule and such a controversial act of going against the leaders of that period simply cannot be negotiated.

The urge to incorporate Estonian "Scandinavian-ness" can also be seen in the analysis of the War of Independence Victory Column. In 2005, Riigikogu launched a design competition of a monument that would commemorate thousands of people who died during Estonia's War of Independence, 1918-1920. The glass monument incorporates the Cross of Liberty - an Estonian special award established in 1919. The style of the award itself has been inspired by Finland's Order of the Cross of Liberty. The use of a cross is also important in terms of the ongoing debates on whether the Estonian flag should be changed from tricolour to the Scandinavian-cross design. The idea was proposed in 2001 by an Estonian politician, Kaarel Tarand, and generally shows the

importance of the country's connections to the Nordic countries and its self-portraying rather as "Nordic" than "Baltic".

2.3. Lithuania

While in Estonia and Latvia we see irrefutable attempts to get rid of everything in the public spaces that could bring up unpleasant Soviet memories, the case of Lithuania is somehow different. On the one hand, here, as in the rest of post-Soviet countries, a lot of monuments to Lenin and other Soviet figures were demolished right after the dissolution (with the majority of the monuments to Stalin torn off during the Khrushchev's policy of de-Stalinization). On the other hand, the country - making up to 50 years of political dependence – started reconstructing monuments that the Soviets tried to get rid of. One of the first was the Three Crosses Monument that was built in 1916 but blown up under the order of Kremlin in 1950. The story of the Crosses goes back to the 17th century and until 1869 similar wooden crosses stood on the same place (Hill of Three Crosses in the Kalnų Park).

The rich history of Lithuania goes back to the Grand Duchy of Lithuania, one of the largest countries in the 14th century Europe. The Grand Duchy covered the territories of the present day Belarus, some parts of Ukraine, Russia and Poland and formally existed until the end of the 18th century. Lithuania also formed a voluntary two-state union with Poland – the Polish-Lithuanian Commonwealth – that was established in 1569 and existed until the Third Partition of Poland in 1795. Therefore, Lithuania had a far richer independent history than her Baltic neighbours and did not have to reassert her identity by only linking it to the interwar period of independence. History also explains the strong ties with Poland, which are extremely important to Lithuanians until today. After the re-establishment of its independence, Lithuania erected a number of monuments to commemorate its history. The monument to the Grand Duke Gediminas, who ruled from 1316 to 1341, was erected in 1996. Gediminas is known to be one of the most significant figures in Lithuanian history and is also called "the founder", as it was under his rule that Lithuania tremendously expanded its territory. Lithuanians similarly erected monuments to Mindaugas (the first King of Lithuania) and Barbora Radvilaitė (the Queen of the Polish-Lithuanian Commonwealth).

Another significant difference between Lithuania and its Baltic neighbours resides in its success in preserving its language and successfully resisting Russification by both Tsarist Russia and the Soviet occupation periods. The Russians who resided in Lithuania after the World War II

are said to be successfully integrated into Lithuania; the Russian minority here is not as numerous as in Latvia and Estonia and counts for less than 6%.

Lithuania's extensive history of freedom and independence, its language and culture - corroborated to its strong affiliation to Poland - all contribute to the representation of Lithuania as a Central European country with its role as a bridge between East and West. The country's aspirations were proven in 1989 by the estimations made by National France Geography institute according to which the unassailable geographic centre of Europe is located in the Lithuanian village of Purnuškiai, just 26 kilometres north from Vilnius. In 2004, symbolically, the year of its EU accession, Lithuania erected a monument with the white granite pillar with a crown of stars on the top. Hereby, the country's European-ness obtained a monumental representation.

The Lithuanian support for the opening of an outdoor museum of Grūtas Park shows a unique manner in which the country decided to deal with its controversial Communist past. Some Lithuanians criticize Grūtas Park saying that it is an imitation of the Soviet gulag, with an extensive collection of Soviet monuments and other attributes bringing up painful memories of the times of occupation. Nevertheless, the proponents of the park agree with the project founder, Viliūmas Malinauskas, when stating that the park's role is crucial as it ridicules the Soviet Union and helps to "understand what dictatorships are capable of and what tools they use to brainwash people" (Harrison, 2000). Rather than destroying or locking the monuments up in some warehouses, Lithuanians have chosen to rather acknowledge their past, to put it behind them, and move forward.

Lithuania was also the only Baltic country that created a monument commemorating the solidarity of the Baltic countries during the restoration of their independence in 1989. "The Road of Freedom" is a monument glorifying the live chain of people that joined their hands in a "Baltic Way", therefore demanding the acknowledgment of the Molotov-Ribbentrop Pact and the end of occupation. The sculpture is a collective creation – people could contribute to the Project and get a brick with his/her name stamped on it. Lithuania, hence, became the first country which monumentalized the recent past of its people and their non-violent resistance towards the Soviets.

CONCLUSIONS

Breaking away from the Soviet Union together with the longed-for independence imposed a number of significant challenges on the former Soviet Baltic Republics. Being multiethnic, all the countries needed to undergo the nation-building process and, therefore, shape their identity politics. This paper builds on the concept that visual representations play an important role in the process of

a person's identification with particular "lieux de mémoire". Monuments can evoke specific feelings in people and therefore reveal a lot about the collective identity of some groups of people. The governments that face a problem in introducing a successful identity policy often use the tool of destruction/erection of monuments in order to shape the self-image and, more importantly, to deal with its past. In doing so, governments can face specific problems when these acts clash with some fundamental beliefs, some postulates of the collective identities of specific groups. The creation of a coherent identity is often doomed as it might only deepen the gap of misunderstanding between the groups.

The analysis of the development of Baltic States shows that, despite some features that these countries share (geographic position, history of several occupations in the 20th century, re-establishment of the independence followed by introduction of pro-Western foreign policies), their similarity in terms of their political identities is more complicated. Similarity can be found between Estonia and Latvia, where the "Monument Wars" have constantly revealed the high degree of misunderstanding and incoherence between the various collective identities. A reason for that lies in the interpretation of history, more specifically, in the question of the role of the Soviets in the Great Patriotic War and the incorporation of states into the Union. The ongoing "memory wars" result in the attempts of the governments to cross out everything connecting them to the Soviet years from the public sites. These acts evoke indignation and strong condemnation among those who share a special feeling of attachment to these sites; thus, the countries lack in the ability to put the past behind and move into the modern period of their policies. Although none of the monuments that were described in the present article was subject of the UNESCO heritage protection programs, the case of the Bronze Soldier showed how the Government was keen to even change national laws in order to proceed with the removal. In Latvia, the removal of the Victory Memorial would require the same actions and this leaves Latvian government hesitating under the pressures of both – the part of the nation that equates the Soviet period of its history with occupation and those Russophone groups who still revere the Great Patriotic War.

When it comes to Lithuania, on the other hand, the "monument war" never broke out and even though the opening of the Grūtas Park left a lot of people in Lithuania discontent, its placement (far from the city centre, in the village) together with an argument that the main idea is too ridicule not to glorify the Soviet Union, promises no further conflicts around the park. Moreover, the Park symbolizes that a lot of Lithuanians are eager to acknowledge their controversial past and move on to the phase of reconciliation.

There are also some specific remarks that can be derived from the monument analysis in the Baltic States. Examples of the Swedish Lion monument in Narva and the cross-shaped War of Independence Victory Column in Tallinn reveal the attempts to promote and strengthen the country's Nordic identity. At the same time, Lithuania accentuates its Central European-ness and puts a special stress on her relations with Poland, opening monuments that could remind its citizens of their country's rich cultural heritage and diverse history that goes back to the 13th century.

It is necessary to acknowledge and point out one limitation of the present research, namely, the number of the cases that have been investigated in this paper. Though carefully selecting and focusing on the most representative examples of the torn down/erected monuments, this analysis would benefit from an expansion of the number of cases. However, it is important to stress that the main aim of the article is to contribute to the existing studies suggesting an ingenious method of identity politics analysis. Through the comparison of the attitude towards the post-Soviet monuments in Latvia, Estonia and Lithuania and the study of the monuments built in the new period of their independence, this paper showed and proved that even "stone" can bring us closer to understanding some aspects of the complexity of identity transformation. The analysis of the ways in which these seemingly stationary items are treated in each country should carry on as it can only enrich the existing research of the past and current issues of the Baltic States development.

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THE EU-US RELATIONS IN AN EMERGING MULTIPOLAR WORLD

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Abstract: *In the context of an emerging multipolar world, the transatlantic partnership faces various challenges in the attempt to maintain the Western-shaped and dominated liberal order. This article aims to synthesize and rationalize the central argumentative positions on the ever-evolving transatlantic relationship provided by the following theories of international relations: neorealism, neoliberalism and constructivism. A combination of the main assumptions of the three approaches brings useful insights into the policy debates on the role of the transatlantic partnership in the process of forging the global governance. Nevertheless, where the systemic theories such as neorealism and neoliberalism fall short in explaining the transatlantic relations, constructivism, with its focus on actor identity succeeds in offering a dynamic account of them.*

Keywords: transatlantic partnership; security; neorealism; neoliberalism; constructivism; multipolarity; global governance.

JEL Classification: C01.

INTRODUCTION

The transatlantic partnership is considered to be the most important alliance in international relations. Despite the fact that there are cases when EU and US have problems engaging with each other, they share fundamental values such as democracy and capitalism but also strategic interests to an extent not matched by any other global partners in the world. In the context of the shift to a multipolar world, the transatlantic relations appear to be vital in managing international interdependence.

On the one hand, the US was an inspiration to European leaders who created the European project as a means to a United States of Europe. On the other and, the European integration aimed to match US and Soviet superpower or at least to try to create a third important voice in international relations.

It is not surprising that the development of EU-US relations has been accompanied by debate, controversy, and the proposal of different, often strongly conflicting, models of the way the relationship could or should develop. This analysis facilitates an understanding both of ways in which the EU-US partnership produces international action and of ways in which the international dimension enters into transatlantic policy making.

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1. OVERVIEW OF THE TRANSATLANTIC RELATIONS

Most analysts would describe the EU-US relation as balanced in some areas (political economy) but massively unbalanced in others (especially matters of hard security). Economic interdependence has always been at the core of the EU-US relations- e.g. the Marshall Plan in the 1940s and 1950s initiated the European integration. In 1950s a prosperous and united Europe was central to US interests. The Marshall Plan aimed to reconstruct Europe through \$ 13 billion in economic and technical assistance within a period of 4 years, starting in 1947. The outcome of inter-European negotiations on the use of Marshall Plan aid produced the Organization for European Economic Co-operation. In 1952 the forerunner of today's EU- European Coal and Steel Community was created (by the Treaty of Paris 1951 signed by Belgium, France, West Germany, Italy, Netherlands, Luxemburg). In 1953 the European Union and the United States of America established diplomatic relations.

The transatlantic partnership is ambivalent, being called “competitive cooperation” (Smith and Steffenson, 2011, p. 405). Their relationship encompasses a number of profound ambiguities emerging from the internal evolution of both parties and their shifting roles in the broader world arena. The logic of the American power is seen as essentially rooted in the hard end of the power spectrum while the EU was constructed around a predominantly soft notion of power.

When relations were troubled in the political and the security field (for example the period leading up to the war in Iraq during 2002-2003), economic relations continued to advance and widen. The economic field is also the field in which EU and US are equals as both are advanced industrial and service based economies of continental size (Smith and Steffenson, 2011, p. 407). The transatlantic trade partnership is characterized by a much greater degree of cooperation than conflict due to the unprecedented level of interdependence between the two sides of the Atlantic.

The EU and the US are two dominant actors in the capitalist world economy. The transatlantic economy makes up about half of the world's GDP (Anderson, 2013, p. 7). Also, the EU and the US remain each other's biggest economic partner. Furthermore, they are each other's main investor: the US continues to invest at high levels in Europe with a steady share of 56% of FDI going to Europe since year 2000. In turn Europe invests 71% of its total FDI in US (Anderson, 2013, p. 7).

Beside the economic and political interdependence that has always been at the core of the EU-US relations, the security field is also of central importance in the transatlantic partnership. In fact, it is considered that the two allies form a “security community” within which war is unthinkable. Nevertheless, numerous works on the transatlantic relations emphasize the dominant American

position in a number of areas of international relations. Therefore, the success of the EU as a power is related to its partnership with the US. Also, the EU and US exist in conditions of uncertainty challenging the possibilities of collective action in international relations.

Many studies point to the trend of power diffusion in nowadays international affairs (Santander et. al. 2012, National Intelligence Council 2012). Although in the emerging powers, problems such as growing inequality, pollution, rural poverty, an inefficient state sector and low domestic consumption remain, the consensus opinion is that the relative decline of the US and Europe is irreversible (Schweller 2011, p. 285). Therefore, the EU and the US are projected to decline (The National's Intelligence Council's Global Trends 2030, 2012, p. iv) while Asia "is expected to overtake Europe and North America combined in terms of power (calculated from GDP, population, defense spending and investments in technology)" (Anderson 2013, p. 3). Therefore, the transatlantic partnership faces numerous challenges in terms of global governance coordination.

The multipolar world pictured by the studies on multipolarity is formed by 6 major powers: US, China, India, Brazil, Russia and the EU. In this context, the efficiency of global governance—understood as "the sum of laws, norms, policies, and institutions that define, constitute, and mediate transborder relations between states, citizens, intergovernmental and nongovernmental organizations, and the market" (Weiss and Thakur 2009, pp. 31-32) is challenged. Also, leading scholars emphasize a "crisis of global governance" as the Western establishment of the multilateral architecture that emerged from the Second World War, as reflected in the United Nations or the Bretton Woods systems, risk a dramatic loss of legitimacy unless representation within them is adjusted to reflect new constellations of international power (Peterson, Tocci, Alcaro 2012, p. 9).

2. NEOREALIST APPROACH OF THE TRANSATLANTIC RELATIONS

The literature on the transatlantic relations contains more works emphasizing an optimistic outlook on the utility of the transatlantic partnership. Nevertheless, scholars who argue the inevitable decline of transatlantic relations stress the scenario of a structural drift as US and EU become caught in the "vortex of centrifugal global systemic and internal forces" (Tocci and Alcaro, 2012, p. 9).

Neorealist scholars (Mearsheimer, 1990) provided such a scenario at the end of the Cold War. In accordance with the neorealist assumption that the balance of power is the main determinant of international relations, the transatlantic partnership faced uncertainty as the perceived common

Soviet threat disappeared. With the end of the bipolar system, neorealists expected EU and US to become estranged as the “ideological glue” disappeared (Simoni, 2013, p. 22), leading to divergent interests. Therefore, with the end of bipolarity, neorealists expected that the structural conditions for the transatlantic cooperation would be altered. Still, from the very beginning, the transatlantic partnership was ambivalent. Therefore, the US has always been a key partner but also a potential rival for the EU. Also, the neorealist assumption of the supremacy of the national interest accounts for the stability that served US interests that required restoring the European states to great power status.

It is now widely accepted that the decade after the end of the Cold War 1990-2001 was dominated by the American hegemony (Hook and Jones, 2012, p. xi). Also, more than two decades after the Cold War the United States of America remains the predominant world power. Still, during 1990s the American military forces, economic relations, diplomatic relations and cultural influence pervaded the international system while the European Union took the path of advancing the domestic integration process. During 1990s the transatlantic partnership was an asymmetric alliance, Washington-led as the EU lacked the political and military force in order to become a powerful player in world politics. Some have indeed argued that the project of closer European cooperation during the 1990s could be the result of attempts to balance the overwhelming power of the US after the bipolar era (Posen 2006).

The neorealist theoretical framework also explains the most severe drift in transatlantic relations from 2003 when the US decided to attack Iraq without the support of the United Nations or major European allies such as Germany, France, Belgium or Austria. The three principles of neorealism: the ordering principle of anarchy, the functional similarity of all states, and the distribution of material capabilities account for the US unilateral turn after the 9/11 terrorist attacks. Disregard for multilateralism was fuelled by neo-conservative thinkers that unilateralism was the policy of choice in a unipolar world.

Studies on the scenarios concerning the future of transatlantic relations informed by neorealist theory provide two conflicting visions. On the one hand, the transatlantic relations will erode as the EU and US become competitors for international influence and status in a multipolar world. On the other hand, the transatlantic relations could become more integrated in order to balance the new emerging powers.

Nowadays, in the context of rising multipolarity it is not clear if EU and US have common views on the global governance and world order. European versions of international order concern: a stabilization of the “near neighbourhood model”, an “inter-regional model” involving competition

as well as collaboration, a “global values model” involving the elevation of global institutions and norms, and the “conservative trading state” (Hill and Smith, 2011, p. 15). Jørgensen (2009, p. 13) notes that it “is often claimed that the European Union’s embrace of effective multilateralism is caused by the Union’s own genetic code”.

According to the second scenario, the transatlantic partnership could balance the rising power of Asia- especially China- set to become the leading economic power in the world by 2016 (Rapoza, 2013). Still, in this scenario, China, as the fastest rising power in the international system, is an indispensable economic partner but also a political rival with a different vision of international order than those of the transatlantic partners. Nevertheless, the future appears likely to bring multipolarity without multilateralism. Therefore, it will fall to the United States and Europe to act as a convenor of like-minded countries to ensure that the integrity and effectiveness of the international order is preserved while holding open the door for China and other emerging powers to participate as responsible stakeholders to the degree that they desire (Wright and Weitz 2010, p. 18). Also, the power and security interests remain important drivers for transatlantic cooperation in face of potential threats.

Neorealists are in general skeptical about the possibility of international cooperation, given the constraints of anarchy. The anarchical order, theorized at great length by neorealists, entitles each state to use force more or less when and how it sees fit. According to the “might makes right principle”- in anarchy, authority and justice are largely reducible to power (Donnelly, 2000, p. 90). Beside the anarchic principle of the international system, the function to provide for its security- common to every state and the variations in capabilities or the distribution of power (Waltz, 1979, p. 88) constitute the basis for the analysis of the American hegemony.

The anticipated split of the military alliance has never taken place as NATO managed to adapt to a new security environment and even to effectively respond to its challenges. Tocci and Alcaro (2012, p. 1) argue that in the “structural drift scenario” the historic partners are torn apart by diverging interests and identities. This scenario was largely invoked in the immediate post-Cold War period when a future role for NATO was difficult to conceive and during the first term of the President Bush (2001-2004) when a sense of estrangement engulfed the elites and the people of the transatlantic allies. The scenario is likely if the transatlantic partners can not converge to a joint strategy whenever it is needed.

3. NEOLIBERAL APPROACH OF THE TRANSATLANTIC RELATIONS

Neoliberals are generally more optimistic on the prospects of international cooperation: actors can seek more than mere survival and their policies can move beyond national security. Also, the chronicle of the American and EU foreign policy and the European one is composed by the liberal tradition. Liberal thought provided ideological orientation, policy direction and rhetorical tool to justify EU and US foreign engagements. The advocacy of free-market capitalism, the creation and use of international organizations, the commitment to human rights, and the promotion of democracy are all indicative of the liberal agenda's realization in US and EU foreign policies. Today, liberalism remains central to the era of globalization, the post 9/11 security environment, and the "post-American world" (Zakaria, 2009).

Keohane and Nye (1977) explained how the institutional cooperation between the actors in international relations leads to a more normatively regulated international system. The growth of economic interdependency and institutions create rules, decision-making procedures that create the possibility for states to engage in collaborative policy formation. Overall, neoliberal scholarship predicts increased state cooperation, the dissemination of liberal values, the expansion of markets, and the growth of international institutions. Therefore, neoliberals tend to hold a linear and progressive understanding of history. The logic of neoliberal institutionalism is that institutions should have emerged as considerably stronger than there are at the moment.

