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## **European Union Foreign Affairs Journal (abbreviated: EUFAJ)**

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## *Editorial*

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*Dear readers,*

*The European Union is in a terrible mess, due to the refugee crisis. The more governments, the more mess – and the more real EU institutions, the contrary. It is a mess because at the last Treaty negotiations, the EU Member States insisted on their competence in all asylum and immigration affairs. Also this – and it is a part of foreign policy – will have to be changed radically, and that is urgently. I am optimistic that the EU will emerge out of even this crisis strengthened. We have several articles on this subject in this issue, also comparative ones. Please, keep in mind that our journal is not a day-to-day news journal and is more able to highlight the background.*

*We also have to think of our journalistic colleagues – this time again in Azerbaijan. Beginning of September 2015, the two EU Commissioners, Mogerini, responsible for Foreign Policy, and Hahn, responsible for Neighbourhood Policy and Eastern Partnership, issued a statement regarding the sentencing of Khadija Ismayilova in Azerbaijan: “The sentence of seven and half years handed down ... to prominent journalist Khadija Ismayilova by an Azerbaijani Court is a sign of the difficult situation faced by independent journalists in Azerbaijan. The trial raised fundamental questions on the impartiality of the court and the legality of the accusation, as witnessed by the international monitors who were present during the trial. Their access as well as access for national observers was, as in similar cases, irregular and arbitrary, despite regular requests. We call on Azerbaijan authorities to review her case in a transparent and fair process, in full respect of the country's international commitments, including on media freedom.”*

*Media freedom is of utmost importance for the Europeans, and not only for them: It shows that pluralism is a part of the raison d’etat. And it gives journalists and authors a task, namely to be a watchdog.*

*With best regards,*



*Hans-Jürgen Zahorka.*

## *New Members of the Editorial Advisory Board*

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*We welcome two new members of the Editorial Advisory Board: Pierre Menguy from Le Havre/France, and Saulius Nefas, from Vilnius/Lithuania.*

*At the same time, we thank the Editorial Advisory Board member, Olivier Védrine, for his valuable input during the first years of EUFAJ. He lives now in Ukraine and will leave the board per 31.12.2015. Merci Olivier!*



*Pierre Menguy (on the photo left), originally a mathematician, statistician and economic scientist, was for a long time at the University of Le Havre/France, where he was heading the international operations of the university for many years. Later he became, in addition, Jean Monnet Lecturer at the University of Riga, and he works also as an advisor for their high-speed network to the Russian railways. advisor for cooperation in the area of High Speed Trains, between universities and companies in the EU, Russia and Ukraine He is member of TEAM EUROPE France, the experts' pool of the European Commission, General Directorate Communication, and also President of the Maison de l'Europe de la Seine (Europe House) in Le Havre. The dedicated European Pierre Menguy speaks besides his native French also English and German - and some Russian.*

*We also welcome Saulius Nefas (on the photo right), professor at Mykolas Romeros University, the Lithuanian university of law and administrative science, with a Ph.D. in sociology. Living in Vilnius/Lithuania, the former mayor of the town of Anyksciai and Member of Parliament of Lithuania works sometimes as government advisor mainly for local and regional government in EU third countries, e.g. in Asia and Africa. He speaks Russian and English, besides his native Lithuanian. Before he went to M. Romeris University he worked as teacher of history and was later also principal of a secondary school. The former president of the Association of Local Authorities of Lithuania was also a member of the Congress of Local and Regional Authorities of the Council of Europe in Strasbourg, and coordinator of the Municipal Training Center at Kaunas University of Technology.*



## *Presidential Elections in Belarus from 11.10.2015:*

### *What an Election Observer Mission Could Find Out*

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*In September and October 2015 several Observer Missions could be found in Belarus, for the presidential elections of 11.10.2015. Among them, the Alliance Election Observation Delegation, a new structure launched by European media enterprises, which was composed of people who want to spread democratic values, as described in Article 2 EU Treaty, such as pluralist democracy, human rights, rule of law, equality, minority protection, non-discrimination, etc. Its vision is to contribute to a democratic Europe. The key goal is to promote electoral rights. LIBERTAS - European Institute GmbH, the publisher of EUFAJ, was part of the team. All its participants had agreed to follow the applicable parts of the Code of Conduct for OSCE Election Observers. We quote from a draft report of Alliance as the Final Report as of stop press date - 26.10.2015 - has not yet been approved, and of several other sources.*

- **Who were the candidates in the presidential race (in alphabetical order)?**

**Sergey Gaidukevich**, Liberal Democratic Party Chairman of Belarus (comparable to the Liberal Democratic Party of Russia, under Zhirinovskiy). According to Gaidukevich, his party has contacts with French Front National and with the Austrian FPÖ. Gaidukevich has higher military education and served as an officer in the armed forces. Later he was a government functionary associated with various military issues. He ran for the office of President of Belarus also in 2001 and 2006 presidential election. In the 2015 presidential elections, he received 3.30% of the vote.

**Tatsiana Korotkevich**, “People's referendum” member, is a member of Belarusian Social Democratic Party (Assembly) and civic campaign “Tell the Truth”. She graduated from the faculty of psychology, Belarusian State Pedagogic University after Maxim Tank, and works in the social field, for disadvantaged people. She is the head of the non-governmental organization “Family platform”. She received 4.44 % of the vote.

**Alexander Lukashenko**, incumbent President, is in office since 1994. Earlier he worked as director of a state-owned agricultural farm and spent time with the Soviet Border Troops and the Soviet Army. When he first entered politics, he was seen as a champion against corruption and was the only deputy to vote against the independence of Belarus from the Soviet Union. He won the 2015 presidential elections with 83.47% of the vote.

**Nikolai Ulahovich**, Belarusian Patriotic Party Chairman since 1999, graduated from Ivanovsky State Institute, Volgogradsky engineering-construction Institute. He is a Colonel in retirement. In 1995 he initiated the republican unit of the “Belarussian Cossacks”. Ulahovich refused to meet any of the international observers. He received 1.67% of the vote.

- **What is written in the summary of the draft report**

It was written that the election procedure was very well organised, and in most cases there was enough transparency. As a rule, observers were, in general, well received. The observation delegation met in most cases open and well-informed election commissions.

However, there were also shortcomings concerning

- the way for a candidacy approval, with the 100.000 signatures per candidate leaving some questions open,
- with the advance elections which, in the opinion of the observers, are sensible for possible irregularities,
- with the transparency of many ballot boxes where the secrecy of the vote should be considered.
- But, above all, the way of counting showed questionable. Yet, only a really fair and transparent vote counting can provide the voter with confidence, necessary in democracies.

For some subsequent legislative modifications of the Electoral Law the Alliance of Observers has submitted certain suggestions.

As for the media analyses of the observation project, which were in the focus of the observation mission, the summary of the results is published in several tables in the current paper. This was the first time that a team of sociology students scrutinized in the time frame 11.09. - 09.10.2015 quasi all newspapers of Belarus (210), radio and TV stations as well as the Internet portals under various relevant criteria. They used a mix of quantitative as well as qualitative criteria. Most of the media are state-owned (or by state-run companies), while some are entirely privately held.

For Belarus,

- a possible accession to the Council of Europe,
- a closer economic cooperation with the EU,
- the further continuation of visa talks with the EU (which is the smallest problem),
- one or several possible agreements with the EU and, therefore, also
- participation in EU-funded programmes are at stake after the election.

The EU has after the elections for a certain period lifted the travel and asset bans against most of the Belarusian leaders and civil servants (176) against whom they had been imposed. In this overall context, changes can be expected as middle-term effect of this election. This will be possible without any changes towards other partners of the country within the CIS. As the EU is concerned, there may be a new dialogue on economic reforms between the Union and Belarus. It could be felt from many talks to voters or civil servants, that the country was conscient of these changes, which are desirable also for, e.g., the European Union, but in view of the economic benefits above all for Belarus which has leant economically too long and too unilaterally on Russia, but had no real diversification policy. However, gradual economic reforms have to be thought over and implemented, according to the opinion of many observers and also national opinion leaders.

The observer delegation noted with satisfaction that there were several demonstrations in Minsk during the last days before the election, which kept a peaceful course, and were not subject to major police interventions. In the same way, a high level of freedom of speech and assembly was noted, with pickets in the streets of Minsk and many controversial discussions by candidates and their partisans as well as in the media (TV).

But, finally, this is the result of findings of a small team of independent observers, however, all committed to "European values" according to the European Union Treaty. Belarus has made experiences with post-election problems, which would bring great difficulties in the case of any repetition. In this context, the country should go the way towards a real democracy step by step, from election to election.

The Final Report of "Alliance" is intended to go to the public, to the Belarusian authorities, but also to the Council of Europe, to the EU institutions and foreign ministries of Council of Europe Member States, as well as to the interested parts of the Diplomatic Corps in Minsk.

- **Equality of chances and conditions of candidacy**

All four candidates seemed to have equal chances during the election campaign. The Electoral Law imposes clear provisions, but several citizens and voters, with whom members of the delegation spoke, seemed to have a certain mistrust into the authorities in this respect.

The collection of signatures leaves also space for possible manipulations (see afterwards).

In addition, the incumbent president has pardoned six prisoners, one of whom was a possible candidate for the presidency, shortly after the deadline for this election's expression of participation.

The personal impression of all the members of the delegation about the TV programmes during the days before the election showed also that the incumbent president/president elect used much

TV space, at least, in his quality as head of the state. This permitted the impression that there is a certain abuse, however in this short period hardly to measure, of the office which may inflict the equality of chances.



*"Picketing" - a spontaneous assembly on sidewalks - functioned well during the campaign, Here a group of campaigners around Ms. Korotkevich (with the old white-red-white Belarusian flag).*

- **Positive aspects observed around election day**

*The Alliance observer mission was, also due to its focus on the media analysis, not too numerous. This is why the mission can only quote its subjective opinions, compared with its experience, and some impressions it got during the talks with voters, candidates, observers and election commission members.*

- There was a high turnout in the elections, which might indicate a high political interest of the population.
- The overwhelming majority of chairpersons and members of local election commissions were very well-informed and willingly gave all the information requested for, as well as chairpersons of oblast and rayon (territorial) election commissions, and of staff of the (national) Central Election Commission.
- The election seemed to have been organised very well, as far as this could have been judged. Furthermore, as also noted by the OSCE, the campaign and the election day were peaceful. However, for the counting process the observers made partly different observations (see next chapter).

- Disabled people were visited at home with a mobile ballot box, and there were also in the polling stations excellent carton frames for the people with vision problems. Belarus indeed seems to do a lot what is possible for the inclusion of the disadvantaged parts of the population.
- The voters' register was kept in a transparent way, and it was easy to obtain correct results regarding the number of the ballots compared with the number of the signatures on the register (of the voters who came to cast their ballot, for which they had to give their signatures).
- The day before the election day there were in the evening demonstrations in Minsk (according to Internet portals with 1.500 participants), which were obviously against the incumbent president. The protesters wanted the resignation of the incumbent president, and they were "for fair and free elections". This demonstration was not dissolved by the police, which was a positive sign.
- Also, during the election day there were (smaller) demonstrations where there was no police intervention. In the evening of the 11.10.2015, news reached the observer delegation that a person had been arrested in connection with these latter demonstrations, but the reasons for this were not clear. At first, Ukrainian Internet portals reported about these demonstrations, but later also local ones.
- The freedom of speech was regarded remarkably well before these elections, also endorsed by a certain pluralist debate within the press (see tables afterwards) and TV. Also, the OSCE acknowledged that all the candidates had the opportunity to campaign throughout the country and openly made their speeches. Additionally, all the candidates had the right to use their own resources and donations for campaigning. However, their financial reports were not publicly available. Additionally, audit requirements lacked which resulted in non-transparent campaign finance.
- In August 2015 the acknowledged political prisoners were released by the President's decree. In line with this the Foreign Minister of Germany, Frank-Walter Steinmeier, stated after the elections that "There have been changes in Belarus, compared to the two past elections. If Belarus stays on this path, there is a willingness, and there is unanimity on this, to change the relationships with Belarus." He also added that Belarus was changing, especially in regards to the "liberation of political prisoners" before the vote<sup>1</sup>

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<sup>1</sup> Belarus' Alexander Lukashenko Looks to Eased Sanctions But OSCE Queries Poll NDTV, 12 October 2015, <http://www.ndtv.com/world-news/belarus-lukashenko-looks-to-eased-sanctions-but-osce-queries-poll-1231258>

- **Negative aspects**

- “The absence of clear and transparent legal criteria for the selection of members of territorial election commissions (TECs) and precinct election commissions (PECs) allowed local authorities full discretion in the appointment process, which was not inclusive. In general, some electoral stakeholders expressed a lack of confidence in the independence and impartiality of the election administration. Opposition groups had only few members appointed to TECs and PECs, with none in managerial positions. Their complaints for non-inclusion of nominees were, as a rule, dismissed as ‘groundless’.”<sup>2</sup>
- A number of campaign practices blurred the line between the incumbent’s campaign and the state, contravening paragraphs 5.4 and 7.6 of the 1990 OSCE Copenhagen Document. Several of his proxies were high ranking state officials who continued performing their public functions whilst campaigning. A gathering organized by the Ministry of Defence called on all current and former military servicemen and their families to support the candidacy of the incumbent. In addition, leading state-subsidized public associations actively campaigned for the incumbent. The Exarch of the Russian Orthodox Church in Belarus endorsed the incumbent’s candidacy during a church ceremony attended by other religious leaders, government officials, foreign diplomats, representatives of pro-government parties and the president. The symbols and slogans used in the campaign of the incumbent featured in state media’s election-related reporting and during public events organized by the Ministry of Culture and other state-subsidized bodies. Posters featuring the incumbent’s campaign slogans but without the required imprint data were displayed in public and private premises across the country.
- “There is no permanent or centralized voter list, which does not provide legal safeguards against multiple registrations. Prior to election day, the CEC announced that a total of 6,995,181 voters were registered to vote. The voter registration system is overly permissive, allowing registration in polling stations on election day without sufficient legal safeguards.”<sup>3</sup>
- Most (but not all) of the ballot boxes were transparent, so it was possible to see how many electors had voted for. The principle of secrecy, as described in art. 9 Electoral Code, is therefore not respected if a person tries to see the ballot box from outside, right after a ballot has been cast.