Taken as a whole, the liberal research agenda concerns the promotion and protection of human rights, the creation of international society based on shared norms, free trade, promotion, support for open markets, attempts to spread capitalism as an economic system, creation and utilization of international organizations for governance, norm creation, and enforcement, promotion of democracy and confrontation toward non-democratic systems.

American leadership has been crucial for the development of European integration. The US during the Cold War wanted to increase the power of the Western coalition against the Soviet Union and wished Western Europe to contribute to its own defense, and therefore favored measures that reduces inter-allied conflict and increased collective economic and military integration. As Keohane (1998) observed, "superpowers need general rules because they seek to influence events around the world." Also, repetitive interactions lead to enforcing credibility, reputation and future engagements. In this manner, transatlantic institutions create rules, decision-making procedures, and enforcement mechanisms that enhance cooperative collaborations.

The development of the transatlantic relations is of great importance as it is central to the institutions of the global system. Transatlantic institutional framework is formed by a mixed network of all types of actors with a leading intergovernmental role played by the European Commission and US executive (Pollack and Shaffer 2010, p. 287). The historical evolution of the institutional framework of the transatlantic relations (Table 1, p. 7) shows the importance of the European integration process in forging a well coordinating transatlantic partnership.

Table 1 - Main elements of the institutional framework in transatlantic relations

1990	Transatlantic Declaration (TAD)
1995	New Transatlantic Agenda (NTA)
1998	Transatlantic Economic Partnership (TEP)
2007	Transatlantic Economic Council (TEC)
2013	Transatlantic Trade and Investment Partnership (TTIP)

The Transatlantic Declaration (1990) sums up the utility of the multi-institutional transatlantic system: “To achieve their common goals, the European Community and its Member States and the United States of America will inform and consult each other on important matters of common interest, both political and economic, with a view to bringing their positions as close as possible, without prejudice to their respective independence.” The New Transatlantic Agenda (NTA) in 1995 expanded the areas of joint action between the EU and the USA and now governs the transatlantic relationship. Also, the Transatlantic Economic Partnership (TEP) in 1998 focused more specifically on the achievement of mutual recognition agreements and other technical agreements dealing with the management of trade and competition. The Transatlantic Economic Council (TEC) was created in 2007 to take forward efforts to boost the transatlantic economy. Under the TEC umbrella, a High-Level Working Group on Jobs and Growth was established by the 2011 EU-US Summit, tasked to identify policies and measures to increase EU-US trade and investment to support job creation, economic growth, and international competitiveness.

The Transatlantic Trade and Investment Partnership (TTIP) is a trade agreement that is presently being negotiated between European Union and the United States (talks started in 2013). It aims at removing trade barriers in a wide range of economic sectors to make it easier to buy and sell goods and services between the EU and the US. On top of cutting tariffs across all sectors, the EU and the US want to tackle barriers behind the customs boarder- such as differences in technical regulations, standards and approval procedures.

Neoliberals, unlike neorealists, believe that NATO is based in common values and ideologies. Therefore it survived the end of the Cold War and stronger European profile. In fact, nowadays NATO represents the major institutional framework for the coordination of the security policies of its members and it is the only organization that can effectively mobilize forces in times of crisis (e.g. Operation Unified Protector in Libya 2011).

According to Jørgensen and Laatikainen (2013, p. 410) crucial to the understanding of multilateralism in the twenty-first century is exploring the relationship between multilateralism, multipolarity, and the interests and values of the emerging powers of the Global South. The sole shared values of the international community that are undoubtedly universal are those that protect systemic plurality. The norm of state sovereignty as domestic authority and non-intervention by foreign actors is widely supported by all emerging powers. Ruggie (1992) stresses general principles of conduct that the emerging powers would prefer: meaning that all parties treat each other the same.

Hill and Smith (2013, p. 14) emphasize that the EU is a relentless generator of framework agreements and strategies, and is consistently searching for settled, stable, and predictable frameworks within which to define and pursue its international relationship and activities. Although the US is the predominant player in the creation and funding of many international organizations, its relationship is often conflicted and contradictory. The arrival of the Obama Administration was supposed to bring a new era of US multilateral leadership, but policy initiatives in support of nuclear non-proliferation and membership of the Human Rights Council were rapidly replaced by cautious pragmatism. The EU favors the rule of law while the US has always been much less willing to accept legally binding commitments, evidenced in its fewer treaty ratifications.

According to Jørgensen and Laatikainen (2013, p. 411) during the years of US unilateralism, the EU portrayed itself as a bridge-builder between the Global South and the US. Today, it seems that roles are being reversed, as the EU becomes the staunchest supporter of new multilateralism, robust international law and strengthening international organizations, while the US finds common ground with the emerging powers over the preservation and maintenance of the Westphalian status quo.

By definition, multilateral cooperation is essentially institutionalized. Bouchard, Peterson and Tocci (2014, p. 19) claim that multilateralism, in its modern, twenty-first-century form may be defined as “three or more actors engaging in voluntary and (essentially) institutionalized international cooperation governed by norms and principles, with rules that apply (by and large) equally to all states.”

Tocci and Alcaro (2012, p. 1) support the “functional relationship scenario”- informed by the neoliberal theory. In this mid-way scenario the transatlantic partnership would undergo a process of functional adjustment in which cooperation is maintained and may even be strengthened in all those policy areas in which a partnership presents advantages to both sides.

4. CONSTRUCTIVIST APPROACH OF THE TRANSATLANTIC RELATIONS

Constructivism, by using social theory aims to understand the development of common normative expectations between states engendered by participation in multilateral institutions. According to constructivists, actors’ interests are not exogenous but are produced by the social relations in the international arena.

In Wendt’s (1999) formulation of constructivism, anarchy is “what states make of it”. Therefore, for each state the material world could have different meanings. These meanings are intersubjective, that is, each actor ascribes meaning to, or makes sense of, the actions and words of the other. Specifically, international relations are a social activity. Wendt (1999) specifies three cultures of anarchy: Hobbesian, Lockean, and Kantian. In the first, actors see each other as enemies, in the second actors see each other as rivals and only in the third one states conceive each other as friends. According to Wendt (1999), US and EU collaborate in the context of a Kantian anarchy where armed conflict is unthinkable.

Constructivists would also argue that the notion of “transatlantic interests” reflects the shared understandings of what constitutes EU’s and US’s role and interests in the world respond both to the demands of their partnership and of the outside world through a process of social learning. This constructivist assumption explains why over time, the quality of the transatlantic interaction, and its accompanying identities and interests become embedded so that partners can not imagine behaving toward one another in any other way. Risse (2012, p. 4) conceptualizes the transatlantic order as a security community rather than functional cooperation or traditional alliance.

From a constructivist perspective, institutions are durable when all states accept them as legitimate and behave accordingly. The identity of the transatlantic bloc as a promoter of the liberal-democratic order is one of the most important driver of cooperation. Despite the fact that the EU is not yet projecting hard power abroad because of the lack of the military component, significant levels of cooperation were attained due to its soft power.

The transatlantic crisis in 2003 revealed that “on major strategic and international questions Europeans are from Venus whereas Americans are from Mars”, meaning that “Europe is turning

away from power, (...) entering a post-historical paradise of peace and relative prosperity”, while “the US remains mired in history, exercising power in an anarchic Hobbesian world” (Kagan, 2004, p. 3). Although Kagan is considered a realist the metaphor of planets is suitable for understanding the international profile of EU and US in 2000s. The logic of the American power is seen as essentially rooted in the hard end of the power spectrum while the EU was constructed around a predominantly soft notion of power.

Tocci and Alcaro (2012, p. 1) support the “enduring partnership scenario”. The partners will broadly agree on long term visions and policy platforms. Also, their policy goals, means and action patterns will tend to converge and be complementary. At the core of this scenario is the ideational similarities of the partners: democracy and capitalism. Multipolarity along with domestic challenges under way in America and Europe will induce Americans and Europeans to join forces so as to retain their relevance in international relations. The allies would either preserve the existing international order or they would work on the restructuring of the system to make it more viable and inclusive.

CONCLUSIONS

It is thus far from clear that the EU and US have a unified view of the model of world order they would wish to bring about. Moreover, the complexities of the post-Cold War period have made it genuinely uncertain as to whether the EU should aim to be a major world power, or will have to settle for being a constellation of like-minded actors, acting in broadly the same direction and perhaps representing a pole of attraction in an emerging multipolar system.

The future of global governance and international order depends on the capacities of these two partners to strike a balance between the pursuit of their interests and the maintenance of a context of cooperation and support. Both sides face powerful incentives to work together especially when their interests overlap, otherwise they open a political space of opportunity for other states.

In terms of global governance, a reform based on an inclusive representation is compulsory in order for the Western allies to maintain their yet hegemonic position in the international system. The three theories analyzed here provide useful insights into the likely developments of the transatlantic partnership. Still, neorealism and neoliberalism, with their focus on systemic elements of international relations do not account for the changing identities of EU and US that proved out to be central in shaping the transatlantic partnership.

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THE CAPACITY OF CHANGING THE COMPETITION REGIME IN ROMANIA

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Abstract: *The policy in the competition field represents the engine of a market. The competition on the internal market improves the competition capacity on the international markets and meets consumers' expectations that shall have the possibility to choose among a larger and cheaper range in terms of price of products and services. The competition freedom is not an absolute one, but it is limited by legal provisions determined by the need to ensure an honest competition.*

Keywords: competence; evolution in international plan; policy in the competition field; tools to fight against the anti-competition effects.

JEL Classification: L40.

1. INTRODUCTION

The competition environment in Romania was born with the passing of the Competition Law no. 11/1991 and was modernised through the Competition Law no. 21/1996, as amended. The Romanian law with respect to the prevention of unfair competition is considered in doctrine (Czika and Sasu, 2009) an original law with respect to European regulations. The adherence of Romania to European Union represented a benefit from the competition policy as well, as the legal framework was completed by European laws that should ensure the adapting of the Romanian competition policy to the statute of member country and European Union requirements. Upon the adherence date, articles 101 and 102 of the Treaty regarding the functioning of the European Union (former art. 81 and 82 of the EC Treaty) and the European Regulations in the competition matter became directly and immediately enforceable in Romania (The Council Regulation no. 597/2009/EC of June 11, 2009 with respect to the fight against the imports that are subject to some grants coming from countries that are European Community members; The Council Regulation no 1225/2009/EC of November 30, 2009 with respect to the fight against imports that are subject to a dumping coming from countries that are not European Community members). At the same time, the Competition Council (the national body of competition in Romania) became member with full rights in the European Competition Network (ECN), founded based on the (EC) Regulation no. 1/2003. The national legislative framework was equally modernised and aligned to the European legislative standards through the adoption of a legislative package (Act no. 158/2008 with respect to deceptive and comparative advertising; Act no. 363/2007 with respect to the fight against traders'

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incorrect practices in their relationship with consumers and the harmonisation of regulations with European laws on consumers' protection; Act 148/2000 with respect to advertising; Act no. 296/2004 with respect to the Code of consumption), transposing the European directives in the competition matter (the Directive of the European Parliament and Council no. 2006/114/EC of December 12, 2006 with respect to deceptive and comparative advertising; the Directive of the European Parliament and Council no. 84/450/EEC of September 10, 1984 of rapprochement of the deeds with power of law and administrative deeds in the member states with respect to deceptive advertising; the Directive of the European Parliament and Council no. 2005/29/CE of May 11, 2005 with respect to the unfair commercial practices of enterprises on the internal market in their relationship with consumers). Considering the complexity of the competition field, as well as the European Sole Market is characterised by a certain dynamics with respect to development and diversification, the European Union officials were reserved when it comes to the adoption of a uniform regulation with respect to unfair competition. Therefore, until now, the European Union does not have a general regulation with respect to loyalty in trade transactions, but instead we do have sector texts. These ones may be found in field such as comparative and deceptive advertising, consumers' protection, dumping and grants. If we consider the interference between loyalty and commercial transactions, we have to make reference especially to the most important decisions in this field. As for the unfair practices that may be found in international trade, dumping and grants, at the European Union level it was considered necessary to adopt the two distinct regulations, that, on one hand should establish, in a sufficiently detailed form, the requirements regarding the enforcement of the two commercial protection tools, and on the other hand, should increase the efficiency and transparency in the enforcement by the Community of the norms established in the Antidumping Agreement of 1994 and in the Agreement on grants. In its investigations the Competition Council took into account the recommendations of the Organisation for Cooperation and Economical Development, this way ensuring the protection, keeping and stimulation of competition and of a normal competition environment and contributing to uniform law at European level. The decisions taken by the Competition Council are controlled by courts. An expanded guarantee of the competition environment in Romania is achieved by means of the constitution control. As per art. 135 of Constitution „the Romanian economy is a market economy, based on free initiative and competition”, the state has to ensure „the protection of loyal competition”. In this respect, the Constitutional Court defined the notion of loyal competition, this one representing the trader's behaviour as per the trade rules, as stipulating that the provisions of art. 135 of Constitution

established the obligation of the state to ensure the protection of loyal competition, an obligation that represents the constitutional guarantee of the competition freedom.

2. THE ANALYSIS OF THE CURRENT COMPETITION REGIME IN ROMANIA

2.1. General rules regarding the anti-competition practices

Starting with the economic status of Romania that has recorded an increase in the past years (according to The National Institute of Statistics), the international reports that analyse and compare the competitiveness of national economies show that Romania „is in a development stage”, but in order to leap towards a „high stage of development based on innovation” it needs a competition culture at the level of private environment, as well as at the level of public environment. The specialised doctrine of Romania analyses the current status of policy in the competition field, but the coverage area is critical based on at least two facts: first of all, the analysis of the directions of changing the competition policy presents lacunas, and secondly, the modification of the legislative and institutional framework lacks the identification of some improvement suggestions.

The European laws are transposed in our law through the Competition Law no. 21/1996. The ways to enforce these provisions are established through the regulations and instructions issued by the Competition Council, constituting the secondary laws in the field. The provisions of art. 101 of the Treaty regarding the functioning of the European Union (former art. 81 of the European Communities Treaty) forbid and declare as incompatible with the common market any agreements among enterprises, decisions of association by enterprises and all the concerted practices that may damage the trade between the member states and have as subject or effect the prevention, restriction or distortion of the competition within the internal market. Art. 102 of the Treaty with respect to the functioning of the European Union (former art. 82 of the European Communities Treaty) stipulates that it is incompatible with the internal market and forbidden, to the extent that the trade between the European Union state members may have harmed the behaviour of one or several enterprises to abusively use a dominant position on the internal market or a substantial share of it. The control of the compliance with the dispositions of art. 101 and 102 of the Treaty regarding the functioning of the European Union is achieved by the European Commission. The control procedure is carried out as per the (EC) Regulation no. 1/2003 of the Council of December 16, 2002 with respect to the enforcement of the competition rules stipulated in art. 81 and 82 of the Treaty.

The treaty regarding the functioning of the European Union does not contain clauses with respect to the economical concentrations that may distort competition. With a view to covering this legislative gap, the European Union Council adopted the Regulation on the economical concentrations. The competition restrictions apply not only to enterprises, but as well as to governments that provide economic operators with grants. The treaty on the functioning of the European Union forbids, in principle, through art. 107- art. 109, all the grants offered by states or by means of state resources, granted in either form, that distort or threaten to distort competition by favouring certain enterprises or productions to the extent that these ones have an effect on the trades between member states.

2.2. Unfair competition

Act no. 11/1991 with respect to the fight against unfair competition has as an inspiration source the regulations of the Paris Union Convention. The act contains in art. 1 a general clause, according to which traders are obliged to practice their activity in good faith, as per fair habits, in compliance with consumers' interests and loyal competition requirements.

The legislator groups the unfair deeds or facts according to how serious they are, into civilian offences, infringements and breaching of law. Therefore, art. 4 establishes contravention liability, and art. 5, establishes criminal liability. The trader that does an unfair competition action has the obligation to cease or remove unfair action, to return the confidential documents illegally taken from their legal owner and, as the case may be, to pay damages for the caused damage, according to the laws in force.

According to an opinion (Eminescu, 1993) expressed in Romanian legal literature, the unfair competition actions and deeds may be grouped into: confusion means; the exploit of labour and organization of the other; denigration; deceitful, undesirable and chocking advertising; boycott and discrimination; various forms of sale, such as the sale with bonus, at low price or under the imposed price. According another opinion (Mihai, 2008), unfair competition may take three forms, that is: imitation, disorganization and denigration. Other authors (Cotutiu and Sabau, 2001) used larger classifications, by grouping these abusive devices into: unfair competition deeds made against another trader, such as comparative, parasitical and superlative advertising, confusion, denigration, disorganization or destabilization of the rival enterprise and unfair competition deeds made against competitors, such as the sale by forbidden methods, dumping of goods and services.

The Competition Council, as of 2011, gives an answer by enforcing Article 4 of the Act on unfair competition that makes reference to practices such as that of denigrating a company, unfair allurements of customers and breaking the structure of companies. The sanctions enforced are of administrative nature, and certain breaches, such as the industrial espionage fall within the incidence of criminal code.

3. CHANGING OPTIONS

The competition policy of Romania represented the analysis object of OECD, that, in the report entitled “The analysis of the competition policy and law of Romania”, drawn up within the Global Competition Forum OECD of February 27, 2014, drew some guiding lines for the competition body of Romania, the Competition Council respectively. Therefore, generally speaking, the conclusion drawn by the report was that “Romania has a competition regime that is well in line with the standards and practices recognized at international level”, and the Competition Council of Romania used to be and still is the main engine that generated a large part of the changes that turned the regime of enforcing the competition law into an efficient one.

The recommendations of the OECS Report focus on:

- sanctions given to cartels
- economical concentrations and modification of the notification thresholds
- unfair competition

With respect to cartels, an increase of the awareness degree in the business environment with respect to their effects is imposed. The requests of clemency, as well as the number of investigations initiated by the Competition Council every year is not overwhelming. In terms of sanctions, a better cooperation between the competition body and DIICOT, that is liable only for certain forms of cartels is imposed.

In the matter of economic concentrations, there is currently a request for the review of notification thresholds. Another problem that may receive a fair solution in the future concerns the situation of purchasing minority share packages that do not confer the direct or indirect control de facto or de jure upon the purchased economic agent, that may raise competition issues, if the minority shareholders form an entente. Therefore, a possible instrument through which the anti-competition effects of the minority share packages that do not confer control may be fought against is the ex-post enforcement of the provisions regarding the horizontal agreements and dominant abuse of position.

The Competition Council drew up a draft Act of law on unfair competition, according to which the following actions represent unfair competition actions:

a) the denigration of a competitor or its products/services, achieved through the communication or public spreading by an enterprise of false statements with respect to the activity of a competitor or its products, that may cause damage to the competing enterprise.

b) the disorganisation of the activity of an enterprise by instigating or determining some employees, suppliers, customers or other involved parties, by another enterprise, to comply with their contractual obligations.

c) the misappropriation of the customers of an enterprise by a former or current employee/representative, by using data of confidential nature, for which the respective enterprise took reasonable steps in order to ensure their protection.

The regulations of this Draft constitutes a step forward in this respect, as it joins in one single normative deed anti-competition practices, as well as the unfair competition deeds, and confers upon the Competition Council the competition to analyse, find and sanction the unfair competition action, upon receiving a notification from natural persons and legal entities that have a grounded or ex officio interest.

CONCLUSIONS

Romania has a relatively young competition regime. The capacity of changing it, together with the economic, political and administrative development, through the implementation on the national plan of the European regulations, may be noted from the perspective of the activity carried out by the Competition Council, as well as from consumers' perspective, that have more and more often the possibility to enjoy the benefits of a healthy competition environment.