This problem can be overcome, if e.g. all ballot boxes are made out of wood, metal etc., but not of glass or transparent plastic. It could also be overcome with ballot papers which would

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<sup>2</sup> OSCE PA, International Election Observation Mission, Republic of Belarus – Presidential Election, 11 October 2015, Statement of Preliminary Findings and Conclusions.

<sup>3</sup> OSCE PA, International Election Observation Mission, Republic of Belarus – Presidential Election, 11 October 2015, Statement of Preliminary Findings and Conclusions.

have to be specially folded (like e.g. in Italy) or put in an envelope (like e.g. in Germany). Then boxes can remain transparent without problems.

- OSCE noted that “Over 750 applications and complaints were filed to election commissions and local administration. The CEC considered only 3 of 239 complaints in open sessions, but did not publish information on them. On a positive note, the CEC maintained a register of complaints and appeals. Overall, the resolution of electoral complaints was insufficiently transparent.”
- In one polling station, a local observer challenged the number of votes recorded for the previous day, saying she had counted 135 voters registering but the protocol recorded 185 votes. The head of the precinct election committee energetically denied the error but would not let the observer count the signatures on the register of electors. (Remark: It has to be acknowledged that 3 can, if written by hand, be read also as 8 and vice-versa).
- Reported by one (Alliance) observer: "All were very welcoming except for one head of Commission who refused to answer any questions. When observing the closure of one polling station, the observer saw that the office of the head of the commission was the one used to store the ballot boxes of three voting offices overnight. But the observer did see that the police were present."
- Regarding the (national) election observers, an international (Alliance) observer, who had examined who the (national) observers were from, reported: "Both election commission members and observers were representatives of White Rus, veteran, women, youth, workers organisations, Red Cross.... Many Commission members were elected by obtaining > 10 citizens' signatures, if there were too many candidates for the election commission the local authority decided whom to appoint". It seems that there is no effective control over their work.
- As to counting, a report was obtained from one of the observers of the Alliance of the Election Observation Mission: "We observed one counting of votes. The process appeared ok. But neither we nor local observers were allowed to watch what was counted or how, nor see the counted vote bulletins. We were kept at a distance behind the commission members' backs. I was chased away when I tried to get a closer look. After counting the commission had a meeting behind closed doors before signing the protocol of results." Concerning the outcome: The results (90% turnout and 90% of votes for the incumbent) were sent by phone by the chair lady to the regional election commission. Any figures could have been communicated! In conclusion, the voting process lacked all transparency. And unless the result of each precinct is published, on a website for example, there is no assurance that the correct result was communicated to the Central Election Commission."

This is also in line with the OSCE observations. According to its preliminary report “a large number of IEOM (International Election Observation Mission of the OSCE) observers were not allowed access to check the voter lists and seemingly identical signatures were observed in 47 polling stations. Indications of ballot box stuffing during the counting process were reported in 38 instances [examples] from 22 polling stations. The count was assessed negatively by observers, with some 30 per cent of polling stations assessed as bad or very bad of the 169 processes observed, indicating significant problems. IEOM observers monitored the tabulation process in 125 of the 146 TECs. The tabulation process was assessed negatively in some 25 per cent of the TECs observed, which is significant, and it lacked transparency”.

Additionally, “according to the observers, who covered 326 polling stations within the campaign "Human Rights Defenders for Free Elections", 92.3% of the observers noted that the counting process was not open and transparent to all members of the election commissions and observers. 76.9% of the observers reported that they could not observe the vote counting”. Furthermore, Dzianis Sadouski, a representative of the campaign Right of Choice, in turn, stressed that “the presidential election was neither free nor fair, with the counting of votes being nontransparent and the figures announced by the Central Electoral Commission not credible.” He also agreed with the conclusions of their colleagues on the electoral process. Taking into account that the observers were not allowed to see the protocols, the home voting was opaque, and other deviations, the "Right of Choice" campaign, said Sadouski, could not recognize the results of these elections.<sup>4</sup>.

This non-transparent process probably mattered little in this election but could hide decisive irregularities if two candidates had a closer number of votes. Furthermore, also the OSCE in its preliminary report underlines that “significant problems, particularly during the counting and tabulation, undermined the integrity of the election”.<sup>5</sup>

The consequence would be that the national legislator should take care in the future of a higher transparency of counting the votes.

On the other hand, the head of the CIS Observation Mission, Sergei Lebedev said; “On the whole, we are inclined to recognize the election as democratic, legitimate, transparent, and, most important, compliant with the Belarusian legislation”.<sup>6</sup>

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<sup>4</sup> Belarusian HRH; Belarusian observers on the elections: non-free, non-transparent and undemocratic, 15.10.2015, <http://humanrightshouse.org/Articles/21222.html>

<sup>5</sup> OSCE PA, International Election Observation Mission, Republic of Belarus – Presidential Election, 11 October 2015, Statement of Preliminary Findings and Conclusions.

<sup>6</sup> CIS observers inclined to recognize Belarus president election as democratic, legitimate, 11.10.2015, CIS observers inclined to recognize Belarus president election as democratic, legitimate

In this context on 12 October Belarus President Alexander Lukashenko met Sergei Lebedev and thanked the CIS observers for their work and objectivity. In his turn at the meeting with the President, Lebedev congratulated Alexander Lukashenko on re-election and stressed that, “the CIS mission believes that the election went in compliance with the Electoral Code and the Constitution of Belarus, that the election was conformant with universally recognized international norms concerning election organization. “The most important conclusion that we have made is that the right of Belarus citizens to free expression of their will has been secured”.<sup>7</sup>

Moreover, “Head of Russian Central Election Commission Vladimir Churov said he was generally satisfied with the presidential election process.”<sup>8</sup>

Other observers, however, said that it was not the task of an international observer to go to the incumbent and make declarations, as observer missions should remain neutral.

- Observers should be given the right to verify the number of votes cast to the number of signatures on the precinct's register. In some polling stations the Alliance Election Observation Mission members were informed (on question) that this is possible.
- In the hot phase of the election campaign, two opposition Internet portals were closed for several days. This seemed to be due to hacker attacks. However, after two days they were re-opened again. The reasons for being closed might have lied in an Internet film showing the president and his son being present during a prayer ceremony. This closure cannot be calculated to the account of the government, although this is possible, as a closer contact to the portal owners was not possible, although the case was reported in local media.
- On the election day, the incumbent president gave a one-hour TV-broadcast press conference, right after having cast his ballot in the morning. In this televised speech (in parts, in the afternoon news, several times repeated), he made a lot of political remarks. This is problematic as it could influence voters who did not have cast their vote, and this also in view that the other candidates had no chance to react in the same media place.

We recommend strongly to complete the Electoral Code in the way that on election Sunday there should be a general silence day until the closure time of the polling stations, like virtually all other European countries comply with. The practice in Belarus is in the eyes of the

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<sup>7</sup> The President of the Republic of Belarus, Meeting with Chairman of CIS Executive Committee – CIS Executive Secretary Sergei Lebedev, 12.10.2015, [http://president.gov.by/special/en/news\\_en/meeting-with-chairman-of-cis-executive-committee-cis-executive-secretary-sergei-lebedev-12340/](http://president.gov.by/special/en/news_en/meeting-with-chairman-of-cis-executive-committee-cis-executive-secretary-sergei-lebedev-12340/)

<sup>8</sup> US 'Disappointed' by Alleged Violations at Belarus Presidential Election, 17.10.2015, <http://sputniknews.com/politics/20151013/1028431733/Belarus-Presidential-Election.html>

observers a clear abuse of the office of the president, if the incumbent president uses his position to speak to the press and to be televised, while the polling stations are still open. This is a gap in the Electoral Code, and it should be applicable for all candidates.



*The incumbent and president-elect: Aleksandar Lukashenko*

- **Media analysis**

When analysing the Belarusian media one has to keep in mind that the structure of the media is totally different from an average EU member state: While in the European Union around 99% of all the media is totally private, most of the Belarusian media are state-owned; only very few are privately published. Also, papers of companies which are state-run have to be counted as state-owned.

Public radio and TV are not governed by a strong pluralist administrative council who e.g. elects all leading functions (directors, chief editors etc.). Moreover, they are not in a strong competition with (many) private radios and TV stations. If this is understood, the following data are of high interest:

Here is the result - in short - of the media monitoring.

Table 1. Comparative analysis of the candidates' images created in independent opposition-leaning press ("Narodnaya Volya", "Narodnaya Niva", "Belgazeta") and state press ("SB", "Respublika", "Narodnaya Gazeta")

		Opposition-leaning sources	State sources
Positive	<b>Gaidukevich S.</b>	<b>0,0%</b>	<b>7,3%</b>
Negative		<b>42,2%</b>	<b>6,7%</b>
Neutral		<b>57,8%</b>	<b>86,0%</b>
Positive	<b>Korotkevich T.</b>	<b>25,7%</b>	<b>8,6%</b>
Negative		<b>21,8%</b>	<b>4,3%</b>
Neutral		<b>52,5%</b>	<b>87,1%</b>
Positive	<b>Lukashenko A.</b>	<b>7,9%</b>	<b>31,6%</b>
Negative		<b>35,0%</b>	<b>1,3%</b>
Neutral		<b>57,1%</b>	<b>67,1%</b>
Positive	<b>Ulahovich N.</b>	<b>0,0%</b>	<b>5,3%</b>
Negative		<b>39,8%</b>	<b>10,7%</b>
Neutral		<b>60,2%</b>	<b>84,0%</b>

Table 2. Comparative analysis of the frequency of the candidates' mentions in state and independent opposition-leaning media

The number of mentions of the candidates' <u>names</u> in articles covering the elections		State newspapers	Independent newspapers
	<b>Gaidukevich S.</b>	<b>150 25,9%</b>	<b>116 15,9%</b>
	<b>Korotkevich T.</b>	<b>140 24,2%</b>	<b>257 35,2%</b>
	<b>Lukashenko A.</b>	<b>158 27,3%</b>	<b>254 34,8%</b>
	<b>Ulahovich N.</b>	<b>131 22,6%</b>	<b>103 14,1%</b>

Table 3. Comparative analysis: number of the candidates' mentions in various media in the context of elections

		<b>TV</b>	<b>Internet</b>	<b>Radio</b>
The number of mentions of the candidates in a program (issue) covering the elections				
	<b>Gaidukevich S.</b>	<b>29,0%</b>	<b>19,2%</b>	<b>18,3%</b>
	<b>Korotkevich T.</b>	<b>29,5%</b>	<b>28,9%</b>	<b>26,1%</b>
	<b>Lukashenko A.</b>	<b>17,9</b>	<b>36,6%</b>	<b>37,2%</b>
	<b>Ulahovich N.</b>	<b>23,6%</b>	<b>15,3%</b>	<b>18,3%</b>

Table 4. Comparative analysis of the frequency of Lukashenko mentions apart from the subject of elections

		<b>TV</b>	<b>Internet</b>	<b>Radio</b>
The number of mentions of the names in a program (issue)				
	<b>Gaidukevich S.</b>	<b>7,9%</b>	<b>12,8%</b>	<b>5,2%</b>
	<b>Korotkevich T.</b>	<b>8,0%</b>	<b>19,3%</b>	<b>7,9%</b>
	<b>Lukashenko A.</b>	<b>77,7%</b>	<b>57,7%</b>	<b>81,7%</b>
	<b>Ulahovich N.</b>	<b>6,4%</b>	<b>10,2%</b>	<b>5,2%</b>

The numbers talk about the case themselves. However also Belarusian Association of Journalists that closely followed the coverage of the presidential race in the media discussed the situation. “The head of the Association Andrej Bastunets believes that the candidates had initially had unequal opportunities for election campaigning. “Though the state-owned media featured some information about the candidates, it was no more than a summary. There was no full coverage of the programs of candidates and their positions. Aliaksandr Lukashenka in his turn was always in the centre of attention. And he was withdrawn from the competition and presented not as a candidate but as a person engaged in the business for 20 years. He refused from presenting campaign speeches and participating in debates. Non-state national media provided more balanced coverage of the elections and the activities of all the candidates. But the regional media in some periods simply abandoned the topic of the elections just in order to avoid state sanctions”

At the same time Andrej Bastunets stressed: “We can claim that the candidates had not been provided with a platform for a full-fledged electoral agitation campaign”<sup>9</sup>.

Moreover, “several OSCE/ODIHR Election Observer Mission interlocutors reported that journalists face difficulties in obtaining accreditation to work for foreign media and may be fined

<sup>9</sup>Oleg Rozhkov, Elections in Belarus — Aliaksandr Lukashenka was elected to 5th term, 12.10.2015, <http://humanrightshouse.org/Articles/21209.html>

for working without, which is considered a restriction on the right to freedom of expression and dissemination of information”<sup>10</sup>

The analysis made by the sociological students made, in view also of the ownership of the relevant media, however a relative balanced impression, at first glance.<sup>11</sup>

- **Legislative suggestions**

In a state, complying with the rule of law, it is self-evident that all laws must be amended or reformed, when necessary. In this context, the Belarusian Election Code as of 17 June, 2015, should be examined in some clauses. This law has already been amended several times in its existence.