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THE EFFECTS OF APPLYING COMMUNITARY POLICY UPON THE ROMANIAN ENERGETIC SYSTEM AND THE FUTURE DIRECTIONS REGARDING SUSTAINABLE DEVELOPMENT

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Abstract: *The study provides an overview on the effects and perspectives of implementation of sustainable development policies in the energy sector in Romania, by reference to the European Union. The purpose of this study is to highlight, by interpretation of the analyzed indicators, how becoming a member of the European Union has helped to improve living standards by assuming the defined objective of sustainable consumption and production. Thus, the pre and post accession trends of electricity consumption, the dependence on imported energy, the negative impact of the use of traditional energy sources on the environment and the importance of the EU Directives on finding alternative sources to support the production and energy consumption were analysed.*

Keywords: socioeconomic development; sustainable consumption and production; energy dependence; renewable energy.

JEL Classification: Q2; Q3; Q4; P28.

INTRODUCTION

The 70's marked the beginning of discussions regarding the environment and the limited character of natural resources. Thus, in 1972, in Stockholm, the first Conference regarding the Environment takes place where the negative impact of human activity on environment and its effects on long and very long term is being discussed. Starting with 1983 the World Commission on Environment and Development comes forth, following the resolution adopted by the United Nations General Assembly.

The concept of durable development was established in 1992, during the Rio de Janeiro Conference on environment and development and defines that type of development based on which the fulfilling of the present human needs does not compromise the possibilities for the next generations to fulfill their own needs (Brundtland Report, 1987).

If, in beginning, the concept of durable development offered the answer for the ecological crisis due to the industrial exploitation of natural resources and irreversible degradation of the environment with a strong accent on its conservation, currently, the meaning of this concept has extended to include the quality of life in all its aspects. Thus, achieving the durable development

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objective, implies not only equity and justice between generations, but diminishing the discrepancies that exist between the states.

Currently, the durable development became subject for international scientific debates, gaining political meanings in the context of globalization (The National Strategy for Durable Development of Romania 2013 – 2020 – 2030, 2008). In this framework, global action plans that can be implemented locally on biodiversity conservation, climate change or usage limitation of chemicals harmful for the environment have been drafted (Local Agenda 21, 1992).

For the European Union durable development became a political objective of major importance, being mentioned in the Maastricht Treaty of 1997. Starting with 2001, European Union Strategy for Durable Development was adopted and improved in the following decade, having as main objective the improvement of the quality of life for the present and next generations through ensuring the prosperity and social cohesion within a healthy environment.

In Romania the National Strategy for Durable development was established and aims at maintaining the balance between economic development and the attention of the society for the environment. The strategy has 13 main objectives: the structural transformations and macro economical balance, climate change and clean energy, durable transport, durable production and consumption, preservation and managing the natural resources, public health, social inclusion, demography and migration, global poverty and the challenges of durable development, education and professional development, scientific research, technological development and innovation, labor productivity and improvement of the occupancy rate, investment policy and diversification of financing sources, administrative capacity and quality of public services. Among these, information regarding climate change and clean energy in our country are being analyzed and compelling answers regarding Romania`s evolution as a consequence of complying with the policies of the European Union on durable development are being granted.

2. EUROPEAN UNION POLICY FOR DURABLE ENERGETIC DEVELOPMENT

The main actor on the world economic and political scene, the European Union is an important competitor for the North American countries (USA and Canada), but also for those in East Asia (China, Japan, South Korea). The main factor that ensures development and economic competition of the European Union is energy (Leca, 2013).

Promoting the concept of durable development, the energy policy of the European Union defines three main directions for action: durability, competitiveness, and food security (Leca, 2013). Moreover, energy policy is the instrument used by the European Union in fighting climate change.

The first step of the European Commission regarding the common energy policy was taken in 1995, following the drafting of the Green Card (For a European Union Energy Policy). It was followed by the White Charta (An Energy Policy for the European Union) and the communications named Green Paper for a Community Strategy – Energy for the Future: Renewable Sources of Energy. These documents represent the foundation of the current energy policy of the European Union (RenERg EuReg, 2007).

At global level climate change, depletion of natural resources and increasing issues relating to the environment led to the necessity of finding some solutions to produce energy for ensuring an increasing level of energy consumption.

At the European Union level, the most important issue is generated by the increase of energy dependency of member states towards imports.

An important role in defining the European Union objectives regarding durable development of the energy sector is attributed to the Kyoto Protocol, following which the third Green Charta - Towards an European strategy on the security of energy supply was elaborated.

The Report of the European Environment Agency of 2010 presents the results of the European Union for the purpose of achieving the objective of reducing the carbon emissions of greenhouse gases as mentioned in the Kyoto Protocol (EEA Report, 2010).

Next, in 2009 the European Union issued a legislative package of compulsory directives regarding the energy sector – climate change, aiming at the following:

- energy cost reduction and the increase of energy efficiency;
- increase the rate of renewable energy in the total consumption level at the European level;
- increase the percentage of biofuel in the fuel used in transportation.

Following the economic and financial world crisis, the objectives have been partially achieved. Thus, the 2020 Strategy was proposed, that, besides the above mentioned objectives, mentioned new sources for durable economic growth. Currently two big projects are undergoing, the Power Perspective 2030 and Roadmap 2050.

3. THE CHARACTERISTICS OF ROMANIAN ENERGY SECTOR PRE AND POST EU ASCENSION

After obtaining the status of the European Union Member State, Romania took on its obligations for implementing the policy and legislation for the integrated Strategy for energy and climate change issued by the European Union, namely the reduction of the greenhouse gases emissions.

According to the specialists in the field, the Romanian energy sector is not sustainable yet. This is caused by the lack of energy infrastructure and late restructuring. Moreover, the beginning of favorable changes in the field for sustainable energy was made under the impulse of international organizations and financial and institutions (Leca, Muşatescu 2006).

The pre-ascension period shows an energy market that lacked transparency and real competition due to interest groups and political interventions meant to facilitate signing of important contracts with private suppliers against the national interest.

The national energy strategy for 2007-2020 approved by the Romanian Government in 2007 was aligned and harmonized with the new regulations in the field of climate - energy change mentioned in *Europe Strategy 2020* and *EU Energy Strategy 2011-2020*.

For the purpose of revealing the consequence of respecting the EU policies on the Romanian energy sector, the following indicators were analyzed: Romania's energy dependency in comparison with the European Union, energy intensity of Romanian and European economies, the percentage of renewable energy from the total energy consumption, greenhouse gases emission levels and the volume of hazardous waste produced by the economic sector.

Table 1 – Energy dependence (%)

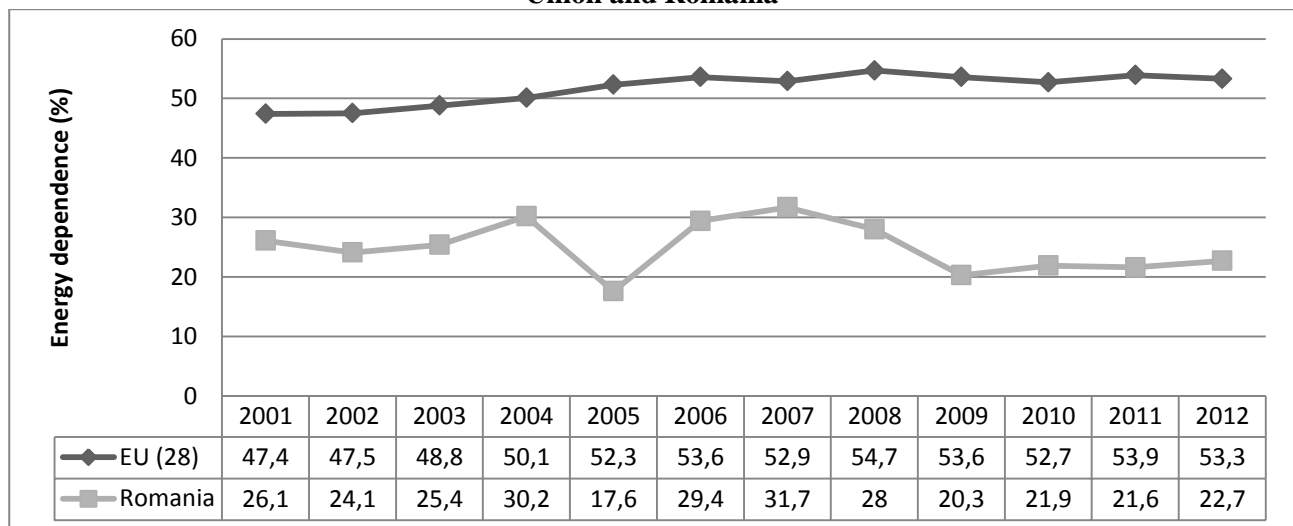
Year/Country	EU (28)	Romania
2003	48.8	25.4
2004	50.1	30.2
2005	52.3	17.6
2006	53.6	29.4
2007	52.9	31.7
2008	54.7	28.0
2009	53.6	20.3
2010	52.7	21.9
2011	53.9	21.6
2012	53.3	22.7

Source: Eurostat (2014), *Energy dependence*, accessed on March 2014 at <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdcc310>

According to the information from the above table, an increase of electrical energy dependency of the European Union can be discerned, quantified through the comparison between the net energy imports and the sum of gross consumption. If we refer to our country, we notice a decrease of the dependency towards energy imports from 25.4% in 2001 to 22.7% in 2012. This percentage places Romania on the next to the last place in the ranking of energy dependent member states, followed only by Estonia (17%). In 2012, the only energy net exporter was Denmark (Eurostat 2014).

Maintaining a relatively reduced level of energy dependency is caused by the possibility of covering the necessary of Romania from its own internal production of fuel and the increase rate of hydro-energy and nuclear energy in the total of produced energy.

Figure 1 – The comparative evolution of the indicator of economic dependency (%) for the European Union and Romania



Source: Authors Representation

The dependency of the European Union on import of electricity increased in a linear manner in 2001-2006. The year 2007 marks a decrease of this number following the world financial and economic crisis. Starting with 2008 the values of this indicator were between 53 – 54%.

For Romania, the decrease in value of the indicator in 2005 (17.6%) is explained by the approaches of our country in order to establish the commercial balance and, implicitly, to fulfill the criteria for ascension to the European Union. The maximum value of electricity imports was reached in 2007 (31.7%) and dropped until 2009 (20.3%), currently being between the limits of 21 – 23%.

Table 2 – Energy intensity of the economy (kg of oil equivalent per 1 000 EUR)

Country/Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU (28)	170.9	168.3	169.2	166.9	164.0	159.3	151.9	151.0	149.0	151.5	144.0	143.2
Romania	579.5	572.8	567.7	515.9	491.3	471.4	441.5	409.9	387.4	394.6	394.4	379.0

Source: Eurostat (2014), *Energy intensity of the economy*, accessed on March 2014 at <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdec360>

This indicator is obtained by reporting the gross internal energy consumption of one country (measured in oil kg equivalent) and its Gross Domestic Product (reported at 1000 Euro) and explains both the energy consumption of an economy and its energy efficiency at global level.

According to the data in table 2, for the European Union the value of this indicator dropped with 16.21% from 170.9 kg of oil equivalent per 1000 Euro in 2001 to 143.2 kg of oil equivalent in 2012. Similarly, for Romania the decrease was with 34.6%, from 579.5 kg of oil equivalent per 1000 euro to 379.0 kg of oil equivalent per 1000 euro.

Table 3 – Share of renewable energy in gross final energy consumption (%)

Country/Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU (28)	8.3	8.7	9.3	10.0	10.5	11.9	12.5	13.0	14.1
Romania	16.8	17.6	17.1	18.3	20.4	22.6	23.2	21.2	22.9

Source: Eurostat (2014), *Share of renewable energy in gross final energy consumption*, accessed on March 2014 at <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdcc110>

The values of this indicator reflects the efficiency of European Union Policies regarding the achievement of the objective for consumption an durable production in the field of electricity, expressing the quota of energy obtained from renewable sources out of the total gross consumption. Thus, for the European Union, the average value of this indicator has risen with 69.88%, from 8.3% in 2004 to 14.1% in 2012. For Romania, the increase of the value of the indicator was 36.31% from 16.8% in 2004 to 22.9% in 2012.

Table 4 – Greenhouse gas emissions by sector (1 000 tones of CO2 equivalent)

Year/Country	EU (28)	Romania		EU (28)	Romania
1990	5606072	244404	2001	5142906	136259
1991	5502368	199512	2002	5098755	138217
1992	5300790	174050	2003	5187853	145085
1993	5197601	169364	2004	5191729	142301
1994	5171452	166094	2005	5159610	141560
1995	5217697	172791	2006	5147762	145880
1996	5324126	175402	2007	5091464	142704
1997	5231669	161968	2008	4983579	140464
1998	5192751	145489	2009	4622601	120294
1999	5085963	130778	2010	4733816	116621
2000	5092754	133526	2011	4578469	123346

Source: Eurostat (2014), *Greenhouse gas emissions by sector*, accessed on March 2014 at <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdcc210>

The values of this indicator represent the equivalent in CO₂ of green gas emissions. For the analyzed period these values registered a continuous decrease, thus: the European Union average decreased with 19.33%, and the average of Romania decreased with 49.53%, fact that suggests the efficiency of European Union policies regarding this aspect of economic life.

Table 5 – Generation of hazardous waste by economic activity (kg per capita)

Country/Year	2004	2006	2008	2010
EU (28)	180	n.a.	194	200
EU (27)	181	204	195	202
Romania	106	49	25	31

Source: Eurostat (2014), *Generation of hazardous waste by economic activity*, accessed on March 2014 at <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsdpc250>

According to the data provided in table 5, the average quantity of hazardous wastes in the European Union increased by 11.11% from 180 kg per capita in 2004 to 200 kg per capita in 2010. In Romania, for the period of time analyzed, the decrease was significantly greater (70.75%), from 106 kg per capita in 2004 to 31 kg per capita in 2010.

4. FUTURE DIRECTIONS FOR DEVELOPING DURABLE ENERGY

The issue of energy security goes beyond the European Union borders, for this reason it must be approached in a global manner. The exacerbation of environment issues, climate change and depletion of natural resources determined the most important international institutions to react in the sense of limiting and diminishing the negative effects that these can have on the quality of life of present and future generations. In the energy field, an example is set by the World Bank which proposes adopting an integrated energy strategy to lead the energy field towards equitable and efficient use and in harmony with the environment and natural resources. To achieve this objective, the decisions regarding production and consumption of durable electricity are being renewed, by increasing the quota of renewable energy sources, using new technologies and, not the least, by educating the consumer so as the impact of using traditional sources of energy on the environment to be limited.

Regarding our country, it could be noticed that the enactment of community policies and the attempt of alignment and harmonization with the values promoted by the European Union in the

energy field led to a visible improvement regarding energy consumption, dependency on imports, CO2 emissions or the quantity of hazardous wastes for the environment.

During 1989 – 2006 it could not be discussed about a national strategy, but each field of activity drafted periodically its own sectorial strategy, independent of each other and less efficient than a national scale social and economic strategy. This is the reason for which, before gaining the status of European Union Member State, our country did not have favorable results in the field of energy.

Regarding the future actions of Romania for it to be included among European Union sustainable states, Professor Aureliu Leca refers in his work “Considerations on durable energy development of Romania” to the following measures:

- Establishing a specialized institution specific to the market economy to ensure the balance between national interest, the obstacles raised by the economic and financial crisis and the standards imposed by the European Union;
- Creating the Ministry of Energy and Resources as a government institution responsible for drafting the national energy strategy, management of primary and alternative energy sources, developing a specific energy infrastructure for the purpose of ensuring a durable development in the field of energy;
- Consolidation of energy strategy with environment strategy for an efficient legal framework proposed by the European Union;
- Diminishing the green gas emissions in general and particularly CO2 with 20% until 2020 following the monetization of internal sources of natural gas and imposing upon all companies to respect the environment rules;
- Finalising the pilot programme which aims at using the Rovinari hydro-electric plant to gather and store the CO2 in our country;
- According to Directive 2012/27/EU on energy efficiency, reduction of the final energy consumption with 20% until 2020;
- Finishing the national thermal energy rehabilitation for buildings programme started in 2002;
- Encouraging the use of renewable energy coming from renewable sources, according to the Directive 2009/28/CE;
- Drafting a national policy on centralized heating;
- Support the National Regulatory Agency for Energy (ANRE) regarding financial independence, autonomy, decisions making;

- Supporting the continuity of the Romanian nuclear programme for the purpose of diminishing the green gas emissions and increased price for fossil fuels;
- Creating a unique system of social assistance for energy;
- Increase the funding for research, development and innovation in our country in all fields of activity, consequently in the energy sector according to Energy Technology Plan of the European Union.

All these measures proposed for our country aim at including our country in a durable energy programme proposed by the European Union as a consequence of the challenges that the present and future generation face.

Each step at global, international, national and local levels is considering that threat not only for the quality of life but also the possibility of survival. Thus, there is the possibility that global energy demand of each state to surpass production and to remain without energy, and despair to lead to energy terrorism.

The solutions for these issues is the exclusive use of renewable energy sources (hydrogen based, solar power, wind power, etc.), global cooperation for ensuring energy security, creating the basis of new industries based on innovations in the field of energy.

CONCLUSIONS

The year of Romania`s integration in the European Union remains as a reference year in the history of our country, a milestone where and from where we can report the results of each analyze, regardless of the subject. As for the study on measuring the impact of the European Union policies on the Romanian energy sector and future trends on durable energy development, the interpretation of the analyzed indicators offers an improved image of the energy sector as a result of complying with the European Union standards and giving a significant role to the environment.

Thus, regarding the energy dependency of Romania on imports there is a decrease of 3.4% from 2001 to 2012, the energy intensity decreased by 34.6%, green gas emissions decreased by 49.53% from 1990 to 2011, following social responsibility of the corporations and respecting the environment policies by the participants in the economic activity and the percentage of energy coming from renewable sources of the total consumption has risen by 69.88%.

The enactment by Romania of the durable energy policy of the European Union had numerous advantages: increasing energy efficiency and limit, as much as possible, energy losses, graduate replacement of old technologies with less polluting and energy efficient ones, developing a

modern and innovative industrial sector based on the production and supply of electricity, diversification of the suppliers portfolio and introducing those whose activity is based on monetizing sources of renewable energy.

In the meantime, it must be mentioned the fact that, for a developing country like Romania, durable energy development is subject to uncertainties for the future. Thus, should be considered the links between the used technologies and technological infrastructure, availability of natural, financial and human resources, market availability and withdrawal of some investors that can affect or improve the competitive system, the end consumer preference towards a certain type of energy product.

One of the strengths of our country is the relatively low dependency on energy imports (Romania is the next to last in the ranking of the EU members). Despite this, following the estimates for a future increase of energy imports of energy resources, Romania will have to monetize as efficient as possible and as rational as possible its own supplies and to consolidate its relations with potential suppliers for long and very long term.

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COMMON FISCAL POLICY

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Abstract: *The purpose of this article is to demonstrate that a common fiscal policy, designed to support the euro currency, has some significant drawbacks. The greatest danger is the possibility of leveling the tax burden in all countries. This leveling of the tax is to the disadvantage of countries in Eastern Europe, in principle, countries poorly endowed with capital, that use a lax fiscal policy (Romania, Bulgaria, etc.) to attract foreign investment from rich countries of the European Union. In addition, common fiscal policy can lead to a higher degree of centralization of budgetary expenditures in the European Union.*

Keywords: common fiscal policy; foreign investment; taxes; public expenditure.

JEL Classification: F360; E62.