*At first, we refer to the above mentioned "Negative aspects on election day" which are partly also of relevance for legislative suggestions, which are described there.*

After visiting election commissions on various levels and as a result of many discussions with voters, the following can be suggested, in addition:

***Signatures for the candidacy in presidential elections***

According to Articles 60, et al., Electoral Code, 100.000 signatures are needed to be a candidate. This may be legitimate in the EU member states, too. However, the number of the signatures in relation to the effective candidacies must be permanently reviewed. Four candidates plus four more candidates who were refused to participate mean that round 800.000 signatures may have been involved. This seems to be, with around 10% of the whole electorate, a very large number.

While it is fully legitimate to create certain obstacles for not to be flooded by candidates, the equality of chances should also be considered. The choice of voters to make a selection between several candidates must be judged against not restricting the number of candidates too strictly. We recommend to Belarus a broad discussion on the conditions of the participation in elections as a candidate, with the involvement of the whole civil society, in the media, in a pluralist discussion in the parliament, with public law scientists, with comparative studies on other comparable countries' practice.

Hereby, a solution for a concrete proposal will not be instructed, but it is suggested that this issue be considered. Above all, the examination of signatures in face of multiple possible alternatives of registration is very sensible. At the same time, a ten million state can afford also some more

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<sup>10</sup> OSCE PA, International Election Observation Mission, Republic of Belarus – Presidential Election, 11 October 2015, Statement of Preliminary Findings and Conclusions.

<sup>11</sup> There will be a more detailed evaluation of the analysis in the forthcoming issue of EUFAJ (1/2016).

candidates than 4, while also fewer than this number is possible, and the collecting of signatures in a short delay leaves many questions open which should be possibly avoided. Because there seems to exist a certain question mark on the quantity of signatures, about the time frame when they can be collected, and, above all, on the process of counting and assessing the signatures, it is recommended that these questions be looked upon in an open-minded way for possible alternatives. This maybe a chance for privileging political parties (who then may be exempted from [a certain number of} signatures - political parties, as mediators between citizen and state, are relatively weak in Belarus, compared to other countries in Europe.

***Early (or advance) voting according to art. 53 Electoral Code***

It is an excellent idea to enhance the turnout, the participation in the votes in Belarus. Many countries have similar procedures. However, the 5-day early voting seems to be contested by a number of voters, not for its existence but for the dangers during lunch breaks (14-16 h) or during the night. At these times, the ballot box can be alone.

It should be examined what models prevail in comparable countries to initiate a higher turnout. The observer mission members suggest to examine e.g. the four-eye principle (always two persons have to be present to control the ballot box), quasi as confidence-building measure to the citizens.

The danger of a possible manipulation (which in theory is possible) could also be minimized by a shorter advance election period, e.g. 3 instead of 5 days. At present, the observers do not submit a concrete proposal, but want to make the suggestion to think about alternatives to the present solution which are less vulnerable than the present solution.

# *The Systematic Roots of Russia's Recession*

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## **Marek Dabrowski**



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*1993) and Member of the Monetary Policy Council of the National Bank of Poland (1998-2004). He is author of several academic and policy papers, and editor of several book publications.*

*The current article was originally published at Bruegel<sup>12</sup> (see under: <http://bruegel.org/2015/10/the-systemic-roots-of-russias-recession/>)*

## **Highlights**

- **The Russian economy grew rapidly between 2000 and 2007, but growth decelerated after the 2008-09 global financial crisis, and since mid-2014 Russia has moved into recession. A number of short-term factors have caused recession: lower oil prices, the conflict with Ukraine, European Union and United States sanctions against Russia and Russian counter-sanctions. However Russia's negative output trends have deeper structural and institutional roots. They can be tracked back about a decade to when previous market-reform policies started to be reversed in favour of dirigisme, leading to further deterioration of the business and investment climate.**
- **Russia must address its short-term problems, but in the medium-to-long term it must deal with its fundamental structural and institutional disadvantages: oil and commodity dependence and an unfriendly business and investment climate underpinned by poor governance. Compared to many other commodity producers, Russia is better placed to diversify its economy, mostly due to its excellent human capital. Ruble depreciation makes this task easier.**

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<sup>12</sup>Bruegel is a European think tank specializing in economics. Established in 2005, it is independent and non-doctrinal. Its mission is to improve the quality of economic policy with open and fact-based research, analysis and debate. Its membership includes EU Member State governments, international corporations and institutions. See under: <http://www.bruegel.org/about/>

## 1. From Growth Slowdown to GDP Decline

Recession in Russia has become a fact. Seasonally adjusted quarterly GDP peaked in the second quarter of 2014 and then started declining. In the third and fourth quarters of 2014, the pace of decline was very slow (Figure 1) and therefore growth for 2014 overall remained positive (+0.6 percent, Figure 2). However, the first half of 2015 brought an acceleration of the negative trend. Real GDP declined by 2.2 percent in Q1 2015 and by 4.6 percent in Q2 2015, compared to the respective quarters of 2014.

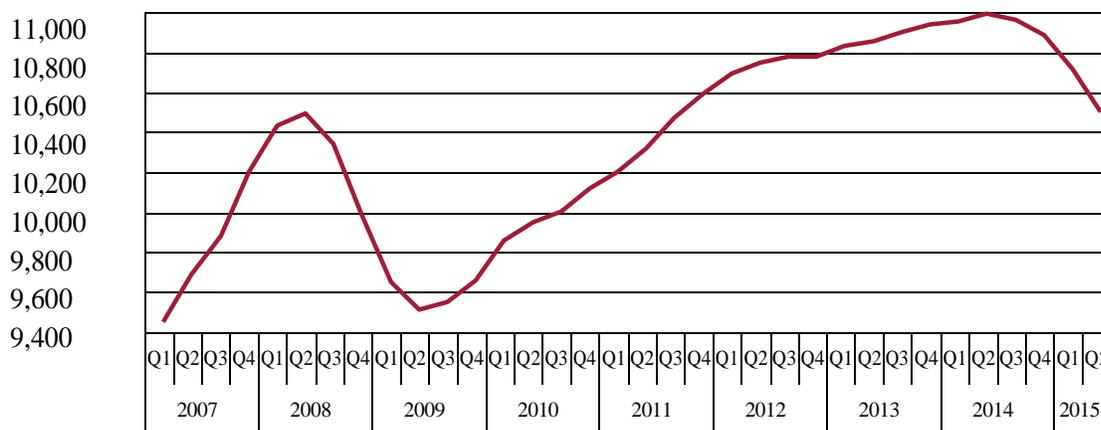
Recession was no surprise. Figure 2 shows that after the global financial crisis of 2008-09 Russian growth did not resume its pre-crisis pattern. From 2010-12 growth was muted but reasonable, with annual GDP growth of 5.4 percent, 4.3 percent and 3.4 percent respectively (although from a low level in 2009). However, already in 2013 – well before the conflict with Ukraine and resulting international sanctions, and the oil-price decline – there was economic stagnation.

To understand the causes of the trend of declining growth, we must look at the history of the Russian transition and its partial reversal.

## 2. The First Turning Point: The Yukos Crackdown

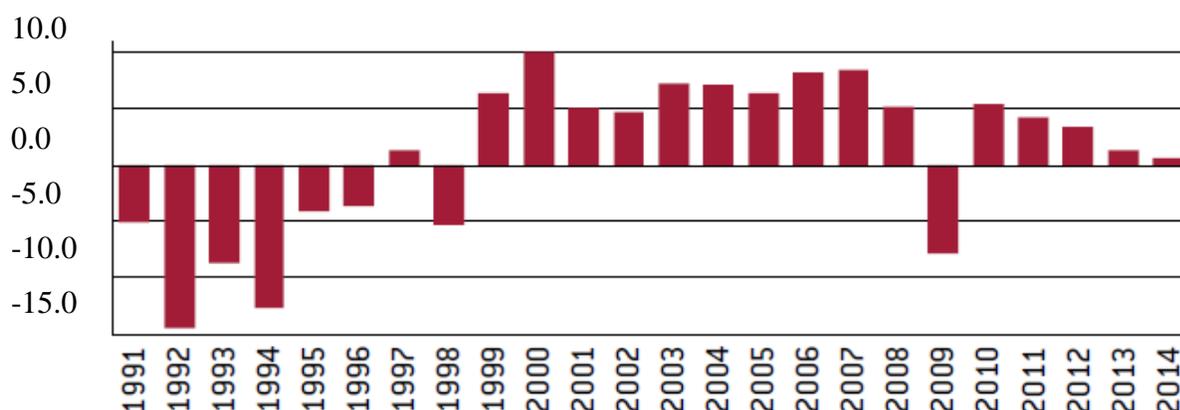
Russia was never a star reformer. Its economic transition in the 1990s was long and painful (see Figure 2) because of the complicated legacy of the Soviet system (structural distortions, macroeconomic imbalances and the absence of market institutions) and because of insufficient political support for radical, market-oriented reforms (Dabrowski et al, 2004). Nevertheless, at the beginning of the new millennium, those reforms started to bear fruit. In 1999, the Russian economy entered a phase of post-transition growth recovery, which accelerated in the subsequent years on the back of increasing oil prices.

Figure 1: Russian quarterly GDP in 2008 prices, billion rubles, seasonally adjusted, 2007-15



Source: Bruegel based on Rosstat, [http://www.gks.ru/free\\_doc/new\\_site/vvp/tab7a.xls](http://www.gks.ru/free_doc/new_site/vvp/tab7a.xls).

Figure 2: Annual dynamics of real GDP in Russia, in percent, 1991-2014



Source: Bruegel based on Gaidar Institute for Economic Policy, Moscow, <http://iep.ru/files/text/RED/2015/STAT-09.15.xls>.

Furthermore, the first years of Vladimir Putin's presidency (2000-03) brought completion of many overdue reforms, such as land reform, simplification of the tax system (the flat 13 per cent personal income tax rate), elimination of fiscal imbalances, continuing privatization, limited opening to foreign investors, deregulation and adoption of several pieces of market-oriented legislation. At that time, Russia could be considered a country that completed its basic transition agenda and managed to build a market economy based on private ownership, even if several distortions and imperfections continued to exist.

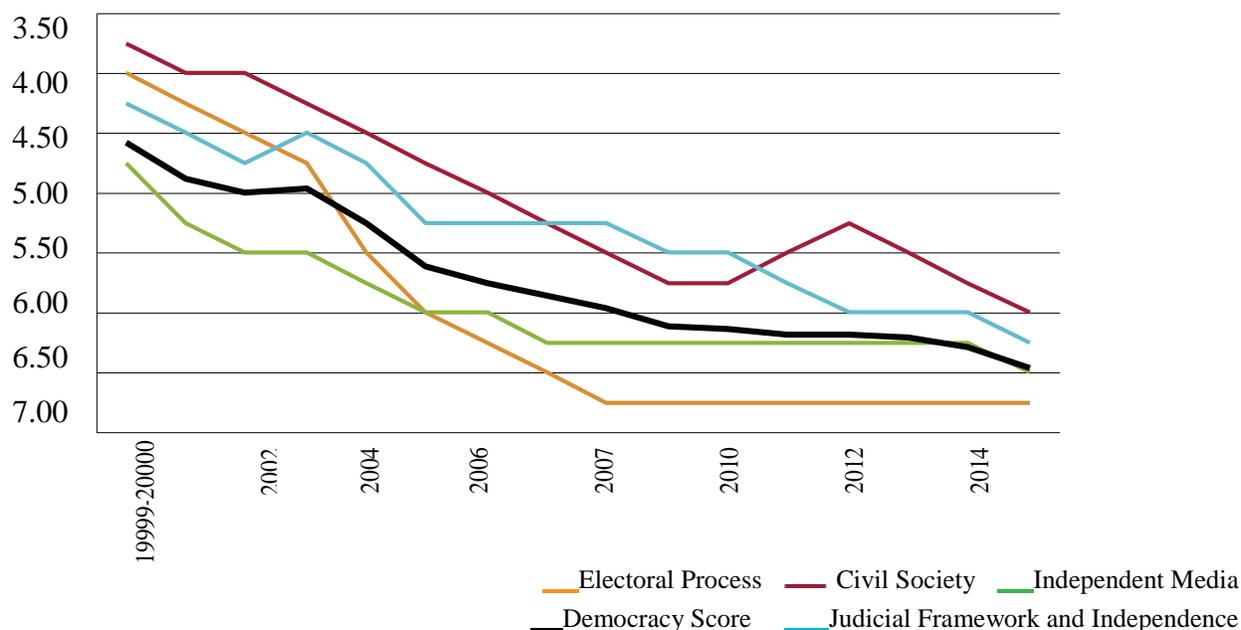
The turning point came in 2003 with politically motivated crackdown on the largest Russian private company, Yukos (its assets were subsequently taken over by the state-owned Rosneft). As result, the private sector share of GDP decreased from 70 to 65 percent between 2004 and 2005<sup>13</sup>. In the following years, this trend of state takeover continued, especially in the oil and gas industry. For example, in 2005 Gazprom acquired the private oil company Sibneft, which was transformed into Gazprom's daughter company Gazprom Neft. The activities of foreign oil and gas firms were marginalised. The best-known case was the downsizing of the shares held by Shell, Mitsubishi and Mitsui in the Sakhalin-2 project in favour of Gazprom (Sprenger, 2010).

While the Yukos takeover did not stop investment and growth immediately, it initiated Russia's gradual departure from market-oriented reforms towards the building of a sort of hybrid system that is heavily controlled and dominated by the state bureaucracy and the ruling elite. The tighter political and administrative grip on the economy was preceded by a revival of political authoritarianism. This included a clamp-down on free media, political control of the judicial system, the increasingly oppressive behaviour of various law-enforcement and security agencies, the increasing control of federal entities by the federal government, the gradual departure from free and competitive elections and a party system and the elimination of other institutional checks

<sup>13</sup> See <http://www.ebrd.com/downloads/research/economics/macrodats/sci.xl>.

and balances (Figure 3). Increasing government interference in business activity was part of a broader process of building the so-called power vertical – the mechanism of hierarchical control extending down from federal authorities to regions, municipalities, enterprises, media and civil society organisations.

Figure 3: Russia: Freedom House Nations in Transit selected scores, 1999-2015



Source: Bruegel based on <https://freedomhouse.org/report/nations-transit/2015/russia> and <https://freedomhouse.org/report/nations-transit/2009/Russia>.

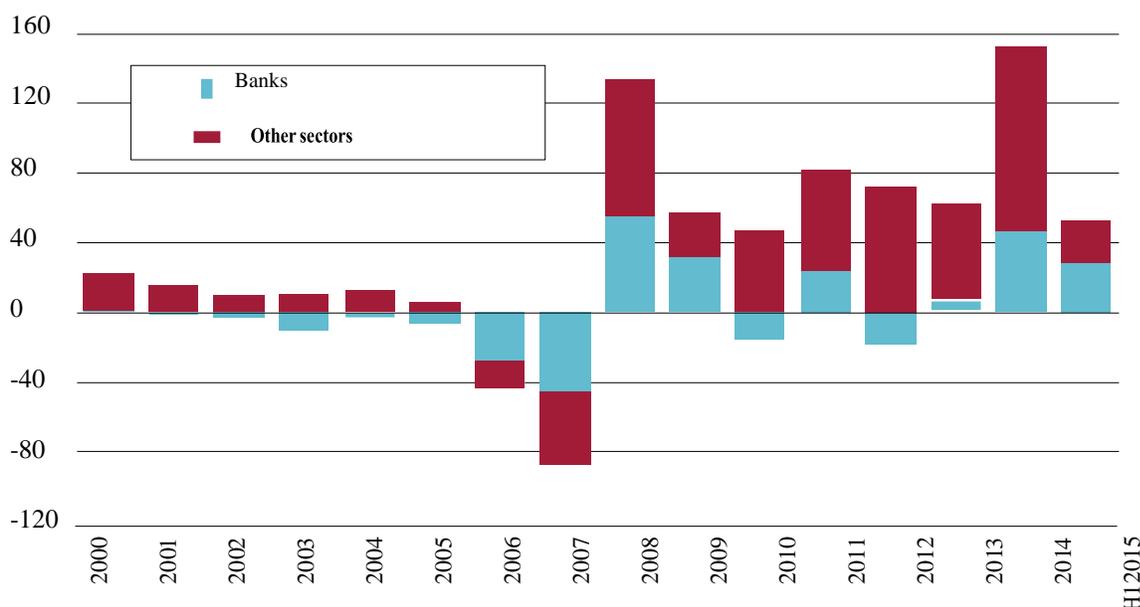
Note: Each indicator is ranked 1 to 7, with 1 meaning freedom and democracy and 7 meaning consolidated authoritarian regime. The Democracy Score summarizes sectoral scores.

### 3. The Second Turning Point: Global Financial Crisis

The negative effects of recentralisation in Russia became fully visible in 2008-09 when the global financial crisis hit. Several emerging-market economies, especially in Europe, suffered from capital outflows, suddenly cutting off their external financing, bursting credit and real-estate bubbles, reducing demand for their exports and resulting in falling remittances.

However, the magnitude of crisis-related shock in Russia was particularly large. It resulted from, among others things, massive external over-borrowing of large enterprises and banks, both private and state owned, prior to the crisis, declining oil prices and massive net capital outflow (Figure 4) when global liquidity dried up (partly because of the inability to roll over previous debt).

Figure 4: Russia, net private capital flows, USD billion, 2000-15



Source: Bruegel-based on [http://www.cbr.ru/statistics/credit\\_statistics/bop/outflow.xlsx](http://www.cbr.ru/statistics/credit_statistics/bop/outflow.xlsx).

Note: sign (-) means net capital inflows, sign(+) – net capital outflow

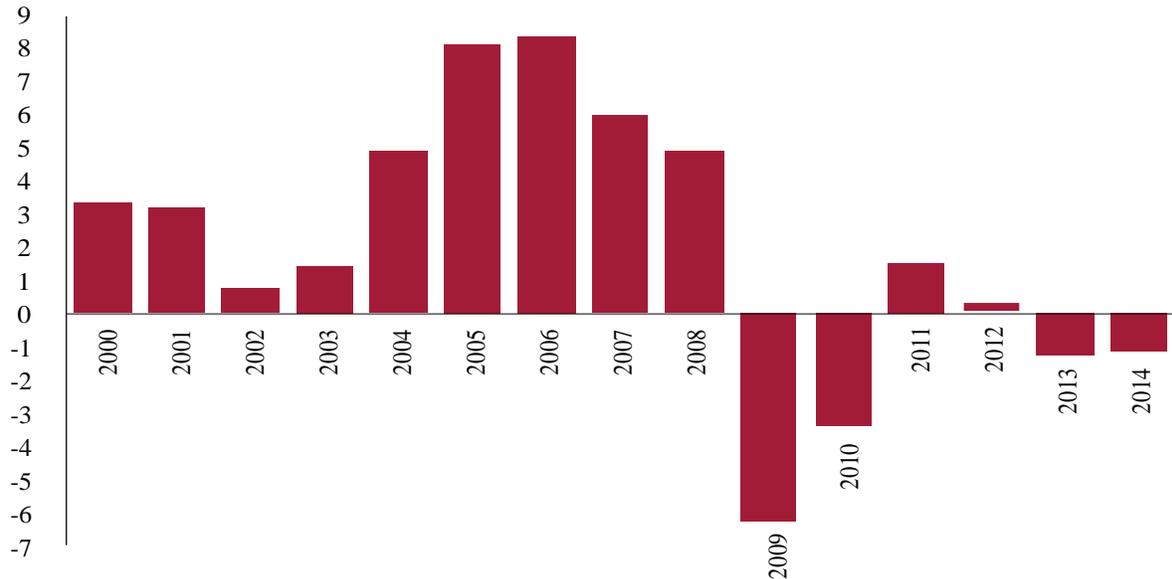
In 2009, the Russian economy contracted by 7.8 percent (in the second half of 2008 and first quarter of 2009, the cumulative output decline amounted to some 10 percent). The exchange rate depreciated from 23.5 rubles to the dollar at the end of July 2008 to 35.2 rubles to the dollar at end of February 2009, despite massive market interventions by the Central Bank of Russia (CBR).

As a result, the CBR's international reserves decreased from \$582 billion at the end of August 2008 to \$384 billion at the end of February 2009. In the following year, when oil prices picked up again and global financial markets stabilised, the exchange rate partly recovered and international reserves started to grow again.

As part of its anti-crisis package, the Russian government offered generous bailouts to troubled enterprises and banks, via either their direct nationalisation or through takeovers by those firms that were already state-owned. Deteriorating fiscal accounts became a natural consequence of generous bailouts. Large increases in pensions and public-sector wages in the crisis year of 2009 additionally increased pressure on the budget. As a result, a general government surplus of 8.4 percent of GDP in 2006 turned into a deficit of 6.3 percent of GDP in 2009 (Figure 5). The federal government's non-oil deficit increased from less than 5 percent of GDP in 2006 to 13.8 percent of GDP in 2009 (Figure 6).

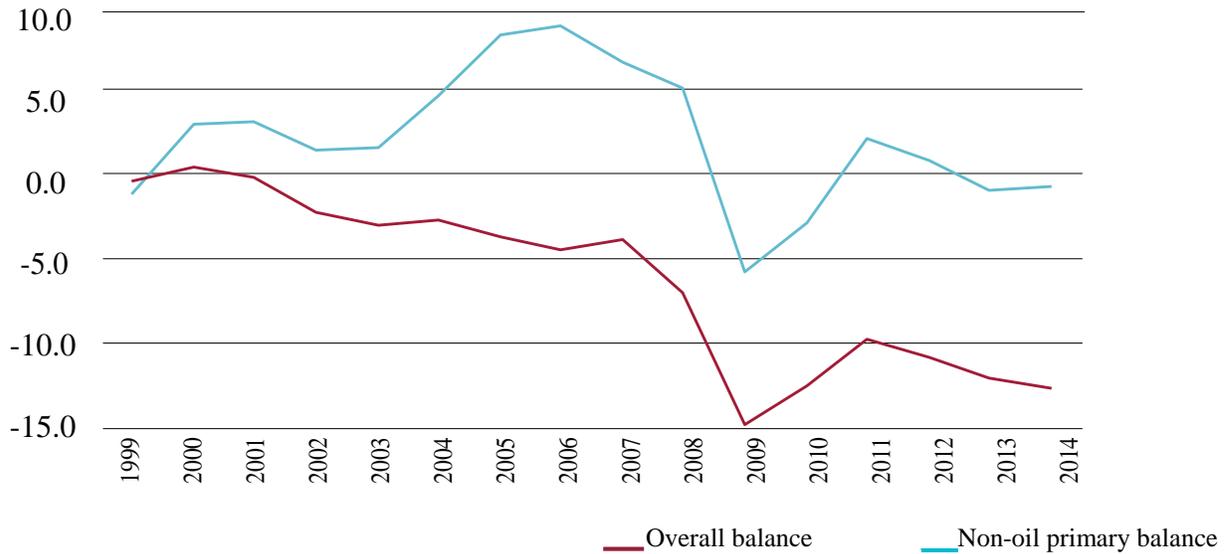
Although oil prices gradually recovered to above \$100 per barrel in 2010, and the general government fiscal balance became positive again in 2011-12 (see Figure 5), the Russian budget and the entire economy remained even more dependent on oil prices, compared to the pre-crisis situation.

Figure 5: Russia, general government net lending/ borrowing, % of GDP, 2000-14



Source: IMF World Economic Outlook database, April 2015. Note: IMF staff estimates for 2014.

Figure 6: Non-oil primary fiscal balance, % of GDP, 1999-2014



Source: IMF (2015c).

#### 4. Renationalisation Drift

Subsequent waves of renationalisation increased the share of the Russian economy owned by the state, especially in finance, the military-industrial and heavy industry sector, transport, communication and other sectors considered to be ‘strategically important’. As result, more than 80 percent of shares in the ten largest Russian firms belonged to the state and the three largest

state-owned banks accounted for almost 60 percent of total banking assets at the end of 2013 (IMF, 2014, pp 30-33).

At the end of 2012, the top twelve state-controlled open joint-stock companies traded on the Moscow Stock Exchange included (percentage of shares belonging directly or indirectly to the state in brackets): Gazprom (50.1 percent), Rosneft (75.2 percent), Sberbank (50.1 percent), VTB Bank (75.5 percent), the Federal Grid Company of the Unified Energy System (83.2 percent), RusHydro (60.5 percent), Transneft (78.1 percent), Interregional Distribution Grid Companies Holding (63.7 percent), Mosenergo (85.0 percent), Aeroflot (51.2 percent), United Aircraft Corporation (93.4 percent) and RAO Energy System of East (65.6 percent) (OECD, 2013, Table 1, p 19). As well as listed companies, public ownership in Russia includes the so-called unitary enterprises at the federal, regional and municipal levels, and state corporations (Sprenger, 2010). State unitary enterprises include Rosoboron export (weapon export), Post of Russia and Rosspirtprom (production of alcohol). The group of state corporations includes, among others, Vnesheconombank, Rosnano (nanotechnologies), Rostekhnologii (defence industry) and Rosatom (nuclear energy).

The state-owned enterprises are less efficient, less dynamic, non-transparent, overly politicised and favoured by government in its regulatory and procurement activities. The natural gas monopolist Gazprom might be the best example of the negative consequences of government control. Its gas production in physical volume has stagnated since its formation in the early 1990s, while its business model has remained highly opaque and it often serves Russia's foreign policy goals rather than a purely business strategy with the aim of maximising profit (see Aslund, 2012). Several state-owned listed companies were to be privatised, fully or partly, according to the 2012-13 privatisation plan (IMF, 2014, p30). However, the subsequent privatisation plan for 2014-16 set less ambitious targets. And even those limited plans are not implemented in practice.