INTRODUCTION

The economic crisis that affected the global economy after 2007 manifested in the European Union as a crisis of confidence in the euro and in the monetary policy of the Eurozone. The main causes of this crisis of confidence in the European institutions was created by the trend to cover budget deficits through direct purchase of government bonds and by the increasing pressure exerted by some EU countries for debt syndication. Basically, after the onset of the economic crisis, many governments have abandoned the convergence criteria which provided strong conditions to ensure the stability of the single currency, the budget deficits of national government reaching impressive levels. The logical conclusion of supporters of European integration was that a common monetary policy can be effective if supported by a common fiscal policy (Allard *et al.*, 2013). Thus, in recent years, there is increasing pressure exerted by the most important EU countries to adopt and to accept a common fiscal policy. Basically, there is a strong trend in favoring the idea that the safeguarding of the single currency depends on the design and implementation of a common fiscal policy to enforce compliance with the convergence criteria, abandoned in recent years, which threatens the common monetary policy (Cottarelli, 2013). The role of this paper is to show that such a policy can be especially harmful to the poorer countries of Eastern Europe, that try to use the low level of tax as a comparative advantage for attracting foreign investment, taking into account that they have to that face a relative shortage of capital.

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3. TAXATION – METHOD FOR ATTRACTING CAPITAL

The economic integration under the umbrella of the European Union has many advantages for the citizens of the member states. The free movement of goods, services, capital and labor has allowed an increasing prosperity for most European citizens. However, the integration of the countries of Eastern Europe and of the three Baltic countries (Latvia, Estonia and Lithuania) revealed a significant difference in the welfare of the citizens of Western countries and of the citizens from the former communist countries. One of the main causes of this difference is the different degree of capital endowment. The EU founding countries are rich because they have tried to create the institutional conditions for capital accumulation, which can be seen in the average standard of living of citizens in countries like France, Italy, Germany, Belgium and UK. The significant amount of accumulated capital allowed these nations to significantly increase labor productivity, which contributed to an impressive growth of income *per capita*. In the same time, the former communist countries have failed to create a climate for a significant capital accumulation, which resulted in a low standard of living of their citizens. Thus, in the EU there are significant differences of prosperity, whose fundamental cause is the capital stock. However, this reality is a disadvantage for the nations of Eastern Europe, because the businesses and the citizens of these areas compete with the wealthier Western nations. One of the fundamental tools used by East European governments to reduce these gaps is a lax fiscal policy, evidenced by a relatively low rates of taxation. To stimulate the coming of foreign investment, the Eastern governments have designed and implemented fiscal policies that provided low taxes.

Therefore, the taxes have become a competitive advantage for attracting capital from rich Western countries of the European Union. This policy was a successfully one because, in recent decades, the Western countries have seen the fiscal policy as a method of wealth redistribution, from those with significant wealth to those with low incomes. Or, to be able to achieve these redistributive goals, the Western European governments have applied progressive rates of taxation, significantly increasing the share of national income spent by public institutions. Thus, in terms of fiscal policy, between the Western and Eastern countries of European Union there are two significant differences: a relatively high tax rate in the West and a relatively low tax rate in the East. In addition, the poor countries such as Romania and Bulgaria have tried to build a comparative advantage in eliminating the progressive tax policy taxation and introducing to a flat tax. Thus, the relatively poor countries of East try to attract capital from the richer countries of European Union,

which are well equipped with capital but using high taxes, hoping thus may face fierce competition in the common market.

Tabel 1 - Tax rate on corporate income in EU (2013)

Highest Rates	Rate (%)	Lowest Rates	(%)
France	36.1	Bulgaria	10
Belgium	34	Cyprus	10
Portugal	31.5	Estonia	15
Italy	31.4	Lithuania	15
Spain	30	Romania	16
Germany	29.8	Slovenia	17

Source: Eurostat

Tabel 2 - Personal income tax rates in EU (2013)

Highest Rates	Rate (%)	Lowest Rates	(%)
Sweden	56.6	Bulgaria	10
Denmark	55.6	Lithuania	15
Belgium	53.7	Romania	16
Portugal	53	Hungary	16
Spain	52	Estonia	22

Source: Eurostat

Tabel 3. Total Taxes as % of GDP (2011)

Highest Rates	Rate (%)	Lowest Rates	(%)
Denmark	47.7	Lithuania	26
Sweden	44.3	Bulgaria	27.2
Belgium	44.1	Latvia	27.6
France	43.9	Romania	28.2
Finland	43.4	Slovakia	28.5
Italy	42.5	Ireland	28.9

Source: Eurostat

As it can be seen from the above tables, the Eastern countries of the European Union tried to create a comparative advantage in significant lowering of taxes, as reflected in a relatively low tax burden (Eurostat, 2013) .

A careful analysis of these data reveals a very interesting thing, namely, that, in principle, the fiscal policy applied between Western and Eastern countries of the European Union presents significant differences, both in terms of capital taxation, in terms of personal income and generally in terms of overall pressure exerted by fiscal instruments on revenue. The overall differences between the two parts of the EU are clearly reflected when comparing the highest taxation level (Denmark) and the lowest taxation level (Lithuania). Basically, this degree of disparity achieves a huge level (83.4 %) when comparing the two countries of European Union.

In fact, the disparity between the rich and influential EU countries and the recently integrated nations of the East underlie the intention to impose a common fiscal policy. In a free market, such as the EU common market, the capital and the labor force move to areas where the net incomes are highest (Capie, 2004). However, these depend on the size of the net income taxes. As it can be seen from the previous tables, there is a significant difference between the taxes imposed in the two areas of the European Union. As a result, the capital owners have a natural tendency to move eastward in order to escape the tax burden from the Western areas of the Union. But this West - East transfer of capital tends to increase the interest rates in Western countries, which inhibit the economic growth and the job creation, generating a high unemployment rate, a diminishing of the income levels and increasing pressure on social security expenditures.

To avoid these undesirable effects of capital movement, supported by the fact that in principle the Eastern countries have a relatively cheap labor force, the Western countries, more politically powerful in the EU institutions, try to impose a common tax policy, using the pretext of returning to the convergence criteria, to support the common monetary policy in order to safeguard the euro and to enforce the political and economic integration of countries from the European Union.

4. DISADVANTAGES OF A COMMON FISCAL POLICY

The main argument of the supporters of the common fiscal policy is to supervise the governmental budgets of the member states, seen as an instrument to keep budget deficits under a strict control, which enables to fulfill the criteria for joining the euro for all countries of the European Union. In other words, the central institutions of the Union would impose a tougher budget discipline, which would ensure the stability of the single currency. During the last economic crisis, the huge spending of national governments, their inability to generate additional revenue led to significant budget deficits in many countries, which had created inflationary pressures that have weakened the position of the single currency. Therefore, the European Union policymakers have

concluded that the stability of the euro depends on the control of deficits of the member countries. Consequently, they launched the idea that the sustainability of the common monetary policy, designed and implemented by the European Central Bank (ECB) depends on the unification of national fiscal policies in a common fiscal policy (Enderlein et al., 2012). This argument seems reasonable, but it is not strong enough because the most influential countries of the European Union, for example, France and Germany, have different views about the role of budget deficits to stimulate economic activity. Basically, Germany is part of the countries advocating for a relatively tough budgetary discipline, while nations like France and Italy are rather followers of inflationism, that is, of a lax fiscal policy. The idea of a common fiscal policy as a means of keeping control budget deficits, which tend to create inflation, to generate instability of the euro and the rise of interest rates in Eurozone, appears to be based on erroneous arguments.

In fact, the Western countries try to impose a common fiscal policy to avoid moving the capital to the East of the European Union in order to escape the high tax burden in countries like France, Belgium, Italy and Spain. An eastward migration of capital generates negative for the Western countries. First, the Western governments can not collect incomes because the capital flight. In principle, the French capital moving to Romania generates taxable income in the destination country. The French government loses revenues in behalf of Romanian government. Secondly, the movement of capital rises the interest rates in France and it diminishes the interest rates in Romania. However, the higher interest rates would adversely affect the level of investment, output, income and employment, which creates additional pressure on social security systems so ineffective in the Western countries. A high unemployment rate and a low level of personal income generates additional political pressure on governments in Western Europe, a pressure that could lead either to a decrease in public spending or an increase in the tax burden, both difficult to support by any democratic government.

Therefore, the rich and the powerful countries of the European Union have no interest in a lax fiscal policy used by the new countries of the EU as a competitive method to raise capital. This is the real reason they are declared adherents of a common fiscal policy. Obviously, they gain from the implementation of such measures. However, both the owners of capital and the Eastern countries will lose if it will be implemented effectively because they lose a comparative advantage in the dispute with the West.

A real common fiscal policy means the same level of taxation in the European Union. However, the main losers of such a policy will be the Eastern countries, which in the absence of high levels of savings can not quickly accumulate capital in order to compete with Western

companies and citizens; in fact, their only opportunity to increase productivity and prosperity in the short and medium term is to create favorable conditions for attracting capital from the rich areas of Europe. A common fiscal policy would destroy this comparative advantage, because it is hard to think that the Western countries will accept the lowering of the tax burden of their own countries.

A common fiscal policy would require the leveling of the different degrees of fiscal pressure now existing in the 28 countries member. However, this leveling will increase taxes and public spending in Eastern countries, not cutting the taxes and government spending in the Western countries. The governments of the Western European Union support an impressive public sector and a social security system extremely cumbersome, producing benefits for well-organized pressure groups and for different categories of voters of different parties. Therefore, a cutting of the governmental expenditures will generate immediate effects on the political and economic status quo of these countries. A significant reduction of public expenditure would involve a profound reform of economic, political and social systems in the Western world, reforms that would impose huge costs for politicians. Therefore, it is difficult to believe that they would accept a significant decrease of public expenditures, in order to sustain a significant reduction of the tax burden. In addition, these countries are the most powerful political forces in the European institutions, which gives them a great advantage in relation to the new members, the Eastern countries. Consequently, a common fiscal policy will increase the taxes in Eastern Europe at a level close to that of the Western countries. But if this happens, the Eastern countries lose a relatively efficient way to increase the living standards of their citizens.

A single tax system would prevent the movement of capital to the poorest areas of Europe because this transfer always involves a cost. Under the current conditions, with varying degrees of tax between different parts of the EU, these costs are outweighed by the benefits of placing capital due to lower taxes in the East. A common fiscal policy would lead to the disappearance of these differences and thus eliminates capital gains from relocation. In an integrated economic system, the free movement of goods, services, capital and labor force removes some of the disparities between its different areas, it allows inputs to move from areas where they are relatively abundant to those where are relatively scarce. Through their free movement, the inputs eliminate the disparities of economic development, making the entire system more homogeneous in terms of the prosperity of its members, in fact, a major goal in the European Union. In practice, this would mean perpetuating inequalities of wealth between the member countries, which would make the European Union a heterogeneous economic space. The logic of the European common market is deepening division of

labor and stimulating exchanges, but for something to happen it is necessary that competition must be an essential vehicle of resource allocation, and therefore of the capital.

A common fiscal policy equalizes the taxes and eliminates the tax competition as a means of an efficient capital investment. The main losers after its introduction will be both the Eastern European countries and the Western European capital owners. By the rising taxes in the Eastern part of the European Union, the Western capital will remain in their countries of origin because its results will be taxed to the same extent anywhere in the 28 member states. The Eastern economies will lose an extremely important opportunity for modernization. In these circumstances, the cost of relocation from West to East will eliminate the benefits transfer. Secondly, the capital owners will lose because they will have to settle for lower yields in Western countries, where the relative abundance of capital makes generate relatively low capital incomes. But in the Western world, the capital is quite democratized, it comes from a large number of individuals that save money, from ordinary employees to the traditional owners of financial funds. The high incomes of Western countries create the opportunity to save more and to place the savings in the financial system, banks, pension funds, investment funds, these amounts of being used by investors. When the free movement of capital is restricted by artificial barriers, for example, by standardizing the size of taxes between different parts of an economic system, all these individuals who save money are discouraged. Thus, a policy of uniform tax system in the European Union will result in a downward trend in the savings of the Western countries and a decreasing capital returns in this area of the world. However, a lower gain of capital will determine the trend of destroying it.

The tax competition should be one of the most important tools to compete in an integrated economic system (Teather, 2005). It is needed in order to stimulate the movement of capital to the deficient areas in this regard. Moreover, the EU countries should leave fiscal policy to the local or regional authorities, because the capital endowment differences occur not only between different EU countries, but also between regions of different countries. Thus, the fiscal policy must be a tool used by every region of a nation to solve their own problems with capital equipment; it must not be an instrument used by the national governments and by supranational structures like the European Union (Kay, 2011).

A common fiscal policy contradicts a basic principle of the European Union, the subsidiarity, as set out in Article 5 of the Treaty on the Functioning of the EU, claiming that decisions are taken by entities located as close as possible to the citizen. Between the desire to level taxes, to supervise the national budgets by the central bodies of the European Union and the alleged decentralization claimed by its principles of organization there is a glaring contradiction. Apparently, the control of

the EU bureaucracy on national or regional budgets try to avoid excessive budget deficits, which under a common monetary policy and a single currency can generate inflationary pressures; but inflation leads to arbitrary transfers of wealth between countries. Actually, the express desire to supervise the national and local budgets leads to an excessive centralization of decision making related to spending the public revenues. The way of spending the revenues created by citizens depends on decisions made by entities as far as possible from them. The immediate consequence of this action is the loss of real control over the use of the tax revenues, leading to discretionary expenditures and to a reckless use of the taxpayers income. By such a policy, the welfare of the citizen in every part of the European Union depends on the anonymous bureaucracy in Brussels, not on the direct decisions of local representatives.

By applying a common fiscal policy, the European Union's founding principles does not appear to undergo significant changes. In fact, the founding documents of this political structure provide the harmonious development of its component parts, consisting of countries and regions. But the fundamental difference introduced by a common fiscal policy refers to a definite way to achieve this ideal. When national and regional entities are free to use a fiscal policy, the process of reducing the development gaps is based on the free market, that is, on tax cuts stimulating the creation of a comparative advantage in attracting capital. The relatively poor countries or areas of the European Union can attract capital from the rich ones. By this method, the local authorities create the opportunity of the free movement of capital, the final decision being made by the owners or investors. With a common fiscal policy, the process of reducing development disparities between countries or regions depends on political decision of central EU institutions. In other words, the capital moves through European investments, driven by political decisions made by those who are part of the bureaucracy of this new supranational structures. The major disadvantage of the method of resource allocation policy is to ignore economic efficiency imposed by scarcity.

CONCLUSIONS

The recent discussions about the introduction of a common fiscal policy must be viewed with much skepticism. In principle, its role is to strengthen the position of the euro through an additional mechanism to respect the convergence criteria, a position weakened during the economic crisis of recent years. Unfortunately, a common fiscal policy generates many disadvantages especially for the poor countries of the European Union, which tried to improve the prosperity of their citizens

through a lax fiscal policy, which aims to attract foreign capital. The low rates of taxation in the Eastern countries have attracted capital from the Western Europe, allowing a gradual reduction of the development gap that separated and still separates the two regions of the European continent. The introduction of a common fiscal policy would lead to the loss of this comparative advantage and would seriously hamper the financing of the economies of Eastern Europe. This policy would clear disadvantages the Western capital owners and it discourages the saving in this rich area of the European Union. The equalization of tax rates would hamper the free movement of an essential factor of production, reducing the overall efficiency of resource allocation processes in the 28 member states. A common fiscal policy would lead to an excessive centralization of decisions in the European Union, seriously affecting the principle of subsidiarity in the allocation of scarce resources.

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CORRUPTION IN EUROPE: RECENT DEVELOPMENTS

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Abstract: *Reducing corruption is one of the world's many challenges. The fight against corruption is often discouraging. Yet, Europe continues to advance its anti-corruption initiatives. While the fight against has seen some victories, significant gains are few, especially in the Central and South European countries, where corruption is deeply rooted in the ordinary life of their citizens. Indeed, the latest reports from private organizations and public bodies show that no European country is sheltered from corruption. This article discusses some of the latest European developments in the fight against corruption.*

Keywords: corruption; corrupt practices; anti-corruption initiatives; corporate corruption.

JEL Classification: D73; H83; K42.

INTRODUCTION

Corruption is testing even the most ethically robust nations. Due to corruption's corrosive effects on nations' social, economic and political structures, reducing corruption is on the agenda of most governments, international and regional organizations and NGOs. Yet, in some parts of the world, corruption is as strong as ever and is increasing political and economic instability and social inequality. Europe is not sheltered from corruption. Corruption is engrained in South Eastern and Eastern European countries. There and elsewhere, corruption is a part of everyday life, thus deterring economic growth and social progress.

The European Union's growth strategy depends on a strong economy. Economic growth alone, however, is not enough. Institutional factors such as good governance, the rule of law and the control of corruption also will matter. (Excellence in Public Administration, 2012).

The European Union has moved in the right direction on corruption by focusing on legislative initiatives and enhanced monitoring of compliance with these initiatives. Some of this stems from international legislation directed at fighting corruption in the international marketplace. For example, the OECD Anti-Bribery Convention has spurred most of its signatories to develop domestic laws that are consistent with the Convention's requirements. Similarity, if not uniformity, in the means and methods for combatting corruption facilitates mutual legal assistance and cooperation among the EU's member states.

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However, the EU's implementation of these means and methods is slow, and desired results are even slower in coming. Still, success stories exist. For instance, in 2010, the U.K. enacted the U.K. Bribery Act, a law inspired by the vigorously enforced and longstanding U.S. Foreign Corrupt Practices Act (FCPA). The U.K. Bribery Act has been praised by those in the U.K. and international community who advocate for more aggressive efforts to uproot corruption globally.

Different international reports show yearly the variations in the success of the anti-corruption fight at state level, including states within the EU. Though sometimes their accuracy is disputed, these reports reflect the extent of the problem and the fragility of the anti-corruption fight.

According to a Transparency International report, “political parties, public administration and the public sector are evaluated as the weakest players in the fight against corruption across Europe” (Mulcahy, 2012, p.3). Other reports draw attention on the size of the problem. The EU loses 120 billion euro to corruption annually. Public corruption practices are the source of most losses, 20 to 25% of the value of public contracts may be lost to corruption each year, while “public procurement contracts in the EU have an estimated worth of around 15 percent of the EU's total GDP” (Nielsen, 2013, p.1).

1. EU Legal Framework and Reporting Mechanism

The history of EU anti-corruption legislation is recent, spanning only a little more than a decade. Most EU members have implemented legal and institutional instruments to fight corruption. However, the positive results are not evident due to different national impediments. Also, to date, the EU lacks a legal text defining and addressing corruption in general, such as a framework decision or a directive. Instead, the existent legislation targets private sector corruption. However, the monitoring mechanism established in 2011 reaches both sectors.

In 2003, the EU released its Framework Decision on combating corruption in the private sector, aiming to criminalize active and passive bribery. The Framework Decision's Article 2(1) includes profit and non-profit business activities. According to Article 2(a), “active bribery” is “promising, offering or giving, directly or through an intermediary, to a person who in any capacity directs or works for a private-sector entity an undue advantage of any kind, for that person or for a third party, in order that that person should perform or refrain from performing any act, in breach of that person's duties”. “Passive bribery” is defined in Article 2 (b) as “directly or through an intermediary, requesting or receiving an undue advantage of any kind, or accepting the promise of such an advantage, for oneself or for a third party, while in any capacity directing or working for a

private-sector entity, in order to perform or refrain from performing any act, in breach of one's duties”.

The monitoring that followed, however, revealed discouraging results. In 2007, the European Commission concluded that only Belgium and United Kingdom had complied. However, by 2011, nine EU members had transposed all elements of the offense in their legislation. Romania was not one of them. Romanian legislation was criticized for missing in the incrimination text of active bribery the reference of “a third party advantage”. Also, at that time Romania had not fully transposed Article 4 regarding penalties and other sanctions. However, Romania is one the 15 countries that transposed Article 5 concerning liability of legal persons, Article 6 regarding their penalties, and, partially, Article 7 regarding jurisdiction, though the information provided was not conclusive.

Unfortunately, the Commission concluded in 2011 that there could not be any practical impact evaluation of the decision transposed by member states due to their lack of statistics and figures on cases of private sector corruption. The most problematic areas were those referred by Article 2 and 5, the definition of the offense and the liability of legal persons (EC Report, 2011).

Consequently, this year, the Directive on Disclosure of Non-Financial and Diversity Information by large Companies and Groups was adopted to enhance business transparency on social and environmental matters. As a result, more than six thousand EU companies must release information about environment compliance, human rights, bribery and corruption issues. EU members will have two years to implement the directive that aims to improve corporate governance (EC Statement, 2014).

In 2011, the European Commission set up an anti-corruption reporting mechanism to periodically assess EU members’ efforts to fight corruption. This initiative was part of the Stockholm Programme that established a partnership with the Council of Europe Group of States against Corruption (GRECO) designed to create a comprehensive anti-corruption policy. The mechanism “will identify trends and weaknesses that need to be addressed, as well as stimulate peer learning and exchange of best practices” (EC Report, 2011, p.2). Reports are required every two years. The ultimate long-term aim of this reporting system is to provide international credibility to the EU anti-corruption system and its standards.

The first EU corruption report was released in 2014. The report evaluates each member state, highlighting some of their positive results and the weaknesses in their anti-corruption efforts. These evaluations are accompanied by recommendations to each member state aimed at increasing their efficiency and effectiveness in their respective anti-corruption efforts. These recommendations vary

for each member state because national factors that favor corruption are different among these states, as well as their interaction with each other on political, economic, social and cultural grounds. The key issues were selected and analyzed based on the severity and impact of the problem, potential spill-over effect for a range of policies and the ability to point to constructive and concrete future steps (EU Anti-Corruption Report, 2014).

The main areas of the report's research are the political dimension, control mechanisms and prevention, repression and risk areas. The report separately addresses public procurement and quantifies the extent of that problem at national and organizational level.

Public procurement remains one of the most vulnerable areas to corruption as revealed by the numerous corruption cases involving the mismanagement of EU funds. This is so despite the fact that the current EU public procurement legislation promotes "a fair, uniform and transparent platform for public spending" including provisions that are relevant to anti-corruption policies such as "exclusion from the tendering process of an entity against which a final court decision on corruption charges has been handed down, detailed provisions on publicity and transparency of various stages of the procurement cycle, minimum standards for remedies, specific provisions on abnormally low tenders, as well as provisions setting certain requirements for modification of contracts" and the award of works concessions (EU Anti-Corruption Report, 2014, p.21-22).

In practice, the Commission does not investigate whether public procurement was affected by corruption. It is the duty of member states to do so and to make the data public.

The EU legislative package on public procurement will be reformed and published later in 2014. The main modifications will cover procurement in the water, energy, transport, postal services sectors, and in public works, supply and service contracts and concessions regulated at EU level. A new provision will define and target conflicts of interest. Other provisions will better address centralized data on corruption, fraud, modification of contracts, exclusion criteria and monitoring of concluded contracts. At the practical level, the legislation will set up oversight monitoring of the implementation of public procurement rules, red flagging and alert systems to detect fraud and corruption.

As to the political dimension of the anti-corruption fight, a major setback in fighting corruption remains the continuing absence of an EU-harmonized definition of "public official" to include elected officials. The EU Commission admits there is an acute "need for a clear harmonization of criminal liability of elected officials for corruption offenses", but there is not political will to do so (EU Anti-Corruption Report, 2014, p. 9).

The EU Commission also hopes the report will be the basis of a mutual experience-sharing programme for member states, local NGOs and other stakeholders for good practices, whistleblower protection and training in identifying and tackling corruption (EU Anti-Corruption Report, 2014).

Judicial and police cooperation are vital for any enforcement measure taken at national and organizational level. The EU has the advantage of the already functional Europol that facilitates law enforcement operations, the Eurojust that facilitates the exchange of judicial information on transnational corruption cases, and the EU contact-point network against corruption (EACN) that is focusing on operational issues of relevance for corruption investigators. However, so far, the Commission admits that national data for investigated, prosecuted and sanctioned cases is scarce, member states' statistics being unreliable or inexistent. This remains one of the most shameful challenges and cripples the reporting mechanism.

2.The Anti-Corruption Fight in Western EU Countries

There is much work to be done on reducing corruption by the member states, both at the national and the organizational levels. As have recent reports by GRECO, Eurobarometer, OECD and Transparency International, the EU report shows both positive and negative developments.

For example, recently the OECD in its Phase 3 reports criticized Austria, the Netherlands, and Spain for their poor anti-bribery enforcement. Austria's anti-bribery law enforcement was criticized as "far too weak", the Netherlands was criticized for "failing to vigorously pursue foreign bribery allegations", and Spain was criticized for its "extremely low" anti-bribery law enforcement. Neither Austria nor Spain has convicted anyone, either a natural or a legal person, since 1999, when the Convention entered into force. The Netherlands has left 14 out of 22 allegations uninvestigated (ABA, SIL, 2013). France was criticized for the same reasons in February 2012 because since 2000, when France ratified the Convention, it had launched only 33 criminal investigations for bribing a foreign public official and had obtained only five convictions, notwithstanding the large role that French companies are playing in global economy. Thirty-eight allegations against French companies remain uninvestigated (IBA, 2013).

Even though these countries are behind when it comes to prosecuted cases, the EU report lauds the Netherlands for actively promotes public sector integrity at national and local government level. The Office for the Promotion of Public Sector Integrity (BIOS), an independent organism supports the design and implementation of public sector integrity policies in the Netherlands (EU Anti-Corruption Report, 2014).

The EU report also notes that the central Spanish specialized anti-corruption prosecution office has achieved solid results in investigating and prosecuting complex schemes of illegal party funding. Catalonia Anti-Fraud Office also leads the way, being the only regional Spanish agency of its kind, specialized in fraud and corruption detection (EU Anti-Corruption Report, 2014).

Germany, Switzerland and United Kingdom remain strong in their respective anti-corruption fights concerning corporate transactions (OECD Progress Report, 2013). In this field, one of the most comprehensive European anti-bribery laws is the U.K. Bribery Act of 2010. GRECO praised the U.K. for its efforts to fight bribery (GRECO, 2013). The EU report also praises U.K. for its legislation and enforcement and recommends it as a viable model to EU members (EU Anti-Corruption Report, 2014).

The Bribery Act is similar to the U.S. FCPA, and it is in accord with the provisions of OECD's anti-bribery convention ratified by the U.K. in 1998.

The U.K. Bribery Act combines the fight against domestic and international corruption, detailing four separate offences: paying bribes (Section 1); receiving bribes (Section 2); bribing a foreign public official (Section 6); and failing as a commercial organization to prevent bribery (Section 7). Section 6 addresses bribing foreign officials by prohibiting the offering, promising or giving a financial or other advantage to a foreign public official with the intention of influencing the official in the performance of his or her official functions and thereby intending to obtain or to retain business or a business advantage. The U.K. Bribery Act contains one exception - when payments are permitted or required by the local written law - but no affirmative defences. Section 7 of the U.K. Bribery Act creates a unique offence so far, criminalizing the failure of commercial organizations to prevent bribery. By its broad language, Section 7 stretches the law even more than FCPA, which contains no such provision. This provision encourages companies to be proactive and implement their own internal control systems for a bribery-free business environment.

To date, the EU Commission admits that the transposition of the Framework Decision 2003/568/JHA on combating corruption in the private sector “is still uneven” (EU Anti-Corruption Report, 2014, p. 13).

The U.K. Bribery Act and the FCPA are good examples for any European country to use, especially for Central and Eastern European countries, including Romania, where the fight against corruption is weak due mainly to the lack of enforcement and political will.

Other EU members are noted for their legislative and enforcement progress made in other areas relevant to anti-corruption. For example, Germany is noted for registering positive results not only in prosecuting corruption cases but also for taking preventive measures concerning public

procurement at the local level, meaning towns and municipalities, especially in the construction sector, one of the most vulnerable to corruption. Some of these measures include establishing codes of conduct and central authorities for tender and awarding, rotation of staff, clear regulations on sponsoring and the prohibition on accepting gifts, organisation of tender procedures, increased use of e-procurement, black lists or corruption registers, and other similar measures (EU Anti-Corruption Report, 2014).

Following GRECO's recommendations, Finland has made significant progress towards a transparent political party financing. Today, Finland may serve as a model for other EU members in this respect.

Italy has registered some progress in the field of establishing risk management and public procurement platforms. Several regional and local administrations have taken action against mafia infiltration in public structures and in public contracts to enforce transparency of public procurement at the regional level (EU Anti-Corruption Report, 2014).

All these efforts are salutary. They strengthen a synchronic anti-corruption fight in Western Europe. However, their impact at the population level is not always obvious. Some Western Europeans are not convinced by the positive results achieved so far by their national governments. For example, the local perception of widespread corruption registered 97% in Italy, 95% in Spain and 90% in Portugal. At the other end of the spectrum are the Nordic European countries, also EU members, where corruption is widely perceived as rare (Eurobarometer Report, 2014).

3. Anti-Corruption Fight in Central and Eastern EU Countries

International cooperation is imperative because of the transnational nature of business corruption. Synchronized legislation, information sharing, and cooperative enforcement are essential.

The Southeastern European countries, including the region's non-EU members, are involved in the fight against corruption but, in general, they are not keeping pace with other European countries, mostly in enforcement.

Anti-corruption cooperation exists in Central and Eastern Europe, and it is sustained and coordinated by the OECD, the UN, and other international organizations. Thus, Eastern European countries, EU members and nonmembers alike, are the beneficiaries of the Istanbul Anti-corruption Action Plan (ACN) initiated by the OECD. Their anti-corruption reforms are being monitored and supported and information on their respective achievements and from examples of good practices for preventing and combating corruption (OECD, 2011).

However, the Czech Republic, Greece, Romania, Slovakia, and Slovenia stand out among countries perceived to have increased corruption (Mulchany, 2012). According to OECD, since 2004, when the Czech Republic, Hungary, and Slovakia joined the EU, they have been regressing in the fight against corruption. In spite of having relatively robust legislation, their enforcement is poor.

The EU Anti-Corruption Report takes note of good practices concerning anti-corruption agencies in Slovenia, Romania, Latvia and Croatia, the newest EU member (EU Anti-Corruption Report, 2014). Slovenia and Croatia have put in place electronic databases intended to remove corruption from public procurement contracts by tracking public money. The Slovenian database “Supervizor” contains information regarding contacting parties in business transactions using public money. It also provides information related to the management of all state-owned and state-controlled companies and their annual financial reports. The Croatian 2013 web portal and e-database is similar, providing information on public procurement procedures, on companies dealing with public funds and on public officials’ patrimonies (EU Anti-Corruption Report, 2014).

Estonia, Lithuania, Poland, and Slovenia have made good progress in consolidating the fight against corruption. But the business and civil society sectors in these countries are relatively weak, affecting the integrity of the system (Mulchany, 2012). Nevertheless, the initiatives of Slovakian civil society have led to positive results concerning the accountability of local administration with regard to transparency of public spending. Transparency International runs a project in this field, focusing on independent monitoring. The Open Local Government Initiative of Slovakia ranks a hundred Slovakian towns using a set of criteria such as “transparency in public procurement, access to information, availability of data of public interest, public participation, professional ethics and conflicts of interests” (EU Anti-Corruption Report, 2014, p. 28).

Lithuania and Estonia have succeeded in implementing an e-procurement practice. More than 50% of the total value of public bids is done electronically, in total transparency, in Lithuania. The Estonian State Public Procurement Register is an electronic system providing for e-procurement and for other e-services. Its use tripled in just one year (EU Anti-Corruption Report, 2014).

Romania is badly suffering from corruption, its manifestations being present both, in public and private sector. The Government has picked up the challenge of fighting it but results are somewhat weak due not to the absence of laws, but mainly to the absence of ethical norms, actions and behavior. This is worrying because an anti-corruption framework needs all of these. Public procurement, public administration and party funding are the areas where corruption thrives.

Romania has ratified only the UN Convention against Corruption and the Council of Europe Criminal and Civil Law Conventions on Corruption. As an EU member, Romania partially transposed the Framework Decision on combating corruption in the private sector.

Lately, legislative reform has produced a new criminal code. Its provisions criminalize the bribery of foreign public officials and include legislative and executive representatives in the category of public officials, facilitating the prosecution of corruption criminal offenses committed by them. However, these positive doings may be undone, according to the political interests of the moment. State capture is a common practice in Romania and this is another challenge to face.

It is also true that during the last two years, the number of prosecuted and sanctioned corruption cases has risen. The European Union has made a positive note on the activity of the Romanian National Anti-Corruption Directorate (DNA) a specialized prosecution office for combating medium and high level corruption cases. During its seven year of activity so far, the DNA has indicted around “4700 persons, 90% of these cases being confirmed and finalized by court decisions resulting in 1500 convicted persons” (EU Anti-Corruption Report, 2014, p.14). The results are impressive, indeed, but the difference these cases make is not visible in the everyday life of Romanians. Romanians still perceive their country as excelling in bribery and corruption. Indeed, 93% of Eurobarometer respondents see Romania as corrupt. The same perception is registered across Central and South Eastern and Eastern Europe, in countries such as Greece (99%), Slovenia (91%), Slovakia (90%), Czech Republic (95%) and Croatia (94%) (Eurobarometer Report, 2014).

CONCLUSION

Corruption remains one of the biggest challenges to take at international, regional and national level. Fighting it takes commitment, resources, cooperation and time. The European space is also one of the battlegrounds, one difficult to conquer due to the diversity of its many nations. The EU is trying to be one of the leaders of anti-corruption fight alongside with OECD, UN, Council of Europe and other international organizations. However, the task is difficult and the paces are small.

The EU legislative anti-corruption framework is under constant adjustment, covering public procurement, business corruption, and money-laundering and other corruption related issues. While the law is improving, its enforcement by the EU members mostly stagnates. One big problem remains the great disparity between West and Eastern EU members. As the first Anti-Corruption EU Report proves, corruption receives a more appropriate and efficient response in most Western European EU countries than in Eastern ones. In Southeastern and Eastern Europe, old habits

triggered by an inherited social mentality, poverty, political instability, lack of education, lack of information, and lack of law and its enforcement is stumping EU anti-corruption efforts.

With the anti-corruption report mechanism in place, the European Union tries to pressure its members to real fight corruption and to do it more efficiently. Since this is the first report of its kind, it is certain, that in time, the monitoring system will be improved; determining EU member states to provide reliable data on corruption assessment in public and private sector and on enforcement, more specifically on prosecuted and finalized corruption cases. Fighting an invisible enemy and not knowing the results make any combat nonsense.

Gaining the trust of Europeans and proving that the European Union is a strong anti-corruption combatant are among the long-term goals of its development strategy Europe 2020.

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RENEWABLE ENERGY – A NEW DIRECTION IN THE EUROPEAN ENERGY MARKET EVOLUTION

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Abstract: Nowadays, renewable energy represents one of the most debated subjects on the global energy market. The global warming and the constraints of the traditional energy resources led to the reorientation of countries in exploiting alternative resources. This paper offers a presentation of the main sources of renewable energy present worldwide and the way these can be exploited. Also, the paper analyses the main policies and taxes put in practice by the EU members to support the development of renewable sector, given the 2012/27/EU Directive that establishes several targets that need to be achieved on the market by 2020. Finally, the evolution of the main renewable energy market indicators is being reviewed, showing that considerable progress has been made in the last few years.

Keywords: Renewable energy; energy efficiency; CO2 emissions.

JEL Classification: Q01; Q42; Q54.

INTRODUCTION

The renewable energy sector has become of more and more interest worldwide especially as the promotion of energy efficiency is one of the main objectives for the electricity industry at a global level. Along with the industrial revolution, the use of conventional resources, such as coal, oil, natural gas, has been increasing year by year. As the nations evolved and the number of inhabitants with access to energy sources has grown, meeting the worldwide consumption needs became a real challenge taking into consideration that the conventional resources are limited. In order to sustain the development of an energy efficient environment, the European Union has given numerous directives in this area, the last one being published in March 2011 and approved in 2012, the 2012/27/EU Directive, which establishes several objectives for the member states in order to achieve the Europe 2020 targets.

The member states have to establish a national action plan to ensure that a percentage of the energy supplied to the customers comes from renewable resources. In order to achieve this, the members of the EU started to introduce different taxes on the invoices to support the renewable energy industry such as: climate change levy, feed in tariff, renewable obligation, green certificates, etc. Another objective of these plans is to put in place ways of reforming the access to the electricity networks in order to favor the use of renewable energy.

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1.RENEWABLE ENERGY SOURCES

The traditional energy sources such as oil, gas, electricity, have a fluctuating trend in the international markets. Given their strategic importance for a nation's wellbeing and economic development, energy resources have always been a subject of interest worldwide. Some nations have far more resources than others and have taken advantage of this situation in order to influence the international relationships, making the energy resources a good that is particularly sensitive to any diplomatic tension. Also, other significant aspects in the energy equation are the nature of increasingly limited oil and gas resources and the sustainable development issue. All these factors have increased the interest in the exploration of new energy sources and brought the renewable resources into the center of attention.

Renewable energy is considered to be any resource that can be transformed into energy and that has the potential to regenerate itself in a short period of time or that is inexhaustible. These resources are turned into energy, most often electricity, using the latest technology in this area (Department of energy, 2001). The most common renewable energy sources are: solar energy, biomass energy, wind energy, water energy, and geothermal energy.

1.1.Solar energy

The solar energy concept refers to energy that is directly caused by the transfer of the light radiated by the sun. Solar energy is considered renewable energy and underlies most forms of energy on Earth. This can be used to generate electricity or to heat the air inside of buildings. Although solar energy is renewable and easy to produce, the main problem is that the sun does not provide constant energy in any place on Earth. In addition, due to Earth's rotation on its axis, and thus the alternation of day and night, sunlight can be used to generate electricity only for a limited time each day. Another limitation of this type of energy use is the existence of cloudy days when solar energy capture potential decreases due to shielding sun sensitive, limiting the application of this form of renewable energy technologies.

Electricity is produced using solar energy through the use of **photovoltaic system** technologies. The photovoltaic panels capture the light coming from the sun and absorb it into its semiconductor material where is further converted into electricity (Goffman, E., 2008). The use of solar energy leads to significant savings on the electricity bills and reduction of air pollution.

Moreover, the solar panels installations last for more than 30 years. In the European Union, the photovoltaic systems industry is continuously developing, as more and more countries are investing in solar energy projects. In 2008, the energy produced through the photovoltaic systems has reached 9500 MW (European Communities, 2009).

1.2. Biomass energy

The biomass is the biodegradable fraction of products, waste and residues from agriculture, including vegetable and animal substances, forestry and related industries, as well as the biodegradable fraction of industrial and urban waste (e.g. wood, straw, leaves, corn and agricultural residues). Biomass is the most abundant renewable resource on the planet. This includes absolutely all organic matter produced by metabolic processes of living organisms.

The biomass energy is the energy obtained by direct combustion, obtaining electrical or heat energy. Also, by applying a various number of technologies it is possible to obtain liquid fuel suitable for the ignition of different gas engines. The main advantages of the biomass energy are the price, abundance, recycling potential, less harmful to environment (McKendry, P., 2001).