## **5. Poor Business and Investment Climate**

As result of incomplete economic reforms in the 1990s and then their partial reversal, Russia is not a friendly country for business, domestic or foreign. This is confirmed by several international rankings. In the Transparency International Corruption Perception Index of 2014, Russia is ranked 136 out of 175 countries. The 2014 Heritage Foundation Index of Economic Freedom places Russia at 140 among 178 countries. With a score of 51.9 in the Heritage Foundation ranking, Russia belongs to the category of 'mostly unfree' economies. For several years, these poor scores have remained either unchanged or have even deteriorated. The World Bank Doing Business survey offers a more nuanced picture. In 2013-14, Russia recorded certain progress in its scores and ranking (moving up to 62 out of 189 countries surveyed<sup>14</sup>), mostly on account of improvements

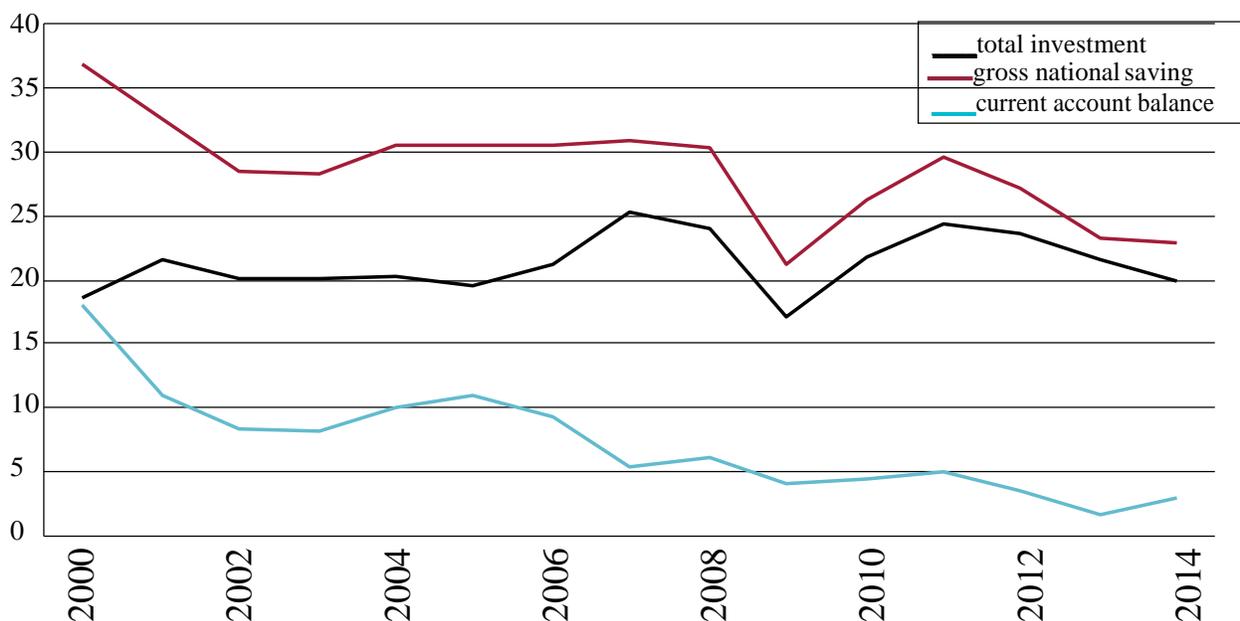
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<sup>14</sup>Partly it can be attributed to changes in the Doing Business survey methodology.

in contract enforcement, property registration and business start-up (simplification of registration procedures). However, according to the same survey, Russian enterprises continue to face serious obstacles in ‘Dealing with construction permits’ (ranked 156), ‘Trading across borders’ (ranked 155), ‘Getting electricity’ (ranked 143) and ‘Protecting minority investors’ (ranked 100).

Similarly the 2014-15 Global Competitiveness Index (GCI) from the World Economic Forum puts Russia in the middle of the summary ranking (ranked 53 out of 144 countries with a score of 4.4 out of maximum 7), with some improvement over the last four years. Nevertheless, Russia fares badly under the first GCI pillar ‘Institutions’, especially in relation to property rights, intellectual property protection, diversion of public funds, irregular payments and bribes, judicial independence, the burden of government regulation, the efficiency of the legal framework in settling disputes, business costs of terrorism, organised crime, reliability of police services, strength of auditing and reporting standards, and protection of minority shareholders. There are also serious problems with the efficiency of goods markets, i.e. competition (the GCI’s sixth pillar) and quality of infrastructure, especially roads (second pillar). Given this evidence of poor governance and business climate, it is hardly surprising that Russia is a net capital exporter (see Figure 7), i.e. a substantial part of its gross domestic savings is not invested within the country but is rather invested abroad (including official reserves). Incidentally, this shows that a current account surplus does not always reflect healthy economic policy and a friendly business environment.

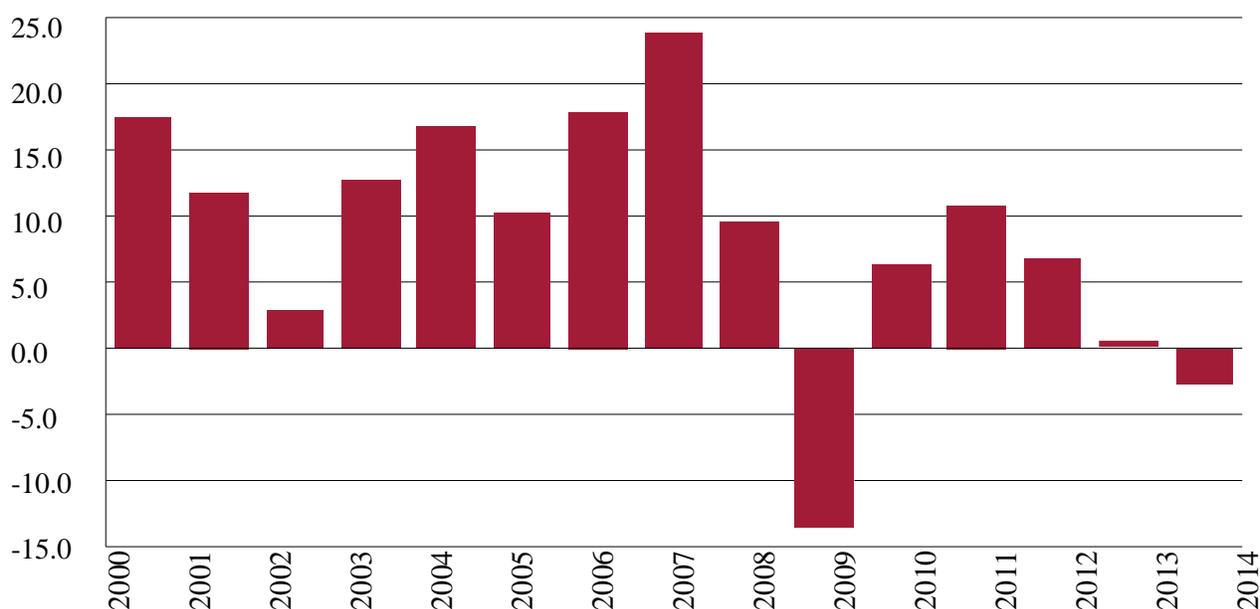
Figure 7: Russia, total investment, gross national saving and current account balance, percent of GDP, 2000-14



Source: IMF World Economic Outlook database, April 2015. Note: IMF staff estimates for 2014.

When we look into Russia's investment data (Figure 8), it becomes clear that: i) the post-2008-09 investment growth was slower than growth in the pre-crisis period, and ii) its stagnation (in 2013) and decline (in 2014) signalled looming recession.

Figure 8: Investment in fixed capital, real terms, annual percent change, 2000-14



Source: Bruegel based on Gaidar Institute for Economic Policy, Moscow, <http://iep.ru/files/text/RED/2015/STAT-09.15.xls>

Note: data for 2014 – preliminary estimate

## 6. The Additional Shocks of 2014

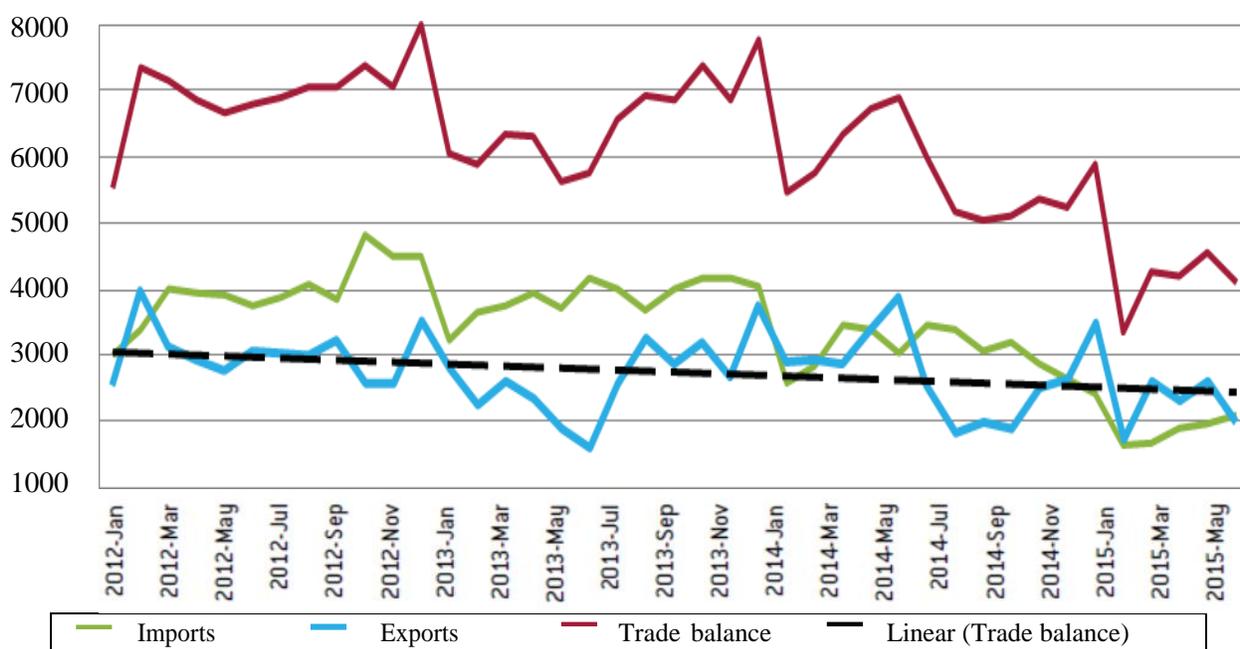
On top of the systemic roots of the slowdown that has been visible since the 2008-09 global financial crisis, in 2014 the Russian economy was hit by two additional shocks: i) international sanctions in response to the annexation of Crimea and military interference in Donbass (Ukraine), followed by Russian trade counter-sanctions; ii) a sharp decline in the international prices of oil and other commodities. While these factors had different origins (the first resulted from Russia's geopolitical choices, the second from growth deceleration in emerging-market economies and rebalancing of the global commodity market), both led to an intensification of capital outflows and deep depreciation of the ruble (see Dabrowski, 2015).

Capital flight demonstrates the vulnerability of the dominant Russian business model: large enterprises prefer to keep their profits and assets abroad (via affiliated business structures) while financing their current activities with foreign borrowing (see Rogov, 2014). Lack of confidence in government and insecurity of property rights are the chief reasons for such practices. In the particular context of 2014, the massive flight of capital of residents and non-residents reflected a

further deterioration of the business climate, which resulted, among other factors, from tighter government controls over the media, the judicial system, civil society and business activity, in addition to new restrictions on foreign investors. The impact was compounded by the nationalist and anti-Western drift in Russia's domestic and foreign policy. The US and EU sanctions reduced substantially the possibility of external financing for large Russian companies and banks. Russian counter-sanctions targeted food products from the EU and other western countries, and hit consumer markets and import-dependent Russian firms.

An additional blow to imports (see Figure 9) came from the depreciation of the ruble. Overall, depreciation led to a sharp contraction in domestic demand, which turned the previously observed growth deceleration into a recession.

Figure 9: Non-oil primary fiscal balance, % of GDP, 1999-2014



Sources: Bruegel based on Rosstat, <http://cbsd.gks.ru/#>, balance-of-payments data.

The oil price decline revealed another structural vulnerability of the Russian economy. Although far from being a hydrocarbon monoculture, like the Gulf countries, Azerbaijan or Algeria, in 2008-14 oil exports oscillated between shares of 50 and 55 percent of Russia's total exports<sup>15</sup>, and some 25 - 28 percent of GDP at current prices. Oil-related revenue accounted for 11.4 percent of GDP and more than half of federal government revenue in 2014<sup>16</sup>. If one adds natural gas (some 13

<sup>15</sup> See IMF (2014) Table 3, p37; IMF (2015) Table 2, p34.

<sup>16</sup> IMF (2015) Table 4, p36.

percent of total exports in 2013), and ferrous and non-ferrous metals, there is a clear picture of deep-reaching commodity dependence in Russia.

## **7. Uncertain Prospects**

The macroeconomic data for the first five to seven months of 2015 is not always sufficient to make a firm judgement about the current position of the Russian economy and its near-term prospects. In addition, too little time has passed since the major devaluation shock of December 2014 and January 2015 to be able to confidently assess how the economy will adapt itself to the new macroeconomic environment. In particular, from the GDP statistics for the first half of 2015, it is hard to predict whether the declining trend has already reached its bottom or if it will continue, and for how long.

According to the IMF World Economic Outlook July 2015 update, Russia's GDP is expected to decrease by 3.4 per- cent over the entire 2015, and increase by 0.2 per- cent in 2016. This would be a significant improvement compared to the previous, more pessimistic WEO forecast published in April 2015 (IMF, 2015a), which foresaw a decrease of 3.8 percent in 2015 and 1.1 percent in 2016. The assumption is that the recession should not deepen further.

However, expectations inside Russia that the ruble depreciation can lead to fast growth in non-oil industrial and agricultural output, as happened in 1999, have not so far materialised. A sort of stagnation at the post-recession level looks to be the most plausible scenario.

## **8. Managing the Crisis**

### **Stabilisation of external accounts**

After the dramatic developments of 2014 and early 2015 (see Dabrowski, 2015), Russia's balance-of-payments situation has stabilised. While exports in current dollars have contracted (the effect of the drop in oil and other commodity prices), trade and current account balances have remained positive, because of declining imports (Figure 9).

It is worth noting that Russia's exports of crude oil and oil products kept growing in physical volumes during the first five months of 2015, compared to the same period in 2014. Capital outflows have continued, though at a less dramatic pace than in 2014 (see Table 1). External debt in US dollar terms has declined compared to the beginning of 2014 by almost a quarter (see Table 2), but has increased in ruble terms, because of ruble depreciation. The major part of this decline has come from the Russian banking and commercial sectors, which have reduced their external exposures (partly because of sanctions and the resulting inability to roll over their debts).