1.3. Wind energy

By exploiting the power of the wind we can obtain electricity using wind turbines systems. These transform the kinetic energy of wind into electricity directly, by turning a generator. This type of energy was first used in the '70, mostly in Europe. The price of the wind energy is continuously decreasing. Nowadays, the wind energy enjoys competitive prices compared with other energy sources, making this sector to grow fast.

The global installations that produce energy using wind power have reached the total production capacity of 282 482 MW in 2012, being one of the most important sources of electricity coming from renewable resources. 22 countries have over 1000 MW installed turbine capacity, Romania being among them. In Europe, Germany and UK are leading the wind energy market. Romania, Italy, Poland and Sweden are emerging markets that had a surprising contribution in 2011 (TPA Horwath, Schonherr, 2013). The advantages of wind power technologies are numerous as these create electricity at lower prices, are environmental friendly and have predictable production costs. The disadvantages are given mainly by the intermittency of the supply.

1.4. Water energy

The hydroelectric power is also used to produce mechanic energy that is converted further into electricity. The energy of flowing water has been used since ancient times. Hydropower exploitation potential depends on the drop and the flow of water available. If the fall and flow available are larger, the electricity production capacity is higher. Hydropower represents one of the most popular renewable resources used for electricity generation.

At the global level, the energy produced exploiting hydropower has reached the total amount of more than 3288TWh in 2008 and is expected to grow to 6000TWh in 2050 (International Energy Agency, 2010).

1.5. Geothermal energy

Geothermal energy represents a very powerful and effective way to extract renewable energy from the earth through natural processes and can be used to power a home or larger settlements. This is obtained by capturing hot water and steam from the volcanic activity and tectonic areas or of underground heat.

One of the world's largest producers of geothermal energy is United States. Iceland has also a lot of resources, with more than 25 active volcanoes. The advantages of geothermal energy are represented by their low cost, efficiency, and the fact that it is environmentally friendly and the main disadvantage is the relatively small area where it can be obtained, i.e. near tectonic joints. At the worldwide level, the use of geothermal resources generated a total of 38TWh electricity in 2005 (Herzog, A., et all, 2001).

2. SUPPORTING ELECTRICITY PRODUCTION FROM RENEWABLE SOURCES

Realizing the strategic importance of the energy industry, the European Union has adopted a plan in order to promote energy efficiency and security by supporting the use of renewable resources in generating electricity. The opportunities for economic growth through innovation and a sustainable competitive political energy have been recognized. Energy production from renewable sources often depends on small and medium enterprises (SMEs), local and regional. The opportunities for growth and jobs created in the Member States by the investments in renewable energy production at local and regional level are considerable. Therefore, the Commission and

Member States started to support national and regional development measures in these areas, to encourage the exchange of best practices in the production of energy from renewable sources between local and regional development initiatives and promote the use of structural funds in this area.

The Europe 2020 energy strategy adopted in 2012 promotes the efficient use of energy, the reduction of emissions, improvement of competitiveness and reduction of energy prices. The efficiency is to be achieved by investing in modernizing the existing infrastructure, as well as promoting the use of renewable resources and creating an integrated energy market (European Commission, 2011).

In order to sustain the use of renewable resources, the European countries have adopted different legislation and taxes, translated into a national action plan on renewable energy. The most common taxes that support renewable energy and energy efficiency are climate change levy, feed in tariff, renewable obligation, green certificates, etc.

a) Climate change levy tax

The climate change levy tax was introduced in United Kingdom in 2001 in order to support energy efficiency and reduce carbon emissions. The tax is applied for the industrial consumers for both power and gas at different rates that have been increased each year in April. Energy that comes from renewable resources is automatically exempted from climate change levy tax. By applying this tax, the government managed to raise awareness on the source of the energy used and reduce emissions (National Audit Office, 2007). The climate change levy tax had its benefits as the government tried to encourage the use of renewable resources by putting in place the climate change agreements offering discounts for the consumers of green energy. The maximum discount for the electricity consumption is of 90% and of 65% for gas.

b) Feed in tariff tax

The feed in tariff charge is present in different countries, supporting the use of renewable resources for heating and electricity. The measure was adopted in 2010 and had as main purpose to encourage the small consumers to meet their consumption needs by using alternative resources of energy. In return, they are paid by the electricity suppliers for the energy they generate by using renewable resources and for the energy they export to the grid if they do not consume it (Ofgem, 2011). A study conducted by the International Energy Agency showed that the feed in tariff charge is the most effective measure in supporting the use of renewable resources if this is applied and monitored correctly (IEA, 2008).

c) Renewable obligation/Green certificates

This charge is supporting renewable energy use as well, being applied since 2002 on the UK energy market. Through this tax, the government forces the suppliers to buy Renewable Obligation Certificates, in order to provide a part of their electricity from renewable resources (Ofgem, 2014). The tax may be found under other names as well, such as green certificates, renewable energy certificates, etc.

d) Premium tariff

The premium tariff is similar with the feed in tariff tax, the difference between the taxes being that the premium tariff does not apply the same fixed unit price for the whole contractual period but adds a charge on the spot-market electricity prices (International Renewable Energy Agency, 2012).

The table below shows a centralization of the taxes applied in each member country of the European Union in order to support the use of renewable resources.

Table 1 – Taxes applied across EU to support renewable resources

Country	Type of tax
Austria	Feed in tariff, subsidies
Belgium	Green certificates and priority of use of renewable energy
Bulgaria	Feed in tariff, subsidies
Croatia	Feed in tariff
Cyprus	Subsidies
Czech Republic	Feed in tariff, subsidies and priority of use of renewable energy
Denmark	Premium tariff
Estonia	Premium tariff
Finland	Feed in tariff
France	Feed in tariff, tax benefits
Germany	Feed in tariff
Greece	Feed in tariff, subsidies, tax exemptions
Hungary	Feed in tariff, priority of use
Ireland	Feed in tariff
Italy	Feed in tariff, priority of use
Latvia	Feed in tariff
Lithuania	Feed in tariff, priority of use
Luxembourg	Feed in tariff, subsidies
Malta	Feed in tariff, priority of use
Netherlands	Premium feed in scheme
Poland	Tax reliefs
Portugal	Feed in tariff
Romania	Green certificates, priority of use
Slovakia	Feed in tariff, priority of use
Slovenia	Feed in tariff, premium tariff, subsidies
Spain	No support schemes in place
Sweden	Green certificates, subsidies
United Kingdom	Feed in tariff, renewable obligation, climate change levy

Source: <http://www.res-legal.eu/search-by-country/>

As shown in table 1, almost all of the EU Members have in place different taxes and policies in order to support the use of renewable resources. Realizing the potential of renewable resources exploitation, EU Member States have implemented a number of mechanisms to support investments in this area based on fiscal relaxation, tax refund and compensation costs for renewable energy production.

3. RENEWABLE RESOURCES – FACTS AND FIGURES

The evolution of the renewable resources sector at the European level is better shown by the analysis of different statistics in the area. As the main objective of EU is the expansion of energy production from renewable resources in order to reduce dependence on imported fuels and reduce CO2 emissions, the main indicators that we are going to analyze are:

Table 2 - Total renewable resources evolution EU27 (Billion kWh)

Type of renewable resource	2007	2008	2009	2010	2011
Hydroelectric	306.743	323.708	324.927	363.292	303.665
Geothermal	5.722	5.737	5.557	5.612	5.87
Wind	104.346	119.474	133.031	149.112	176.281
Solar, tide and wave	4.296	7.965	14.618	23.614	46.502
Biomass and waste	103.868	110.342	124.512	142.374	151.246
Total Renewable Resources	525.0254	567.226	602.6446	684.0039	683.5638

Source: <http://www.eia.gov/>

As shown in the table, the electricity generated from renewable resources has kept a growing trend in the last few years across Europe. Most of the electricity comes from the exploitation of hydroelectric resources, followed by wind and biomass.

Table 3 – Share of electricity coming from renewable resources in total consumption EU28 (%)

Year	2005	2006	2007	2008	2009	2010	2011	2012
EU28	14.8	15.4	16.1	17.0	19.0	19.7	21.7	23.5

Source: <http://epp.eurostat.ec.europa.eu/>

The percentage of the electricity coming from renewable resources has registered also an ascending trend in the last few years, in 2012, 23.5% of the total electricity consumption coming from renewables.

Table 4 – CO2 emissions evolution EU 27 (Million Metric Tons)

Year	2007	2008	2009	2010	2011
EU-27	4257.65355	4191.26404	3866.56662	3940.24239	3838.54976
Austria	72.57579	71.18608	65.58184	69.30094	67.18218
Belgium	141.71804	154.74387	132.74756	136.2484	131.06315
Bulgaria	51.89924	50.61403	42.52315	45.58302	52.44446
Cyprus	9.32367	9.80452	9.22543	8.86668	9.50276
Czech Republic	103.5454	99.10063	92.09819	94.68667	92.39661
Denmark	56.87549	54.21517	49.30729	45.8771	46.66476
Estonia	19.99652	18.86217	16.13839	19.34796	20.26289
Finland	58.1547	54.85368	51.60949	54.64973	54.05596
France	423.05632	428.5457	386.15036	388.66282	374.32734
Germany	826.7167	823.31124	772.42236	793.30616	748.48561
Greece	109.46711	106.04136	99.82669	92.87872	91.29833
Hungary	56.62752	56.0523	50.94708	51.31713	49.56284
Ireland	45.1305	45.48569	39.31496	38.24152	36.56834
Italy	459.5288	449.74859	407.6301	416.8183	400.93916
Latvia	8.59771	8.05378	7.93639	7.84508	8.47462
Lithuania	17.7792	18.22991	13.50371	14.26175	16.04993
Luxembourg	12.1445	11.96111	11.43675	12.15519	11.86869
Malta	3.10463	3.17696	6.68233	8.00422	6.83
Netherlands	258.10382	249.49727	243.75934	254.8712	252.99593
Poland	295.94881	294.69969	286.47039	304.72272	307.91092
Portugal	59.61391	55.73528	58.40664	54.21015	54.17396
Romania	98.72974	93.92158	78.4657	76.34094	86.18996
Slovakia	37.72669	37.41842	34.44978	35.57277	34.88257
Slovenia	16.92579	17.42004	16.11383	15.98877	15.82996
Spain	387.95157	360.10337	327.80082	312.40183	318.64374
Sweden	56.5168	54.60931	49.8271	59.18913	53.14585
United Kingdom	569.89458	563.87228	516.19096	528.89349	496.79922

Source: <http://www.eia.gov/>

As far as we can see, the European Directive in the renewable energy area brought positive results, as the CO2 emissions have dropped in the last five years and they have to continue to drop

in the future. Maintaining the CO₂ emissions at the lowest level possible is important for the objective of keeping the global temperature increase below 2 degrees Celsius in the coming years. In order to benefit from technological progress and economies of scale, the countries should take into account the possibility of a more rapid growth in the use of renewable energy in the future.

CONCLUSIONS

Most of the European countries have adopted a national action plan in order to support the use of renewable resources starting with 2010. The European Directive related to the renewable energy market has set a binding target that, by 2020, a proportion of 20% of EU energy consumption to come from renewable energy. The goal was broken down into secondary national objectives, taking into account the different starting points of Member States. In addition, all Member States must ensure that, by 2020, 10% of fuels used in the transport segment comes from renewable sources. The directive also defined different mechanisms which Member States may apply to achieve its goals (support systems, home security, joint projects, cooperation between Member States and third countries) and sustainability criteria for biofuels.

In the last couple of years considerable progress has been made in this area. The renewable energy market has been developed and investments in the area began to grow significantly, the investors being attracted mostly by the existence of programs that support the adoption of alternative energy solutions, subsidies, access to European funds, etc. Investments in the area have also created jobs and improved energetic efficiency of the countries. In a constructive approach private individuals and companies concerned should make further efforts to encourage the authorities so that they act in a more transparent way and to adopt measures to promote practical application of renewable energy in order to achieve the European targets.

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LOBBY ACTIVITIES AND THEIR EVOLUTION IN THE EUROPEAN UNION CONTEXT

Nicoleta Vasilcovski*
Stefan Ilie Oanta**

Abstract: *Beginning with the 20th century, lobby activities started to be developed and today the influence of the lobbying is used by nearly every group that has an important place at the international level. In this paper we describe the evolution of the concept of lobby at the international level and how this activity can influence European decision-makers. We consider that every citizen has the right to know how public decisions are designed, which interests are behind the allocation of resources, in which manner are expenses organized at central level and which are the techniques of influence. In this paper we explain how lobby activities help to analyse and design the decisions that affect the general interest.*

Keywords: lobby; influence; decisions; partnership; EU lobby.

JEL Classification: D72.

INTRODUCTION

Different interest groups have had a profound impact in public decisions process from the beginning of the 20th century until now. This impact can be observed on the parties that are involved, respectively lobby groups, political makers, but also at the public opinion level that can be involved and criticize the dialogue between those groups. Their influence level and the manner they exert it represents a subject that has to be discussed, analysing the democratic legitimacy of The European Union and understanding better, the policy-making process at EU level.

Is very important to admit that the transparency that has been shown by the EU institutions, is a fundamental requirement of the reliability of this political and economic construction. It is the right of every citizen to know how decisions are made, which are the principal interests behind them and how resources from the tax payers are efficiently allocated. Every step on the political scene is the effect of different external or internal influences. Thus we can say that every state has its history in the lobby activities.

The first use of the term *lobbying* comes from a phrase of General Ulysses S. Grant, President of the United States in the late nineteenth century (1869-1877). After the fire that destroyed the first White House, the President, who lived in a hotel, complained that the people waiting for him downstairs in the hotel lobby are trying to influence his decisions.

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Lobbying is the work which consists of interventions designed to directly or indirectly influence the conception, implementation or interpretation of legislative measures, rules, regulations and, more generally, of all speeches or decisions of political decidents.

Starting from the idea that many lobbying activities in the European area does not fall within the legal space and runs behind closed *doors*, we believe that to measure the influence of interest groups in the decision making process of the European Union, presents a real challenge and also an important step to have more transparency at the EU of 28 level.

A good example to understand how interest groups can influence the decisions of European policymaking can be seen in the manner in which interest groups appropriated to the steel and cement industries are seeking to establish their influence on the environmental policy of the European Union on emissions trading system for CO₂.

Based on these issues, in the first part of our research we analyze the concept of lobby and interest groups from a theoretical approach. In the second part of our paper we describe the lobbying regulations in the European Union.

1. LOBBY CONCEPT

To explain the concept of lobbying various theories have been advanced. Over time, however, the word *lobby* has acquired negative connotations, repeatedly claiming that lobbying gives an unfair advantage to those who practice it and it is in opposition to the notion of democracy(Warleight and Fairbrass, 2002).

From the historical point of view, the term *lobby* has its origins in the old German word that can be today translated as a *wide entrance, a hallway in an institution*. The verb *to lobby* was first certified in 1850 and the word *lobbyist* in 1863. The oldest reference to its the political sense as those attempting to influence legislation is attested in 1808 in the Oxford English Dictionary, referring to Willard Hotel lobby where interest groups approached legislators in order to advocate certain measures. In the past since the legislators did not have their own offices, the hallways and lobbies were the best places for quick discussions about the appropriateness of a law or of modifying another. In the Romanian language the word *lobby* is understood as a group of outsiders influencing the decisions of a parliament.

Lobbying is a legal and transparent set of activities that propose monitoring and analyzing, documenting, communicating directly and provide information about possible future effects of a decision.

According to the authors Liviu Mihaileanu and Aurelian Horja, the lobby is used to support the rights, interests or opinions made with the express intention to influence opinion or action of the President or a member of the legislature, the executive authority of the central government or local authority. (Mihaileanu and Horja, 2009, pp.1-5).

The term *lobby* has become more refined with the time. In 1960, L. Milbrath explains lobby, relating it to the process of communication. Milbrath explains that the *communication is the only means to change or influence the perception; the lobby is thus entirely, a communication process* (Milbrath, 1960, p.32).

After 30 years, Van Schendelen assigned new elements. In this context, lobbying is an informal exchange of information with the public, trying to influence public authorities (Van Schendelen, 1993).

One of the most complex definitions of lobbying activity is formulated by Koepl. The author affirms that the *lobbying procedure is to influence or attempt to influence legislative administrative decisions by public authorities through representatives interested. Influence is intentional, involves the use of communication and is directed by legislative or executive structures* (Koepl, 2001, p.71).

2. LOBBY GROUPS

The interest groups can be represented by national federations, European or international, which may include:

- economic or social sectors;
- companies;
- law firms;
- public affairs consultants;
- Representatives of local and regional authorities.

There is no consensus regarding the definition of the lobby groups. Many terms are used to describe this activity, from the name of *interest groups* to *pressure groups* or simply *lobbyists* (Lehmann, 2003, p. 2).

There are different lobby groups, such as business interest groups, professional groups, public, social or groups working on issues related to geopolitics interests.

Interest groups at the EU level are said to be of two types: business and non-business (Charrard, 2005, pp. 4-7). However, it should be noted that lobbies business are classified as dominant (Jordan, 1998, p.38) or at least that was the case until recently when, apparently, NGOs have become increasingly powerful and are starting to increase their power at international level (Pedler, 2002, p. 3).

There are several classifications assigned to lobbyists. In the general classification, they may be *public interest groups representing the interests of society as a whole, such as environmental protection, while private interest groups are seeking to achieve their own interests for the benefit of their own members* (Pedler, 2002). Through lobby activities, these interest groups with public or private interest intend to influence international decision-makers. Formed in 1970-1980 years, lobbying activity was surprisingly developed.

A group of British researchers from *Robert Gordon University* drafted in 2001-2002, a list of 693 groups working in the lobby (Saurugger, 2002, p. 9), but now their exact number is not known. However, it is estimated to be over 15,000 people working in this field. Thus, over 70% of these people working directly or indirectly for corporate interests, about 20% represents the interest of regions, while only 10% are non-governmental organizations, including trade unions, organizations of health or the environment protection (Corporate Europe Observatory, 2005, p.8).

Interest groups are based on a variety of channels. Among active lobbying in the EU decision-making *organizations representing private interests often outweigh the non-profit organizations with 100 to 1* (Fossum, Schlesinger, Kyaerk, 2007, p. 160).

To understand why lobbyists sometimes achieve their proposed goal and sometimes fails is necessary to know first the political system and institutional structure within which these groups operate, the characteristics of the lobby group and the relevance of the issues analyzed.

3. INFLUENCE TECHNIQUES

Regarding the techniques of influence that a lobby group can use to impose some ideas, they can vary depending on the environment in which an interest group acts. There are many lobby techniques that can be used by different interest groups.

According to Van Schendelen, an interest group that wishes to exercise influence within the EU may choose one of the four traditional techniques.

First of the four traditional techniques is *coercion*, about which Van Schendelen explains that if a ministry has the power to constrain the country by the law that is taken and which is maintained

through the police, the court of justice or prison system; will be also possible to control other decisions makers. In this context, private influence groups should play a game less formal. To fight against this problem, different NGOs can organize a blockade or a negative campaign; a multinational can move its production to another country. At EU level, a coercive influence from private or public actors can be developed.

The second influencing technique is named *encapsulation*: a company or NGO may use part of the budget in order to make others dependent on it. In this context, the resources of particular company or NGO play an important role.

The third technique suggested by Van Schendelen is *political support/advocacy*. This technique means, in its informal version, propaganda, through a notice or a media campaign. NGOs or commercial organizations use this technique when they foresee an opportunity or a threat.

The fourth technique stated by Van Schendelen is *argumentation*. In this case, self-interest lies behind the thinking of a rational, logical arguments based on credible empirical examples (Van Schendelen, 2002, pp. 13-14).

Another factor that can determine the success of lobbying, is choosing when it started lobbying and lobbying strategies.