Table 1: Russia: net private capital flows, in \$ billions, 2012-15

Year/ quarter	Net private capital flows, total (2+5)	Banks			Other sectors			Net errors and omissions
		Net capital flows (3-4)	Net acquisition of financial assets	Net incurrence of liabilities	Net capital flows (6-7-8)	Net acquisition of financial assets	Net incurrence of liabilities	
	1	2	3	4	5	6	7	8
2012	53.9	-18.5	14.8	33.3	72.4	101.8	39.8	-10.4
2013	61.6	7.5	27.9	20.4	54.2	138.1	94.2	-10.3
Q1, 2014	47.6	21	21.9	0.9	26.6	29	8.2	-5.9
Q2, 2014	21.8	15.2	7.8	-7.5	6.6	24.2	12.4	5.2
Q3, 2014	7.4	-18.4	-29.9	-11.5	25.7	21.4	-8.4	4.1
Q4, 2014	76.2	29.1	9.8	-19.3	47.1	38.3	-11.5	2.7
2014	153	46.9	9.6	-37.3	106.1	112.9	0.7	6.1
Q1, 2015	32.5	14.1	-10.4	-24.5	18.4	8.7	-8	-1.7
Q2,	20	14.5	2.3	-12.3	5.5	2.6	3.9	-6.8

Source: CBR, [http://www.cbr.ru/eng/statistics/credit\\_statistics/bop/outflow\\_e.xlsx](http://www.cbr.ru/eng/statistics/credit_statistics/bop/outflow_e.xlsx).

Notes: a – estimate; sign '-' means net inflow.

Table 2: Russia's external debt, \$ millions, 2013-15

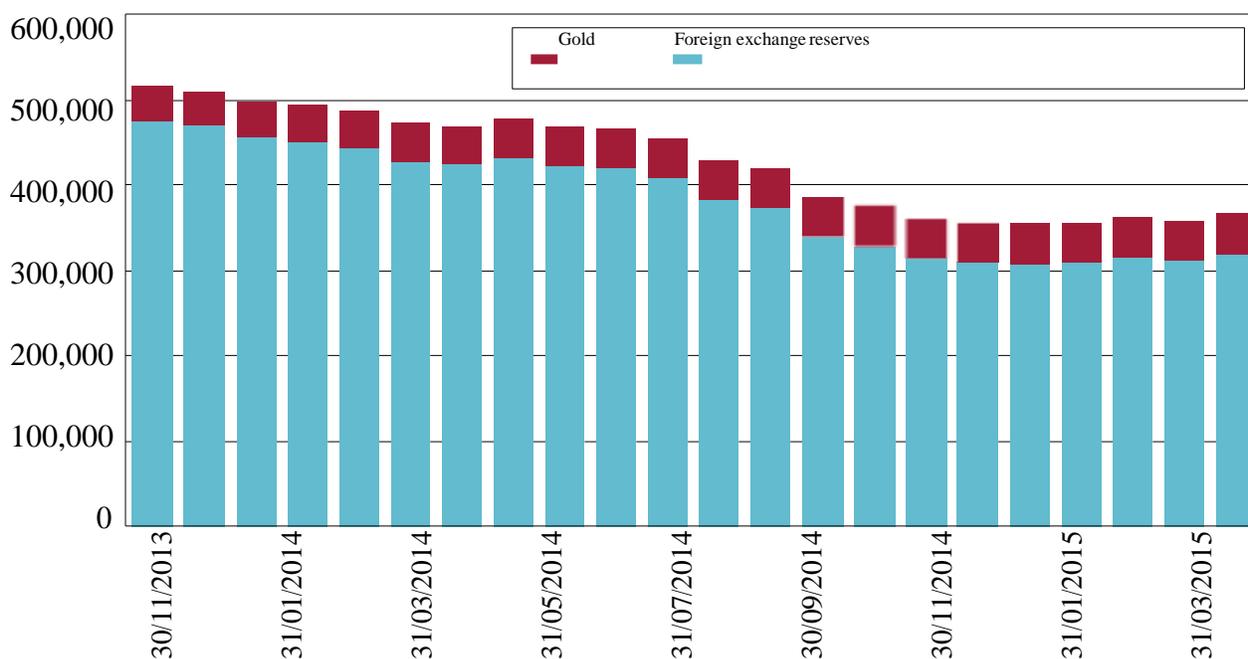
Entity/item	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	June 2015
<b>Total</b>	<b>728,864</b>	<b>715,892</b>	<b>732,779</b>	<b>680,857</b>	<b>599,041</b>	<b>555,862</b>	<b>556,185</b>
General government	61,743	53,639	57,128	49,382	41,606	33,556	35,004
Federal government	60,962	52,867	56,446	48,748	41,027	33,043	34,496
Local government	781	771	682	635	580	513	508
Central bank	15,963	15,475	16,225	15,815	10,599	11,673	10,456
Banks	214,394	214,044	208,859	192,250	171,450	154,178	148,959
Other sectors	436,764	432,735	450,567	423,411	375,386	356,455	361,766
Debt liabilities to direct investors/direct investment enterprises	151,288	150,093	160,078	149,967	133,451	127,649	131,015
Loans and deposits	268,402	266,109	269,256	255,669	225,978	213,418	212,579
Debt securities	9,155	8,386	8,703	8,828	6,145	7,598	7,402
Trade credits	3,115	3,445	3,563	3,706	3,469	2,880	2,880
Financial leases	2,105	2,145	2,356	2,408	2,433	2,455	2,492
Other	2,700	2,558	6,611	2,832	3,909	2,455	5,399

Source: [http://www.cbr.ru/eng/statistics/credit\\_statistics/debt/debt\\_est\\_e.xlsx](http://www.cbr.ru/eng/statistics/credit_statistics/debt/debt_est_e.xlsx)

Some respite for the balance of payments also came from lower outward remittances. In the first half of 2015, these decreased by approximately half compared to the same period in 2014<sup>17</sup> as the consequence of recession and ruble depreciation.

Furthermore, introduction of more a flexible exchange-rate regime allowed the CBR to minimise intervention in the domestic foreign- exchange market, which was the major source of official reserve losses in 2014. The most recent sales at the time of writing took place in January 2015. Between May and July 2015, the CBR purchased more than \$10 billion<sup>18</sup>. Overall, CBR foreign exchange reserves (without gold) stopped declining and stabilised at a level above \$300 billion (Figure 10).

Figure 10: Russia’s international reserves in \$ billions, 2013-19



Source: Bruegel based on [http://www.cbr.ru/eng/hd\\_base/default.aspx?Prtid=mrrf\\_m](http://www.cbr.ru/eng/hd_base/default.aspx?Prtid=mrrf_m).

### Exchange rate and inflation

After dramatic depreciation between December 2014 and February 2015, the ruble partly recovered, reaching its early November 2014 value in mid-May 2015. Then the depreciation trend returned (Figure 11). In the second half of August 2015, the exchange rate weakened again, returning to its January 2015 level. Its fluctuation resulted partly from short-term changes in oil

<sup>17</sup> See <http://www.cbr.ru/statistics/Default.aspx?Prtid=tg>

<sup>18</sup> See [http://www.cbr.ru/eng/hd\\_base/?Prtid=valint](http://www.cbr.ru/eng/hd_base/?Prtid=valint)

prices and the situation in Donbass (i.e. temporary escalation of the conflict in the second half of August 2015). The CBR's purchases of foreign currency (see above) are also likely to have affected the nominal exchange rate.

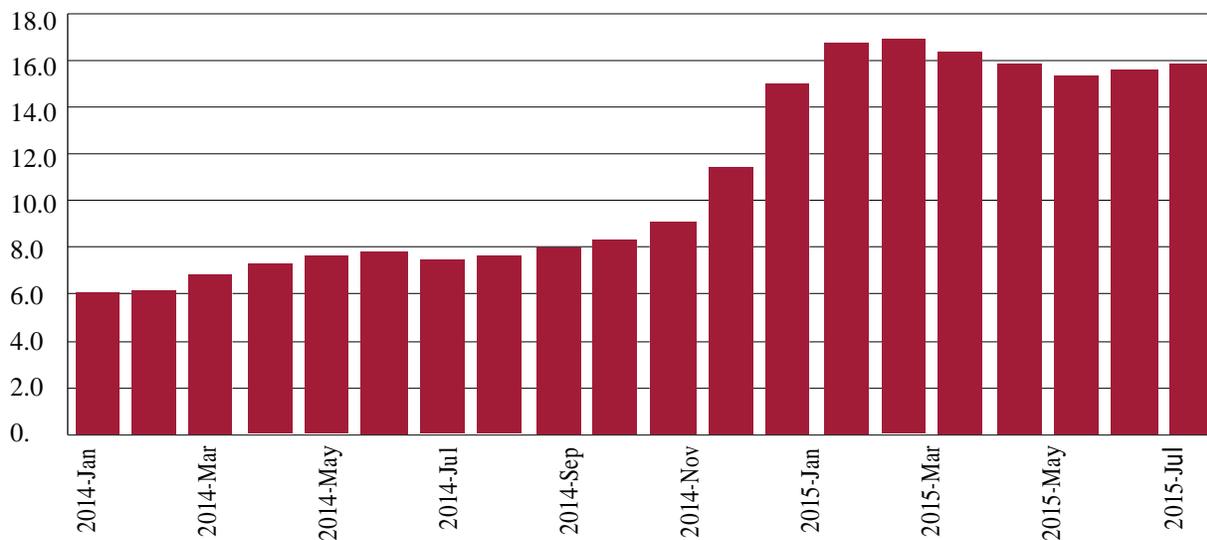
Figure 11: Russian ruble exchange rate against the euro and dollar, 2013-15



Source: Bruegel based on [http://www.cbr.ru/eng/currency\\_base/dynamics.aspx](http://www.cbr.ru/eng/currency_base/dynamics.aspx)

The depreciation of the ruble has had a pass-through effect on inflation. Russia has never reached a truly low single-digit level of inflation. Its lowest-ever 12-month level was achieved in Q1 2012 (slightly below 4 percent), but since then inflation has picked up. It amounted to 6.1 percent in January 2014 and gradually accelerated to reach a two-digit level in December 2014 (Figure 12).

Figure 12: Annual inflation, end-of-period, in percent, 2014-15



Source: CBR (2015), Table 6, p 61

In the first eight months of 2015, it remained between 15 and 17 percent. A decrease in the 12-month consumer price index will only be possible after March 2016 when the statistical effects of high monthly inflation between December 2014 and February 2015 will be left behind. However, this will be possible only if the exchange rate stops depreciating.

Two-digit inflation means cuts in real wages, salaries and other sources of income for the population. In fact, real income levels already dropped by 1 percent in 2014.

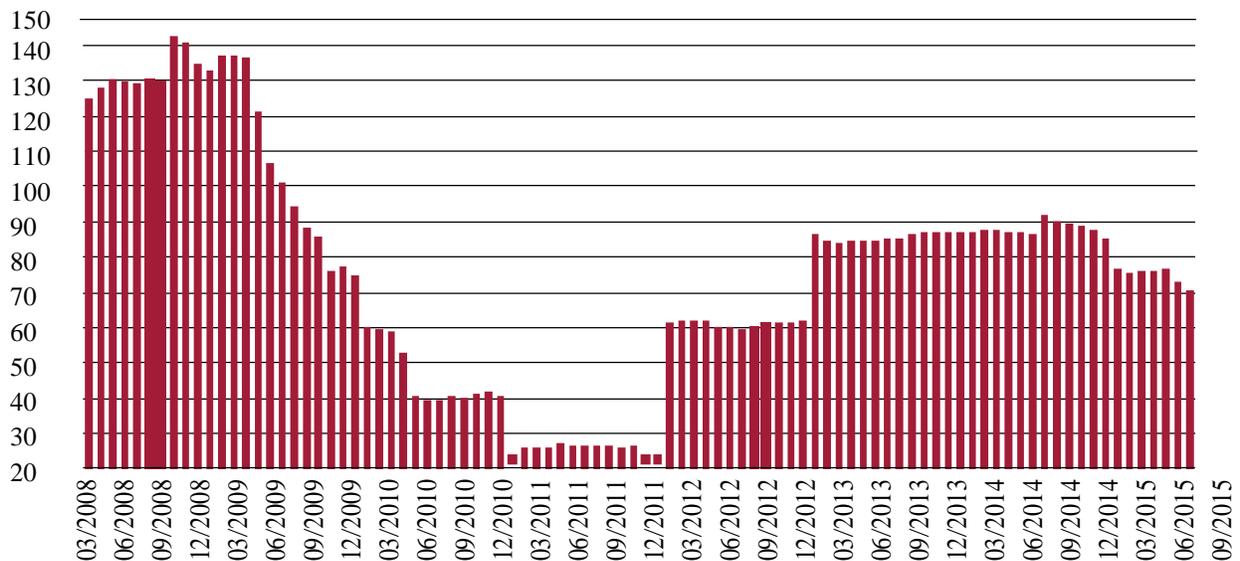
Because of budget cuts (see the next section), public wages and salaries, pensions and other social benefits will not be fully indexed against inflation, at least in 2015-16. However, unemployment continues to remain at a low level of between 5 and 6 percent of the active labour force.

### Fiscal challenges

Without any doubt, the fiscal situation poses the most serious challenge to Russia. At first sight, Russia has no reason to worry.

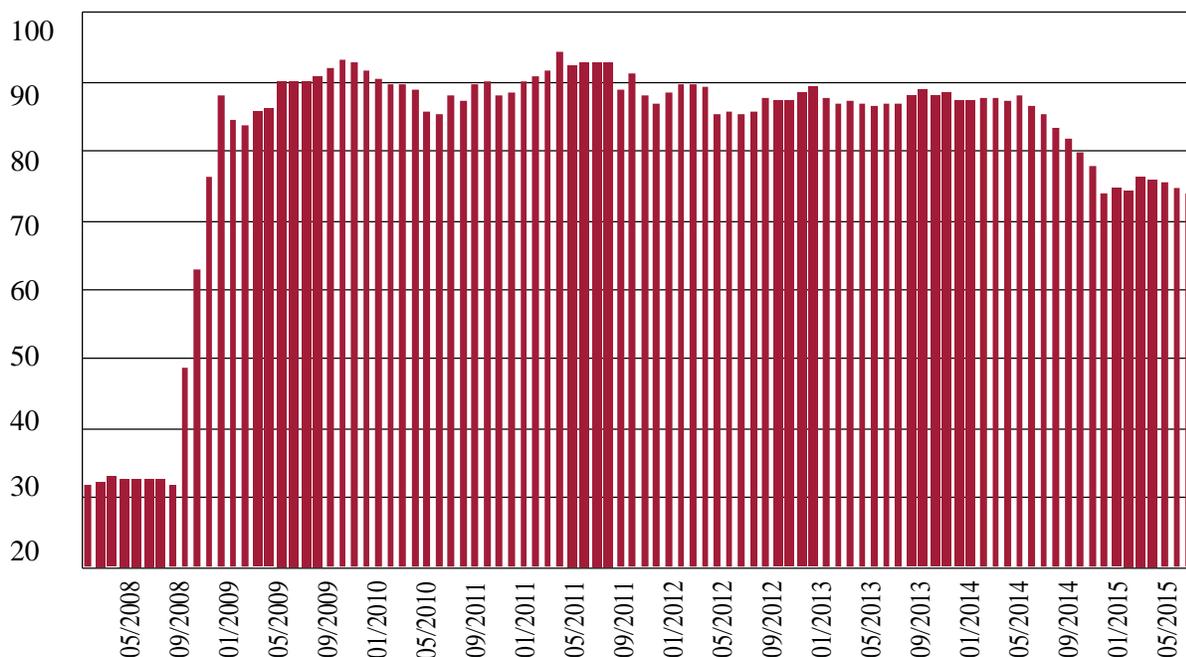
During the oil boom years, it accumulated sizeable reserves in the form of two sovereign wealth funds – the Reserve Fund (RF) and the National Wealth Fund (NWF) (Figures 13-14).

Figure 13: Reserve Fund, \$ billions, 2008-15



Source: Bruegel based on [http://old.minfin.ru/en/reservefund/statistics/amount/index.php?id\\_4=5817](http://old.minfin.ru/en/reservefund/statistics/amount/index.php?id_4=5817).

Figure 14: National Wealth Fund, \$ billions, 2008-15



Source: Bruegel based on [http://old.minfin.ru/en/nationalwealthfund/statistics/amount/index.php?id\\_4=5830](http://old.minfin.ru/en/nationalwealthfund/statistics/amount/index.php?id_4=5830).

Although seriously depleted during the global financial crisis (especially the RF – see Figure 13), the funds were partly rebuilt in 2012-13. Even after spending some of these resources during the current (2014-15) crisis, their size remains substantial – each representing approximately 6 percent of GDP<sup>19</sup>. At the same time, Russia's general government gross debt amounted to only 17.8 percent of GDP in 2014 (IMF, 2014b, Table 4, p36), a level much lower than most advanced and emerging-market economies.

However, the US and EU sanctions make it impossible for Russia to borrow on international markets. Therefore, Russia can only rely on its accumulated fiscal reserves and domestic borrowing to finance fiscal deficits. Domestic borrowing will remain limited because of the insufficient depth of the domestic financial market, limited trust in the ruble and fragility of part of the banking sector.

According to the IMF forecast (IMF, 2015b, Table 4, p36), Russia's general government deficit will amount to 4.8 percent of GDP in 2015, and the federal government deficit will be 3.5 percent of GDP. Practically the entire revenue shortfall will be made up from the oil-related sources: minus 2.9 percent- age points of GDP compared to 2014<sup>20</sup>. In addition, general government expenditure will expand by more than one percentage point of GDP, mainly because of a shrinking denominator (real GDP).

<sup>19</sup>However, the NWF's assets are partly illiquid; they have been in various domestic projects.

<sup>20</sup>The oil-price decline in dollar terms has been partly compensated for by ruble depreciation.

Without further fiscal adjustment the RF will become depleted in 2017, and the NWF will suffer the same fate a year or two later. Russia's Ministry of Finance aims to avoid this and has advocated serious expenditure cuts in the 2016 budget<sup>21</sup>. They might involve, among others options, limited indexation of public wages and salaries, pensions and social benefits; rationalisation of employment in public administration and the public healthcare sector; restricting the list of health services and procedures financed from public sources; cuts to space programmes; and further cuts in public investment projects, including those related to the 2018 football World Cup. Military expenditure will be less affected, though it is likely that it will not increase further in nominal terms.

Apart from short-term expenditure cuts, there are also discussions about increasing the statutory and actual retirement age (one of the lowest in Europe), cutting pension privileges related to individual sectors and professions, and limiting the possibility of combining pensioner status with continuing employment. Economically, these are the right solutions (especially when considering the unfavourable demographics trends), but they face political resistance both inside the government and in the Duma (the lower house of the Russian parliament).

Cutting direct and indirect energy subsidies and returning to privatisation could offer additional support to the budget, but these measures are not currently being debated.

## **9. How Return to Economic Growth?**

Even if the Russian economy has already reached its lowest point, a more fundamental question of how to return to sustainable economic growth at reasonable rate remains open.

In the short term, much will depend on oil prices and the political ability to resolve the Ukrainian conflict. Higher oil prices, for example \$60-70 per barrel and a relaxation of the sanctions regime could provide Russia's economy and budget with a certain respite and could ease somewhat the largely negative perception of the business climate. In addition, continuation of conservative monetary and fiscal policies can help to prevent new episodes of macroeconomic turbulence of the sort observed at the end of 2014 and in early 2015 (see Dabrowski, 2015). This would also be important for output stabilisation and potential recovery. In the medium-to-long term however, Russia must address its fundamental structural and institutional disadvantages: the high degree of oil and commodity dependence, and the unfriendly business and investment climate, underpinned by poor governance.

Compared to many other commodity producers, Russia has a greater chance to diversify its economy, mostly because of its excellent human capital. Ruble depreciation makes this task easier.

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<sup>21</sup>See <http://tass.ru/ekonomika/2280039> (in Russian).

Whether such a diversification will materialise depends, however, on improving the business and investment climate and stopping the authoritarian drift in domestic politics and geopolitical confrontation with the west and Russia's neighbours.

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# *Debate on Presidential Versus Parliamentary Systems: Should Armenia Opt for the Parliamentary System?<sup>22</sup>*

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<sup>22</sup> In the meantime Armenia will hold a referendum on the constitutional changes on 06.12.2015.

## Chapter I — Introduction

Two types of democratic governmental systems: presidential and parliamentary, have been a subject of study for political scholars for many years. They analyzed them as to their effectiveness and the ability of each system to uphold democratic principles. This essay will analyze the strength and weaknesses of both systems, and will argue whether or not there are advantages for the Republic of Armenia to move to a parliamentary system as a more effective and desirable government system.

In order to argue whether or not the parliamentary system is more effective than the current semi-presidential system in Armenia, this essay will depict the key differences between the two systems in an effort to show if a parliamentary system would allow for a more stable, accountable, and effective government. The essay begins with a theoretical analysis that explains the views of several political scholars who have tackled those questions. The paper then tackles issues related to the structure of the bureaucracy in the two systems explaining how the current system creates an ineffective system, compared to the parliamentary form of government that has fewer restrictions, and allows for effective policy making.

As stated earlier, there is an ongoing debate among political researchers on the institutional consequences of presidential and parliamentary systems. Several researchers, including Eulau Heinz,<sup>23</sup> Bastin John,<sup>24</sup> Juan Linz,<sup>25, 26</sup> Arend Lijphart,<sup>27</sup> Stephan Haggard and Matthew McCubbins,<sup>28</sup> have argued that parliamentary systems are more effective, and that they lead to a more stable democracy. But there are other scholars, including Massari Oreste,<sup>29</sup> Posquino Gianfranco,<sup>30</sup> Duverger Maurice,<sup>31</sup> Sartori Giovanni,<sup>32</sup> Elgie Robert,<sup>33</sup> Mcmenamin Iain,<sup>34</sup>

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<sup>23</sup> Eulau, Heinz. February 1942. "Early Theories of Parliamentarism." *The Canadian Journal of Economics and Political Science*, Vol. 8, No. 1, pp. 33-55.

<sup>24</sup> Bastin, John. 1953. "Parliamentary Government in Southern Asia: Problems of Parliamentary Government in Colonies." *The Australian Quarterly*, Vol. 25, No. 2, pp. 118-120.

<sup>25</sup> Juan Linz. 1990. "The Perils of Presidentialism." *Journal of Democracy*, pp. 51-69.

<sup>26</sup> Juan Linz. Fall 1990. "The Virtues of Parliamentarism." *Journal of Democracy*, Vol. 1, No. 4, pp. 85-91.

<sup>27</sup> Arend Lijphart. 1969. "Consociational Democracy." *World Politics*, Vol. 21, No. 2, pp. 207-225.

<sup>28</sup> Stephan Haggard and Matthew McCubbins. 2001. "Presidents, Parliaments, and Policy." *Cambridge, Cambridge University Press*.

<sup>29</sup> Massari, Oreste. 1996. "I sistemi semipresidenziali – differenze e analogie in prospettiva comparata." *Semipresidenzialismo – Analisi delle esperienze europee*, pp. 9-53.

<sup>30</sup> Posquino, Gianfranco. 1996. "Duetti I duelli – l'adattabilità dei semipresidenzialismi." *Semipresidenzialismo – Analisi delle esperienze europee*, pp. 99-148.

<sup>31</sup> Duverger, Maurice. 1980. "A New Political System Model: Semi-Presidential Government." *European Journal of Political Research*, Vol. 8, Issue 2, pp. 165-187.

<sup>32</sup> Sartori, Giovanni. 1994. "Comparative Constitutional Engineering – An Inquiry into Structures, Incentives and Outcomes." *London/New York (Macmillan/New York University Press)*.

<sup>33</sup> Elgie, Robert. 2007. "Varieties of Semi-Presidentialism and Their Impact on Nascent Democracies." *Taiwan Journal of Democracy*, Vol. 3, No. 2, pp. 53-71.

<sup>34</sup> Mcmenamin, Iain. 2008. "Semi-Presidentialism and Democratisation in Poland." Working Paper No. 2, (Working Papers in International Studies), *Centre for International Studies*, Dublin City University, p. 16.

Barrington Lowell,<sup>35</sup> Matthew Shugart,<sup>36</sup> and Scott Mainwaring<sup>37</sup> who disagree and argue for the superiority of the presidential system. This debate continues and has not reached consensus to this date.

A similar debate is currently taking place in the Republic of Armenia between the ruling party and the opposition parties. While the ruling party is pushing for a change in the system (from semi-presidential to parliamentary), three opposition parties have argued against the need for such change, without explaining or documenting the fundamental reasons supporting their position. They argue that there are countries with presidential government systems that are successful in solving their problems effectively. They are sure that the existing government system could solve problems facing the country, but it is the current administration that should change. In contrast, another opposition party (the Armenian Revolutionary Federation, Dashnaktsutyun), is for changing the system and supporting the ruling party. The other three opposition parties are arguing that the only reason for the administration in proposing change in the form of government is to allow the current president of Armenia to stay at the helm as speaker or as prime minister (under the new system of government) upon completion of his second and last term as president of the republic in 2018.

Along those lines, the ad-hoc Commission on Constitutional Reform, established by President Serzh Sargsyan, has officially articulated its position in favor of the change from the semi-presidential to a parliamentary system of government that would afford more power to the prime minister and largely a ceremonial office to the head of state. The Republican Party of Armenia with Serzh Sarkisyan at the helm has denied that there are other hidden motives in pushing ahead such change in the system. The current administration emphasizes the importance of that change arguing that it aims at improving governance by providing clearer lines of authority and stronger separation of powers. The other motive for the change is that it will strengthen democratic principles and establish the necessary conditions for ensuring rule of law and respect for human rights. The president of the Republic also has stated that he will not seek a term as prime minister after the Republic of Armenia adopts the parliamentary system of government.

## **Chapter II — Literature Review**

This literature review covers the definitions of both semi-presidential and parliamentary government systems, as provided by different scholars. It attempts to articulate the disadvantages

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<sup>35</sup> Barrington Lowell. 2012. “Comparative Politics: Structures and Choices.” *Cengage Learning*, pp. 169-171.

<sup>36</sup> Scott, Mainwaring and Matthew Shugart. 1997. “Juan Linz, Presidentialism, and Democracy a Critical Appraisal.” *Comparative Politics*, Vol. 29, pp. 449-471.

<sup>37</sup> Scott, Mainwaring. 1993. “Presidentialism, multipartism, and democracy - the difficult combination.” *Comparative Political Studies*, Vol. 26, No. 2, pp. 198-228.

and advantages of both systems, as found in the literature on this topic. Moreover, the literature review discusses the specific experiences of a number of countries, and compares and contrasts the two types of government systems. In this literature review, different analytical articles and research are presented, where the authors discuss the main benefits and drawbacks concerning these government systems. According to the works reviewed, there are many pros and cons of two types of systems affecting good governance, as well as from the standpoint of distribution of power. This literature reviewed lays out the complete spectrum of semi-presidential and parliamentary government systems from the perspectives of different authors.

### **Semi-Presidential Government System**

Duverger's concept of semi-presidential government is defined "by the content of the constitution" and the criteria are of a formal nature.<sup>38</sup> Vesper emphasizes three exclusive formal characteristics for semi-presidential regimes:

1. "The president of the republic is elected by universal suffrage;
2. He possesses quite considerable powers; and
3. He has opposite him, however, a prime minister and ministers who possess executive and governmental powers and can stay in office only if parliament does not show its opposition to them."<sup>39</sup>

**Referring to the reasons for the differing applications of the personal power of the president Duverger differentiates three types of semi-presidential government in seven states.**

1. "The president can be a mere figurehead (as in Austria, Iceland and Ireland);
2. The president can be all-powerful (as in France); and
3. The power of the president can be shared with the parliament (as in the Weimar Republic, Finland and Portugal)."<sup>40</sup>

Elgie emphasizes three characteristics of semi-presidential government systems, which explain the issues related to the relationship between the president and the prime minister. Firstly, the relationship can be described in terms of the supremacy of the president over the executive, i.e., *presidentialized semi-presidentialism*. Secondly, the relationship can be described by the cohabitation of both executive offices, i.e., *balanced semi-presidentialism*. Finally, the semi-presidential system can be reflected as *parliamentarized semi-presidentialism*, which has a

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<sup>38</sup> Duverger, Maurice. 1980. "A New Political System Model: Semi-Presidential Government." *European Journal of Political Research*, Vol. 8, pp. 165–87.