In this context, Bender and Reulecke identified three types of lobbyists:

- Lobby as a preventive measure;
- Lobby response;
- Lobby for action (Bender and Reulecke apud Charrard, 2005, pp. 13-14).

According to those authors, the most difficult type is the lobby as a preventive measure that has as main goal to prevent or delay a law even before there is a legislative action. Regarding the second type *lobby response*, it implies that the legislative proposal already exist and the group lobbying to react following the initiation of the legislative process. *Lobbying for action* refers to the need to initiate a legislative process.

Chrissie Kimmons also proposes a classification of lobbying strategies (Kimmons, 2005):

- *Gunship* Technique - an aggressive form of lobbying that includes business relocation threats unless waiver of policy proposals;

- *Kofi Annan* Technique- also known as the technical *Trojan horse*- a constructive approach that provides decision makers with a compromise that is accepted by all parties involved in the process of decision. This technique is often used in Brussels;

- *Good –cop, bad -cop* Technique - a lobby group has adopted an inflexible position on a topic allowing another group to submit a draft project which is conciliatory;

- *The dentist* Technique - first phase is to adopt an aggressive attitude and then to return to a conciliatory attitude;

- *The third party* Technique - the lobby is at the NGOs level and federations of industries in order to reach a compromise on the issue in question;

- *The donkey* Technique - to win the goodwill of makers are provides various incentives.

It can be seen that Bender and Reulecke analyzed lobbying activities and their impact, while Kimmons focuses on techniques that can be used in the lobby. Each of these characteristics of lobbying are used depending on the interest groups who manages them.

4. QUANTIFYING THE INFLUENCE OF LOBBYISTS

There is a number of limitations in terms of quantifying the influence of interest groups on public policy.

It must be noted, at the outset, that there is not just a single factor that explains the influence of lobbyists (Dür, 2007, pp. 29-51). This context requires the answer at the following question: *what are the factors that determine the success of initiatives conducted by interest groups?* On this issue a large number of theories have been proposed to determine the elements responsible for the success of a particular lobbying campaign. In this analysis we present the studies of Austen-Smith and Wright (Austen-Smith and Wright, 1994, pp.25-44), Andreas Dür, Bernhagen and Bräuninger (Bernhagen and Bräuninger, 2005, pp.43-64), Christine Mahoney (Mahoney, 2007), George and Bennett (George and Bennett, 2005).

Austen-Smith and Wright claim the inclusion in the analysis of the level of influence of a variable measuring the countered lobby. The two authors believe that an interest group cannot be ranked as resilient if the position is not part of a text-law because it may have been confronted by another lobby group, which is the more influential. In this context, the first group might choose a route that would minimize losses.

Andreas Dür emphasizes that in order to identify the influence of a particular interest group, should be pursued the channels of influence, the occurrence of countered lobby and not at least the policy stages. The quantification of power held by interest groups is built around identifying the causes, the environment and the process that led to the adoption of a specific policy. According to this author, the analysis of semi-structured interviews play an important role to determine the ability of certain groups to influence the policy process in different stages of the process.

Bernhagen and Bräuninger consider that decision makers are influenced primarily by economic and social issues existing in the environment in which they operate. Thus, the interest groups exploit this, promoting within a certain community, the beneficial effects that such measures would have at both economic and social levels.

Christine Mahoney shows that the influence of different interest groups can be quantified by calculation of *preferences satisfied*. In this way, the result of the legislative process is analyzed in comparison with the positions of different actors during the legislative regulations, which can show also which views are expressed by a particular interest group and what is the final decision.

An important variable has to be mentioned: actors' preferences should be established separately in each study. Using this method, Mahoney chose a random selection process, while analysts such as Schneider and Baltz chose to study a large number of cases.

George Alexander and Andrew Bennett propose, in *Case Studies and Theory Development Study in the Social Sciences*, a method for quantifying the influence of interest groups, is a step by step policy analysis process, in order to establish the mechanism of causation between a variable independent and a dependent variables, and to show the result provided.

5. LOBBYING EVOLUTION IN THE EU

In the unprecedented expansion of the lobby-ing in Brussels and the complex nature of European public policy, as Europeans we find ourselves faced with the pressing problems of regulating lobbyists and of the need to increase transparency at the European level.

However, we must not omit that the lobby-ing is a familiar reality even if not always welcome in western politics. Most experts in political science and government recognize that the interests of both public and private have a legitimate and important role to play in policy-making process, as states Richardson in 2006 and Coen in 2007. In the beginning of XXI century, at the European level in the public policy, there where approximately 15,000 members of the Commission and European Parliament that are face to face with a total of nearly 2,000 lobbyists every day. The word *lobbyist* is defined here as an organization or an individual seeking to influence policy, but doesn't attempt to be elected.

At the European level, there is a significant resource dependency between government and lobbyists based on regulatory needs, expertise, information and reputation. For this reason, it is important that the process of formalization and improvement of lobbying codes in the EU do not deteriorate the exchange of information and credibility of the policy process.

EU lobbying groups' activity was multiplied in the 1990s, as a result of gradual transfer of regulatory functions between the EU institutions and Member States and as result of the introduction of qualified majority voting on *Single Market* issues. Institutional demand for the activity of interest groups in the EU has been facilitated by the opening of the European Commission and the European Parliament. The process of funding EU groups is organized by the European Commission. There was an easy access to the EU institutions in the period with an estimate of 1,450 formal interest groups operating at European level (Greenwood,2002), 350 firms with offices for European affairs and 267 law firms active in the field EU public policies (Lahusen and Jauss,2001).With these growing numbers and resources, the EU interest groups could exert influence in the adoption of European policies, from policy initiation and ratification by the members of the Council and setting agendas, to the formulation of policy and the strategic discussions at forums which are led by the European Commission.

An important role in organizing the influence of a lobby group plays the final interpretation, harmonization and implementation of different laws inside nation states.

In order to pursuit and access the all points in the policy, EU interest groups are an important source of information in developing and delivering EU policy and a potential source of legitimacy for the government.

6. LOBBYING PRACTICE

The EU institutional design gives to different interest groups both advantages and disadvantages. The real decision-making machine is full of links between different bodies and different variations in external relations with Member States, provides the access points that can lead to the lobby of the EU authorities. In such a differentiated institutional environment, lobbyists groups have an overabundance of potential routes.

The multiplicity of actors and the complexity of the decision-making process can create serious obstacles for private interest groups in the way to attend their objectives. It is almost impossible for the interest groups or individual national associations to ensure exclusive access to relevant politicians, and even less possible to exert exclusive influence.

6.1 Objectives, strategies and techniques

At the academic and practical level, the necessity for an appropriate framework for the actions of all decision-makers at the EU-level is clear. Van Schendlen developed *the model of the three P* in order to describe some facets of the attempt to obtain political influence in a quasi-monopoly. The purpose of the game is to make the playing field uneven as possible. Participants attempt to place the friendliest people in the best positions and in the most beneficial procedures.

When others begin to discuss the content matter of the game, the players have already arranged the *Triple P* field discussions and limited movements of other players by early setting procedures, positions and players. The game usually has a bad reputation in the eyes of those who are at the far end of the playing field.

Many interest groups learned quickly from this type of games to apply some new strategies in practice.

According to Berrz, at methodological level, the tactics or activities pursued by interest groups are classified into three categories:

1. Techniques characterized by direct communication between lobbyists and government officials. These include public or private representations.
2. Methods in which lobbyists are acting through their constituents. The influential individual members are asked to contact a key member of the government.
3. Groups that may try to change government policy choices influencing or changing public opinion. Techniques of this type are contributing to fund the election campaigns, publication of research results and public relations campaigns (McGrath, 2002).

Another classification of lobbying strategies has been developed by Guéguen (Daniel Guéguen 2007, p. 119):

1. Negative Strategies that consist of a frontal opposition to Commission proposals or counter-proposals that are unreasonable proposal. Farmers lobbies are illustrative for the strategies of the opposition.
2. Reactive Strategies in which the caution prevails over actions and initiatives: monitoring, meetings and few of public relations.
3. Pro-active Strategies, working directly and constructively with the Commission in the spirit of partnership and credibility.

Pro-active strategies are relatively rare, which is a loss for society because pro-active lobbyists provide to legislator a competent, licensed and reliable general opinion about factors that affect society as a whole.

Credibility also involves the ability of companies and industries to build European alliances with consumers and environmentalists.

We consider that the Success Lobby has to be based on four strategic pillars:

1. The ability to create clear objectives and goals
2. The ability to develop connections
3. The access at strategic information
4. The analyses of different politics and the ability to promote them to the public.

In the *table 1* we give a short description of the principal elements of a Success Lobby.

Table 1 - Success Lobby

Strategic pillars
The capacity to organize the goals and objectives.
The ability to create a network of cooperation in the lobby process
The necessary inputs to develop international access at the strategic information
The knowledge of different politics and the way to promote them to the public

Source: Own representations

6.2 Lobby tools

The Lobby-ing process can be divided into several practical steps: finding facts, analysis, influencing and post-facto maintenance.

The direct support of a case in front of the government is one part of a lobby campaign. Many consultants are not doing enough lobby. Customers will initially follow only to improve their profile in the eyes of decision makers in order to gain access or generate a favorable attitude to the group. So an important part of the interaction between groups of influence and the government, is not about immediate goals, but rather by creating an atmosphere of trust, credibility or even dependence that will lead to take favorable decisions for the interest group.

Monitoring is mentioned frequently by practitioners as a key element of their work, although its functions tend to be neglected in theoretical analyzes. The purpose of monitoring and detailed research is essentially to enable the employer or lobbyist's client to develop messages related to public policy issues and to identify the most appropriate and effective ways to communicate these messages to politicians and relevant official figures.

It can be seen that there are three primary routes available:

1. Addressing governance issues timely basis;
2. Promise makers with access to knowledge;
3. Detailed information about the legislative process.

According to McGrath, the majority of commercial lobbyists affirm that they are relatively uninvolved in advocacy. The lobbyist is that one that proposes a strategy and organizes a campaign, but the main actor who delivers the message directly to politicians and official figures is the customer. Even more common is the opinion that the commercial consultants have the role to advise the customers how to carry out their own lobby-ing to the government.

7. EUROPEAN INSTITUTIONS LOBBY

7.1 European Parliament

Respecting the principle according which the interests are moving in the direction where the power is, the European Council and Commission were the main targets of the Lobby to the adoption of the *Single European Act* from 1 July 1987.

After the European Parliament's position was further enhanced by the introduction of new legislative procedures - procedures for cooperation and co -decision –the pressure groups have increased considerably their actions besides European Parliament, considering this Institution a new channel of influence.

In particular, the less organized interest groups tried to form alliances with the European Parliament on matters concerning the general public. The Parliament is used as an instrument of lobby at European Council and Commission level. This had a significant impact on institutional balance and internal dynamics: both Commission and European Parliament are no longer representing just the interests of European allies, but they became rivals in the competition for legitimacy.

7.2 European Commission

The Commission is responsible for the EU's interests. It has the exclusive right to initiate EU legislation in a number of areas of regulation and it is responsible to ensure that members respect them (Chari and Kritzinger, 2006, p.58).The lobbyists consider the European Commission to be the

main institution that is the beginning of interest representation. The Commission encourages the lobby, considering that it is essential for policy formulation. The Commission also gives a great importance to the open dialogue with outside interests groups, which provide specialized and technical expertise (Greenwood, 1997).

It is now recognized that the Commission often focuses on a core of dominant interest, which leads directly to a mutual acceptance with the interest groups.

The existence of this secondary lobbying tactics is proof that there is an unequal access to the Commission.

The Commission has the power to approve, amend or reject legislation in a number of policy areas, and influence the appointment of Commissioners.

7.3 European Council

The European Council's aims is to represent the interests of Member States and it has the ability to reject or amend proposals presented by the Commission and to establish long-term goals for the EU. This is often considered to be the least accessible of the EU institutions, because its loyalty is to the Member States.

The Council does not keep any list of lobbyists and it holds the position, according to an informal response that all contacts that are between European Union and lobbyists or NGOs, are handled by the European Commission.

If a lobbyist is trying to persuade the Council, they have to use national channels.

We can highlight that it is more difficult to influence the European Council than to influence the other two European Institutions.

CONCLUSIONS

One of the most advanced forms of influencing public decisions is represented by business lobby groups. If lobbying was initially considered a simple process of communication, further to the term were assigned new features being considered an exchange of information that is designed not just to attract the interest of the other part, but also to influence its public choices.

We have noticed that interest groups may be represented by different federations organized at national, European or international level, focusing on various areas of economic and social sphere representing both private and public sectors.

Specialists in lobby examine various aspects of lobbying techniques. Austen Smith and Wright highlight method of countered lobby in which a stronger group can influence the direction of a group with a little influence. Andreas Dür analysis emphasizes the importance of channels of influence and policy stages. A different approach comes from the analyses of Bernhagen and Bräuninger. These authors consider that decision makers are influenced primarily by economic and social aspects of the environment in which they operate.

At EU level lobbying activities were developed at the end of XX century and are directly or indirectly present in the most important European institutions.

We conclude by stating that the development of the lobby at the beginning of the XXI century can influence international policies and can bring new challenges and new roles for The European Union.

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AN ASSESMENT OF THE POLICIES CONCERNING THE EU SUSTAINABLE DEVELOPMENT STRATEGY

Arnold Weiszenbacher*

Abstract: *Sustainable development has been now for more than 15 years, at the center of the objectives of the EU, being already enshrined in the Amsterdam Treaty of 1997. The basic concern of this now ubiquitous term is to assure the current generation's demands will be fulfilled without endangering the needs of upcoming generations, sustainability being a key factor that affects both the financial market and the overall economy. The European Union has addressed this issue by developing a long term strategy, taking into account both economical, social, environmental and global governance factors and identifying seven key interrelated issues regarding climate change and clean energy, transport, consumption and production, the management and conservation of natural resources, public health, social inclusion and global poverty. This paper aims to present an overview of the current situation of the key challenges and their intersectoral measures and to determine the progress made in this area as well as to identify the key issues that offer the greatest amount of improvement and to recommend possible solutions to the aforementioned challenges. The methodology will benefit from data obtained and sampled from the Eurostat monitoring report, thus providing an accurate and transparent impartial analysis.*

Keywords: sustainable development strategy; social inclusion; public health; climate change and energy.

JEL Classification: A14; C40; E24; E31; E62; H31; H50; I12; I31.

INTRODUCTION

Sustainable development is now at the forefront of European policies with a growing demand for conserving the resources at disposal and improving the quality of life for the current generation, without endangering the needs of future ones. The EU has devised a strategy based on several key trends, among which the seven most important ones will be tackled in a successive manner and the underlying issues as well as some possible lines of recommendation will be highlighted. Headline indicators will provide an overview of the current situation regarding each topic and a brief summary of each trend will be offered in conclusion.

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1.SOCIAL INCLUSION

The goal of the European Union is to include every citizen in society, especially those that are disadvantaged. There is a strong link between poverty and social inclusion in the EU, poverty eradication being the greatest global challenge and a crucial requirement for sustainable development, as was pointed out in Chapter II of the Johannesburg Plan of Implementation. A large part of the EU population risks being at poverty level and social exclusion, but it is interesting to notice that not all are affected in the same way. Although some people may have low income compared to people residing in other countries, this does not imply that their standard of living is low. People affected by material deprivation, which is another form of poverty, cannot deal with unplanned expenses, nor purchase desirable items that would contribute to a decent living. Reducing the gap between the highest and lowest incomes is essential to sustainable development and to social cohesion. In eliminating this gap between incomes, the elimination of the inequality of earnings between men and women must also be taken into account.

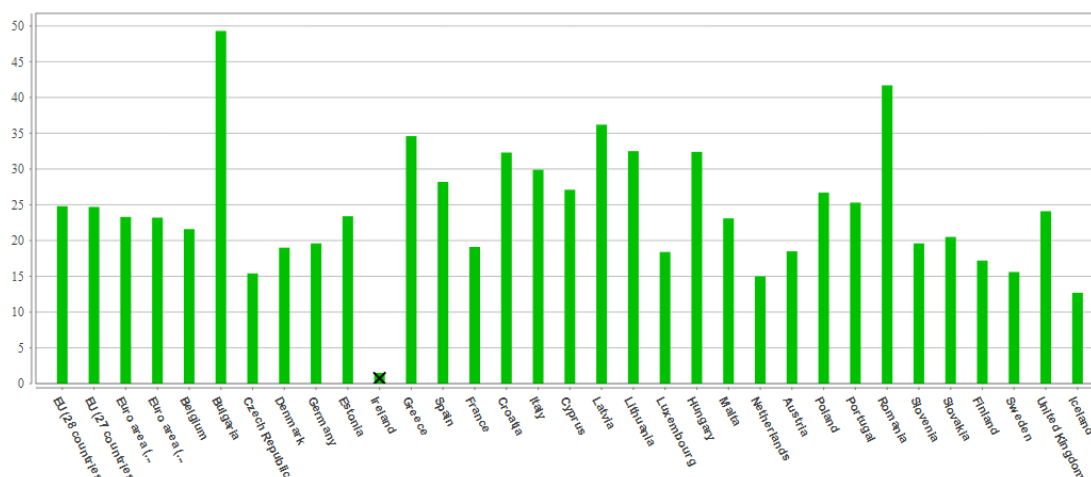
Figure 1 – People at risk of poverty or social exclusion (1.000 persons)

Geo/time	2005	2006	2007	2008	2009	2010	2011	2012
EU 27	124.339	123.051	119.360	116.418	114.286	116.780	120.171	122.860

Source: Eurostat.

The data clearly points out how the number of people at risk of poverty or social exclusion increased starting with the onset of the economic crisis, in clear contrast to the progress made before. Whereas in 2009 the number of people affected by this indicator was at its lowest of 114.2 million, a 7% increase occurred during the effects of the crisis, the number peaking at 122.8 in 2012. That means that 24.7% of the population of the European Union is in risk of poverty or social exclusion. A closer look at the last two countries that adhered before Croatia, gives an alarming picture: in Romania, 41.7% were affected by this, while in Bulgaria the figure is a staggering 49.3% or close to a half of the population.

Figure 2 – Percentage of people at risk of poverty or social exclusion by country



Source: Eurostat.

In order to measure the poverty, a multi-perspective view was taken into account, considering monetary poverty, severe material deprivation and very low work intensity. 84.1 million people suffered from monetary poverty, meaning they earned less than 60 % of the national median equivalised disposable income (after social transfers), 38.6 million inhabitants experienced very low work intensity, this being the people aged 0-59 living in households where the adults work less than 20% of their total work potential during the past year and 49 million underwent severe material deprivation, whereas they have living conditions severely constrained by a lack of resources. In order to meet the Europe 2020 benchmark of lifting 20 million people out of poverty, the European Union still has some significant work to do, being clearly out of the graph regarding this indicator. Some possible lines of actions that can be taken are a prioritization of the social investment and the focus on providing better and more efficient social protection, improving the opportunities to the labour market of the current population and investing in the youth for a more sustainable workforce. Close attention should be paid to the inclusion of people with disabilities and the improvement of statistical information and empirical research for them (Shima and Rodrigues, 2009). The Member States need to independently simplify and improve their social policies in order to cope with the shrinking working-age population, the increase of the proportion of older people and the unemployment and poverty that have come about with the economic crisis.

2. PUBLIC HEALTH

Healthy people are valuable to the social development and economy of a country, as they tend to be more productive. The main public health challenges faced by countries differ depending on the stage of development that they are in. Traditional health issues are commonly associated with a country's lack of development, while more modern ones are correlated with a rather quick development that do not dispose of health and environmental safety guards. Among modern health threats it is worth mentioning air and water pollution, chemical radiation, waste accumulation, chronic diseases, as well as social factors that might lead to health damage such as unemployment or social exclusion.

A strong connection exists between health and other problems concerning sustainable development. Environmental issues such as that caused by climate change and energy (greenhouse gas emissions, for example), sustainable production and consumption and the way in which natural resources are managed all impact the health of the individuals. Improvement in health can be achieved through means of socioeconomic development and reaching for social cohesion, as all these reduce the existent inequalities between people and favour the opportunities for living more decently.

Whereas in 2004 a woman was expected to live on average 81.5 years at birth, in 2012 this number grew by 1.6 to 83.1 years expected to live in good health at birth.

Figure 3 – Healthy life years and life expectancy at birth

Geo/time	2005	2006	2007	2008	2009	2010	2011	2012
EU 27	81.5	82.0	82.2	82.4	82.6	82.9	83.2	83.1

Source: Eurostat

The increase was slightly bigger for men, who in 2004 were expected to live 75.2 years on average, in comparison with 77.5 years in 2012, translating into a 2.3 year increase in life expectancy. This means the gap between males and females is going to reduce with time. To be noted that the above numbers represents the expected number of years that a person has to live on average, without disability or disease. When this is factored in, we observe no significant difference between women and men. A woman was estimated in 2012 on average to live 61.9 years in good health at birth, meaning disability or disease-free. For men, the number was only minimally lower, with 61.3 years expected to live in good health in 2012. What this means is that although women live on average longer than men, they don't necessarily live in better health and actually they spend a greater share of their life disease or disability-ridden than men.

It is worrying however, that the number of years in good health is showing a decline. One of the main goals of the EU in what concerns public health is to increase this number, of expected healthy years to live at birth by 2 years by 2020. The importance of the healthy expected years at birth indicator is justifiable when we think of the quality of life concept and its emphasis in the policies of the EU.

A positive picture concerns the suicide rates, which have dropped by about 14% from 2000 until 2010. However, most of the decrease occurred before the start of the economic crisis. After 2007, the rate started to increase again. Also, similar to life expectancy the gap between men and women is reducing.

Pollution is a major health risk as well. No considerable improvements occurred in the exposure to air pollution by particulate matter with only a reduction of 1 microgram per cubic meter in 11 years.

Figure 4 – Urban population exposure to air pollution by particulate matter (mg/m3)

Geo/time	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU 27	28	26	27	30	27	28	30	28	26	26	26	27

Source: Eurostat.

On the other side of the spectrum, some worrying increments were observed in what concerns the exposure to air pollution by ozone with 769 micrograms per cubic meter per day from 2000 to 2001, accompanied by noteworthy fluctuations due to heat waves in between.

Figure 5 – Urban population exposure to air pollution by ozone (mg/m3/day)

Geo/time	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU 27	2937	3512	3511	5528	3491	3677	4478	3611	3580	3648	3368	3706

Source: Eurostat.

Since a healthy pool of population leads to economic growth and prosperity, the European Union needs to invest in people's health through health-promotion programs and health coverage for reducing the disparities between income-classes and promoting social inclusion. The EU plans to invest in that regard into sustainability of health systems, in helping Member States design reforms and improving the efficiency of health systems, improving cost-efficiency through sound innovation, developing tools to better assess the efficiency of health systems, contributing to the employment factor and providing people a chance to be active for a longer time, promoting good health and employment in the health sector as well as reducing inequalities in health through financial instruments for investing in health.

Directive 2008/50/EC is also an important piece of legislation that strives to merge most of the existing directives into a single one for a better air quality for Europe. A 120 micrograms of ozone per cubic meter benchmark was imposed for the long-term as well.

3. SUSTAINABLE CONSUMPTION AND PRODUCTION

The basic needs of humanity such as food or shelter are covered through the means of production and consumption of goods, as well as of services. Sustainable consumption and production is achieved through taking care of the basic needs of society while minimizing the use of natural resources, which implies that waste is reduced, pollutants are eliminated and consumption and the demand of products is reduced if all these aspects are managed properly and if the quality of products and of services are improved. In addition, more agricultural practices that are eco-friendly should be put into usage, as these help preserving the landscape and improving the quality of the soil and water.

There is a link between all these aspects concerning sustainable consumption and production: air pollutants used in fields such as industry, agriculture or transportation are leading not only to health damage, but also to acidification or eutrophication. There is also a link between waste levels and waste treatment, recycling and composting playing a crucial role in reducing the need for raw materials and the extraction of resources.

An 18.74% increase in resource productivity, which is the ratio between gross domestic product (GDP) divided by domestic material consumption (DMC) occurred from 2000, the reference year, to 2011. Whereas GDP grew by 16.5% in the same period, this means an absolute decoupling or separation of the environmental pressures from economic growth. However, the biggest influence on the DMC is the construction sector and the decrease in consumption of non-metallic materials by this sector.

Figure 6 – Resource productivity

Geo/time	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU 27	100	101.8	104.1	106.4	103.9	104.1	105.9	106.9	107.8	116.2	121.4	118.7

Source: Eurostat.

A decrease of around 144 million tonnes of domestic material consumption, which is the total amount of materials directly used in economy, occurred between 2000 and 2011. However, the progress was not linear, with the peak occurring just before the economic and then a sharp decrease

was noticeable, followed by another increase from 2010 to 2011 due to increased material extraction.

Figure 7 – Components of domestic material consumption (1.000 tonnes)

Geo/time	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU 27	7.571.127	7.581.051	7.509.537	7.458.702	7.835.691	7.985.058	8.116.448	8.298.301	8.262.579	7.318.863	7.148.461	7.427.197

Source: Eurostat.

A very positive outlook is encountered when it comes to waste generation and treatment. In 2012, out of 492 kg of waste generated per capita, 481 kg of that was disposed of by one form of deposit onto or into land, total incineration, material recycling or composting and digestion. The quantity of waste disposed onto or into land, which is the most environmentally threatening, reduced significantly from 278 kg in 2001 to 162 kg in 2012, a decrease of more than 40%.

Figure 8 – Municipal waste generation and treatment (kg per capita)

Geo/time	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU 27	278	269	255	239	221	220	213	199	192	186	171	162

Source: Eurostat.

That share was overcompensated by more green-oriented technologies of waste disposal, like incineration, recycling and composting, with material recycling showing the greatest increase, of around 33% from 2001 to 2012.

Figure 9 – Material recycling (kg/capita)

Geo/time	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU 27	88	95	97	99	105	109	119	120	122	125	129	132

Source: Eurostat.

Not only did waste treatment improve significantly across Europe but the atmospheric emissions of the major pollutants like NO_x, SO_x, NMVOC and NH₃, commonly known as ammonia, experienced considerable reductions and results are showing the ceiling for 2020 will be reached. NO_x or nitrogen oxides are mostly released through fuel combustion and therefore are prevalent in the transport and energy production sector. Its effects include acidification which in turn provides damage to the soil and water quality. The 326.000 tonnes reduction from 2000 to 2011 was however mostly due to the transport sector, where ceiling ranges were imposed and they provided to be very effective. Sulphur oxides or SO_x emission experienced overall the greatest

reduction. They recorded an almost 50% reduction from 2000 to 2011, from 1.14 million tonnes to 6 million tones. As for the nitrogen oxides, they are released through fuel combustion and impact the soil and water quality as well as the air quality.

Figure 10 – Emissions of sulphur oxides SOx (tonnes)

Geo/ time	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU	11.34	10.94	10.41	10.22	9.780	9.374	9.208	8.886	7.242	6.349	5.974	5.977
27	9.194	3.100	1.218	5.496	.526	.929	.283	.359	.969	.026	.396	.237

Source: Eurostat.

Non-methane volatile organic compounds (NMVOC) are another class of very damaging pollutants to human health. They are released in the environment through combustion, the use of solvents or through different kind of production processes. Being one of the main contributors to ground-level ozone it is encouraging to witness a 34% reduction of levels between 2000 and 2011 in the EU-28 countries. Ammonia underwent the least reduction out of the four main pollutants, experiencing a less than 10% decrease in the EU-28 from 2000 to 2011. The main contributor to the reduction is the modernization of the agricultural sector where ammonia found one of its highest usages.

The EU has already adopted an action plan to combat these issues by trying to decouple economic growth from the environmental component. This would be achieved by setting high standards for products, more precise and convincing information to customers through use of a better labeling framework and providing incentives for improved products. According to researchers in the RESPONSES project (2013) more emphasis needs to be put on implementation and adaptation rather than assessment in terms of climate change, as does closer attention to qualitative insight because of uncertainty in the quantitative analysis methods.

4. SUSTAINABLE TRANSPORT

The transport system of the EU is not yet sustainable, as the ever-growing number of transport activities requires large quantities of natural resources, thus affecting the environment in a negative way. Greenhouse gases emission and air and noise pollution are just a few examples of how our natural world and the health of people are impacted negatively by transport. Another effect of transport that is worth mentioning is the fragmentation that transport infrastructure induces on the landscape.

In what concerns energy consumption of transport relative to GDP, we can notice a 12.2% decrease between 2000 and 2012.

Figure 11 – Energy consumption of transport relative to GDP

Geo/time	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU 27	99.0	98.6	98.6	98.7	97.5	96.2	94.7	93.2	94.2	91.9	90.0	87.8

Source: Eurostat.

In order to analyze the most popular means of transport among people from the EU, we will divide passenger transport into the following three categories: passenger cars, trains, and the third one motor coaches, buses and trolley buses. As far as passenger cars are concerned, a slight increase of 1.32%, from 83% in 2000 to 84.1% in 2011, was observed, representing the percentage share of this mode of transport.

The average percentage share of trains as modes of transport has remained relatively constant in the years from 2000 to 2011, with a value of 7.1%. As for motor coaches, buses and trolley buses, we can observe a 11.1% decrease in their usage as forms of transport, from 9.9% in 2000 to 8.8% in 2011. Although the transportation of people occupies a large segment from the total of transport activities, freight transport is also a very important component in analyzing and developing the keys through which the EU could make transport sustainable. Freight transport on roads has become over the last few decades indispensable for the well-functioning of several economic industries, and we can notice an increase from 73.7% in 2000 to 75.5% in 2011 in the percentage share of this mode of transport, making this mean of transporting freight the most popular one, three quarters of the total freight transport. As for freight transport done on railways, we can notice a 6.59% decrease in the percentage share of this transport mode, from 19.7% in 2000 to 18.4% eleven years later. The least percentage share of freight transport belongs to the freight carried on inland waterways. In the time span from 2000 to 2011, it decreased slightly from 6.5% to 6.2%, respectively.

Such intense transport activities have serious repercussions for the environment, most noticeable through the rising greenhouse gas emissions, but also for society, in a more direct way, if we take into account the number of road accidents that occur.

5. CLIMATE CHANGE AND ENERGY

Sustainable development is seriously threatened by climate change, with high temperatures, rising sea levels and a higher frequency of weather hazards being more and more obvious in recent

years. Studies have shown that greenhouse gas emissions caused by people is the main reason why the average temperatures have increased so much all over the world in the last two centuries. These emissions come, from the most part, from the burning of fossil fuels not only in power plants, but also in households or auto vehicles. Energy consumption has the largest contribution to the formation of these emissions in the EU, although other sources of the greenhouse gases include excessive farming, waste and deforestation.

The EU aims to limit climate change and to minimize its negative effects upon the environment and society. The major headline indicator through which climate change can be analyzed is the greenhouse gas emissions (1000 tonnes of CO₂ equivalent) by sector. Total emissions have decreased with 18.3% from 5.092.754 tonnes in 2000 to 4.578.469 in 2011, though the declining trend is not continuous from year to year. The greenhouse gas emissions that have come from energy industries dropped 15.7%, those produced as a result of manufacturing industries and construction have decreased with 34%, the emissions resulted from industrial processes decreased with 27.4%, those that appeared as a consequence of agriculture fell down by 23.1%, while emissions resulted from waste decreased with 34.1%, all recorded in the 1990-2011 time interval and at the level of the EU countries. In contrast with the overall decrease of greenhouse gas emissions is the sector of transport, within which the emissions have increased in the same time interval and at the level of the EU with 19%.

Figure 12 – Energy consumption of transport relative to GDP

Geo/time	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU	5.066	5.115	5.070	5.157	5.161	5.129	5.116	5.059	4.952	4.593	4.705	4.550
27	.484	.451	.198	.890	.640	.156	.865	.034	.412	.422	.200	.212

Source: Eurostat.

In the context of greenhouse gas (GHG) emissions it is also worth mentioning the trend of these emissions' intensity of energy consumption, which is the ratio between energy-related GHG emissions (carbon dioxide, methane and nitrous oxide) and the gross energy consumption produced on the territory of the EU. The intensity of energy consumption has decreased with 19.8% from 1990 to 2011.

Other headline indicators in what concerns climate change are, on the one hand, the share of renewables in gross final energy consumption, which has increased in the EU with almost 70%, from 8.3% in 2004 to 14.1% in 2012, and on the other hand, primary energy consumption, by which is meant the gross consumption occurred inland, the values from 1990 and 2011 being quite similar,

with only a 0.87% difference between them, though the fluctuations of the primary energy consumption over the years in between was much more evident.

To keep under control the climate change, the EU aims to replace fossil fuels with renewable energy resources, which will benefit the EU by reducing the dependence on the imports of energy, as these imports are subjected to unpredictable market prices for fossil fuels. Creating an eco-friendly economy holds many opportunities, as the increasing need for green technologies is capable of innovating and putting on the market new jobs. Investing into electric vehicles or energy storage can prove to be very benefic for the EU as it will export more and more on the global market.

6. NATURAL RESOURCES

Natural resources is one of the themes most closely associated with sustainable development in the heads of EU citizens since it is one whose needs of fulfillment when related to the requests of current and future generations provide a simple, direct and visible picture in terms of what sustainable development means.

It is crucial for the EU to reform the agriculture industry, the fish and water policies and to make transport, consumption and production sustainable to control and ensure that our natural resources will be sufficient for generations to come.

We can analyze the quality of water in the EU by observing the biochemical oxygen demand in rivers – the lower its value, the higher the water quality. From 1992 until 2008, the mean annual BOD5 in rivers has decreased from 6.27 (mg O2/L) to 1.88 (mg O2/L). Moreover, water abstraction from ground, as well as surface water has proved to be sustainable in the majority of the EU country members. As far as land use is concerned, forest fellings have increased with 22.2% from 400.239 (1000 m3 over bark) to 489.265.34 (1000 m3 over bark) in the 1990-2010 time interval. Another negative aspect related to land use is the fact that more and more artificial areas emerge to the detriment of natural areas. As of 2012, 4.6% of the land area in the EU was covered by artificial areas.

Figure 13 – Forest annual fellings (1000 m3 over bark)

Geo/time	1990	2000	2005	2010
EU 27	395.793,96	463.371,02	507.933,67	484.079,33

Source: Eurostat.

While the percentage of all common bird species slightly increased between 2000 and 2011 by 1.1%, the percentage of common farmland birds drastically plunged in the same period, reaching a low of 89.2% in 2011. According to a 2012 report of the European Commission, the main culprit was the simplification of landscapes created by intensive agriculture. Birdlife international (2012) suggests the lack of proper distribution of subsidies from the Common Agriculture Policy in order for maintaining High Nature Farmland is one of the key problems when addressing intensive agriculture.

Figure 14.1 – Common bird index (2000=100)

Geo/time	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU 27	100.0	102.8	102.5	103.1	106.5	101.8	101.1	103.3	103.4	99.4	100.7	101.1

Source: Eurostat.

Figure 14.2 – Common farmland species (2000=100)

Geo/time	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU 27	100.0	99.9	94.4	96.3	99.8	94.9	92.8	93.0	93.0	90.3	88.6	89.2

Source: Eurostat.

Pro Europe has identified two main strategic objectives that the EU needs to follow in order to improve the efficiency of natural resources usage. First would be making sure that the consumption of resources and the impact that this has, doesn't exceed the carrying capacity of the environment and secondly, an important reduction in the amount of waste that are disposed as well as in the amount of hazardous waste needs to be achieved.

7. FIGHTING GLOBAL POVERTY

The EU has committed itself to helping least-developed countries by striving to donate 0.7% of its gross national income by 2015, however this has been offset now due to the financial crisis and it looks barely in reach.

Figure 15 – Official development assistance as share of gross national income

Geo/time	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU(27 countries)	0.34	0.42	0.41	0.37	0.4	0.42	0.44	0.42	0.39

Source: Eurostat.

The official development assistance (ODA) which is measured as the percent of GNI that is donated annually has fallen down in the period 2010-2012 in line with the economic downturn of most of Europe. Least-developed countries rely heavily on ODA. During the years 2004-2006, in the lower middle income countries the share of ODA directed to them increased, while the share meant for least-developed countries decreased. However, since 2009, countries that were less developed received a greater percentage share of ODA than lower middle income countries and by 2011 both least-developed countries and other low income countries were granted 52.2% of the total share of the ODA to be allocated to the countries in need. It should also be noted that in recent years many countries advanced and became lower or upper middle income countries. In the 10 years span between 2000 and 2010, 26 countries that were least-developed or other low-income countries upgraded their status to that of lower or upper middle income countries, depending on the case. As a consequence of this fact, many people argue that a higher percentage of poor people nowadays live in lower or upper middle income countries, not in least-developed ones.

Also, imports from developing countries have increased while those from least-developing countries didn't have the same amount of share. At the level of the EU, imports from China, Hong Kong included, have increased with a staggering 368%, from values of 64.2 billion euros in 1999 to 300.5 billion euros in 2012. EU imports from least developed countries increased with 236%, from 9.6 billion to 32.3 billion, as did imports from lower middle economies with 165% from 62.2 to 165.0 and those from upper middle income countries increased from 122.7 to 356.1.

Figure 16 – EU imports from developing countries by income group (billion EUR)

Geo/time	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU 27	93.5	101.1	116.9	139.4	172.0	209.4	244.9	260.3	227.6	296.9	304.8	300.5

Source: Eurostat (online code tsdgp210)

In terms of handling of the global resources, the gap in CO2 emissions per capita has reduced between the EU and developing countries but this is partly due to the increased level of emissions from the developing countries.

According to a Concord report (2013), in order to improve the fight against global poverty EU Member States should maintain for the budget period 2014-2020 their 0.7% ODA/GNI commitment. A more supportive position needs to be taken by the President of the Commission and the Commissioner for Development, who have the duty to defend development assistance and civil society organizations should play a more active role by keeping the pressure on the governments

and raising awareness of citizens in order for them to understand and support the need for assistance.

CONCLUSIONS

In summary, sustainable development will be affected in part by the macroeconomic policies that will be undertaken in order to promote growth as well as by policies concerning industrial activities and redistributive measures, that combined should offer decent employment opportunities.

A better social protection framework needs to be put into place with the scope of getting rid of poverty and social exclusion, with nearly a quarter of the EU population being in this kind of danger in 2012. No major advances were observed in terms of public health either, with stagnating progress and a lot to be addressed when it comes to access to health care. The best improvements could be seen in the climate change and energy sector, with a significant reduction in greenhouse gas emissions in the last two decade. Positive signs are also emerging in terms of the sustainability of transport with a relative decoupling of energy consumption from economic growth and even absolute decoupling being registered in 2010 and 2011. The EU still needs to strongly tackle the direction in which its natural capital is being spent. Close attentions should also be given to the way the CAP is distributing its resources. When concerning the fight against global poverty, the EU still has a lot of work to do in order to dedicate 0.7% of its GNI to ODA. The amount distributed from the EU budget should be closely monitored and active citizen support is needed. However, with reasonable and well devised policies, the EU can reach its set of 2020 indicators.

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