<sup>39</sup> Vesper, Ernst. 1997. "Semi-Presidentialism-Duverger's Concept - A New Political System Model." Vol. 88, No. 3, pp. 39–60.

<sup>40</sup> Duverger, Maurice. 1980. "A New Political System Model: Semi-Presidential Government." *European Journal of Political Research*, Vol. 8, pp. 165–87.

ceremonial president who is not able to control the powers of the prime minister, and the prime minister enjoys “the support of the parliamentary majority.”<sup>41</sup>

### **Advantages of Semi-Presidential Government Systems**

Some scholars are enthusiastic about semi-presidentialism as a form of government primarily because it is expected to offer a very flexible configuration for quick solutions in times of political crisis. According to Duverger, a president elected for a fixed term has a significant advantage compared to a government elected by the parliament. But, the president serves only for a fixed term of office. This feature is the same as the U.S. presidential system. In the case of a semi-presidential system, as the prime minister depends on the parties represented in parliament, (s)he can only be considered capable of acting independently in a limited way: as a rule, (s)he needs the support of government.<sup>42</sup>

Sartori makes the strongest case for semi-presidentialism. In his opinion, semi-presidentialism can better cope with split majorities and is far more amenable to constitutional changes than parliamentarism. For this reason he strongly promotes semi-presidentialism. He cautions, though, against the inauguration of this regime with a minority president or even with a president without party backing.<sup>43</sup>

One argument in favor of the semi-presidentialism system posits that the “dual executive allows a degree of power sharing between competing forces.”<sup>44</sup> However, that may not always happen. The second and third arguments are inter-related, the second contending that the semi-presidential model provides a second set of “checks and balances within the executive,” thereby offering the president the possibility to change the prime minister in times of parliamentary conflicts and weaker government majority.<sup>45</sup> The third argument affirms that a directly elected president offers political stability and increases the legitimacy of the executive, “even if the parliament is highly fractionalized and governments are unstable.”<sup>46</sup>

In addition, as in Kosovo's experience, the coalition among key political parties endangers the political system in which the Prime Minister leads the parliamentary majority, and the president is

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<sup>41</sup> Elgie, Robert. 2007. “Varieties of Semi-Presidentialism and Their Impact on Nascent Democracies.” *Taiwan Journal of Democracy*, Vol. 3, No. 2, pp. 53–71.

<sup>42</sup> Duverger, Maurice. 1980. “A New Political System Model: Semi-Presidential Government.” *European Journal of Political Research*, Vol. 8, pp. 165–87.

<sup>43</sup> Sartori, Giovanni. 1994. “Comparative Constitutional Engineering – An Inquiry into Structures, Incentives and Outcomes.” *Macmillan/New York University Press*.

<sup>44</sup> Elgie, Robert. 2007. “Varieties of Semi-Presidentialism and Their Impact on Nascent Democracies.” *Taiwan Journal of Democracy*, Vol. 3, No. 2, pp. 53–71.

<sup>45</sup> Mcmenamin, Iain. 2008. “Semi-Presidentialism and Democratization in Poland.” No. 2, p. 16.

<sup>46</sup> Elgie, Robert. 2007. “Varieties of Semi-Presidentialism and Their Impact on Nascent Democracies.” *Taiwan Journal of Democracy*, Vol. 3, No. 2, pp. 53–71.

unable (because of the coalition agreement) to balance the dominant role of the prime minister. This brings us to the fourth argument which contends that a semi-presidential regime can introduce a president who balances both the politically dominant prime minister and his/her political majority in the parliament.<sup>47</sup>

The arguments in favor of adopting a semi-presidential system also include the idea that it brings together the best features of both presidential and parliamentary systems. This approach does have a number of advantages, but it also poses challenges to those governing the country and to voters in selecting political leaders who share policy preferences.<sup>48</sup>

### **Disadvantages of Semi-Presidential Government Systems**

Contrary to the aforementioned, scholars like Rub and Linz reject the semi-presidential construct because it is liable to cause deadlock in government.<sup>49, 50</sup> These scholars stress that the danger of this type of government causes fragmentation and polarization in the parliament; combined with the powers of the president, this could lead to an impasse in which the president uses his “reserve powers” to get out of the deadlock. This is similar to the charismatic leader who shows his “Janus head” — changing to a dictator.<sup>51</sup>

Elgie Robert makes a number of arguments against semi-presidentialism. First, he argues that the directly elected president may encourage personalization of the political process.<sup>52</sup> This may also stem from the “over-presidentialization in semi-presidential countries” — i.e., a combination of a president with extended constitutional powers, supported by a parliamentary majority and a submissive prime minister. This, in turn, would lessen the power of “checks and balances within and between the executive and legislative branches of government.”<sup>53</sup> Secondly, the splitting of executive authority between the offices of the prime minister and the president raises the problem of a dual executive. In other words, competition between the prime minister and the president over executive and political leadership can result in “politicking and intrigues that may delay decision

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<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

<sup>49</sup> Rub, Friedbert. 1994. “Schach Dem Parlament! Uber Semi-Prasidentielle Regierungssysteme in Einigen Postkommunistischen Gesellschaften.” *Leviathan*, Vol. 22, No. 2, pp. 260–92.

<sup>50</sup> Linz, Juan. 1991. “Presidencialismo Ou Parlamentarismo – Fas Alguma Diferenca?” *A Opcao Parlamentarista*, pp. 61–120.

<sup>51</sup> Augusto, Barbera. 1991. “Il Giano Del Presidenzialismo, Democracia E Diritto.” *Democracia E Diritto*, no. 4, pp. 163–73.

<sup>52</sup> Elgie, Robert. 2007. “Varieties of Semi-Presidentialism and Their Impact on Nascent Democracies.” *Taiwan Journal of Democracy*, Vol. 3, No. 2, pp. 53–71.

<sup>53</sup> Elgie, Robert, and Iain Mcmenamin. 2008. “Semi-Presidentialism and Democratic Performance.” *Japanese Journal of Political Science*, Vol. 9, pp. 323–40.

making and lead to contradictory policies due to the struggle between the president and prime minister.”<sup>54</sup>

The third argument against semi-presidentialism, according to Freeman, relates to the dual executive nature of the semi-presidential system and the impediments that it introduces regarding coalition building. In Poland, for example, the prime minister must be careful to achieve the support of both the political majority in the parliament and the president, even when the fractionalized or divided parliament had made this harder to achieve.<sup>55</sup> Moreover, some observers argue that this process also weakens the party system because the political parties within the parliament no longer serve as the sole political actors designing the future coalition government and choosing the Prime Minister.<sup>56</sup> This could also be the case in Kosovo, where a candidate for prime minister is required to obtain the support of both the president and the parliamentary majority.<sup>57</sup>

## Parliamentary Government System

Eulau discusses collaboration between ministry and legislature, emphasizing the advantage of what he calls a *majority system*.<sup>58</sup>

The key function of the Chamber of Deputies is to control the ministers not only with respect to the substantive content of bills, but also with regard to their administrative activities, appointments, and even public announcements. The legislature can uphold its rights and make itself heard using various channels. It has the right to ask questions on anything it wants to know, and the ministers are obliged to answer all questions except in cases where state security is at risk. In reality, the legislature will not interfere in administrative matters, ask neither embarrassing questions, nor compromise the ministers, because in the parliamentary system "the ministers are what they ought to be, masters of the chambers in fact, its servants in form." Effectual ministerial leadership is achieved by way of "the simplest device in the world: the ministry must command the majority and move with it; without it there will be no government".<sup>59</sup>

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<sup>54</sup> Elgie, Robert. 2007. "Varieties of Semi-Presidentialism and Their Impact on Nascent Democracies." *Taiwan Journal of Democracy*, Vol. 3, No. 2, pp. 53–71.

<sup>55</sup> Freeman, Mark. 2000. "Constitutional Framework and Fragile Democracies: Choosing between Parliamentarianism, Presidentialism and Semipresidentialism." *Pace International Law Review*, Vol. 12, No. 2, pp. 253–83.

<sup>56</sup> Mcmenamin, Iain. 2008. "Semi-Presidentialism and Democratization in Poland." No. 2, p. 16.

<sup>57</sup> Friedrich-Ebert, Stiftung. October 2011. "For a Semi-Presidential Regime: Where Is the New-Born Republic Heading?" *Forma Studio*, pp. 7–14.

<sup>58</sup> Eulau, Heinz. 1942. "Early Theories of Parliamentarism." *The Canadian Journal of Economics and Political Science*, Vol. 8, No. 1, pp. 33–55.

<sup>59</sup> Ibid.

According to Bastin, there should be seven vital ingredients for a Parliamentary Government to work properly; the absence of any of those ingredients will cause system failure. These are: (a) an executive government answerable and dismissible by the people; (b) laws enacted by a legislature regularly elected by the people; (c) an independent judiciary; (d) freedom of speech and thought; (e) impartial electoral officers; (f) a free and independent civil service; and (g) no unlawful detention of persons.<sup>60</sup>

### **Advantages of the Parliamentary Government System**

The most important advantage of the parliamentary system is that it brings to the center of those governing political affairs the most skilled and talented people; a minister who is not strong will not manage to stay in office for a long time, because his mistakes will be greatly scrutinized by the legislature. Any such criticism will be shared in the press, which will bring matters to public attention. In a short period this will result in sacking the minister. If change of ministers is more frequent, this means that implemented policies by the ministers are wrong and counter to public opinion. Ministers have to be changed with more competent ones. There should be no changes as long as harmony is not established between the chambers and the ministry.<sup>61</sup> There are different advantages to a parliamentary government system. It distributes the power to govern over various individuals and groups encouraging them to work together with harmony and with full energy. This facilitates the systematic direction of legislative measures. In a parliamentary government system, the policy making plans of the executive are under the control of the legislature.<sup>62</sup>

Bastin is strong in his argument for the parliamentary government system, which he claims has superiority over other government systems. A great advantage of the parliamentary government system is that its influence comes from the centre and is spread onto all spheres of life. A real parliament should not be acting remotely from the common people; it should be a part of them. Such a goal is noble, but it has many obstacles.<sup>63</sup>

### **Disadvantages of Parliamentary Government System**

However the parliamentary system has its specific disadvantages as well. One of the main drawbacks is factually the sharpest part of one of the advantages: parliamentary sovereignty.

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<sup>60</sup> Bastin, John. 1953. "Parliamentary Government in Southern Asia: Problems of Parliamentary Government in Colonies." *The Australian Quarterly*, Vol. 25, No 2, pp. 118–20.

<sup>61</sup> Eulau, Heinz. 1942. "Early Theories of Parliamentarism." *The Canadian Journal of Economics and Political Science*, Vol. 8, No. 1, pp. 33–55.

<sup>62</sup> Ibid.

<sup>63</sup> Bastin, John. 1953. "Parliamentary Government in Southern Asia: Problems of Parliamentary Government in Colonies." *The Australian Quarterly*, Vol. 25, No 2, pp. 118–20.

Because the decisions of the parliament cannot bear any changes, there exist little balances. For instance, parliamentary sovereignty does not give permission for judicial review, which is to review the authenticity of the legislative act.<sup>64</sup> The decisions made by parliament cannot be questioned in terms of constitutionality. This can result in an extra power, as U.S. Chief Justice John Marshall has claimed, “A legislative intrusion into a judicial monopoly.”<sup>65</sup>

The other drawback of parliamentary systems is the intra-party unity. Despite the fact that intra-party unity enables the government to act more properly and decisively, it also makes it possible for the dominant party to wield too much power. As Patrick Dunleavy argues, for a long time the measures of the government have been defeated within Parliament very rarely, and it is very much true for nowadays as well. It is unlikely to pass even minor amendments without the support of the government.<sup>66</sup> Because of the elaborate whipping system, large part of the MPs vote with their party. Consequently, it is possible for the dominant party to pass almost everything, while the opposition can hardly stop it.<sup>67</sup> Prime ministers have a certain amount of freedom concerning the time of holding elections, which must be every four to five years. If the party of the prime minister is viewed favorably, he will probably go ahead and proceed with elections. Otherwise, if his party is not so popular any more, he may cancel the elections until his party is in a more favorable position.<sup>68</sup>

## Debates between Systems in Different Countries

The decision to adopt either a presidential or a parliamentary government system plays a crucial role in constitutional design.<sup>69</sup> Throughout past history, there have been debates about the type of government system best suited for a democracy. Taking into consideration the developments in Latin America during the 1960s and 1970s, Juan Linz emphasizes that presidentialism includes some risks of political instability and could also cause the collapse of a regime.<sup>70</sup> According to Linz, both parliaments and presidents have rival sources of popular legitimacy and authority which create difficulties to tackle disputes in electoral democracies with presidential regimes. Presidents

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<sup>64</sup> Elgie, Robert. 2007. “Varieties of Semi-Presidentialism and Their Impact on Nascent Democracies.” *Taiwan Journal of Democracy*, Vol. 3, No. 2, pp. 53–71.

<sup>65</sup> Durano, Christina. 2008. “Does It Work: An Examination of the Advantages and Disadvantages of Parliamentary Systems.” Pp. 1–10.

<sup>66</sup> Dunleavy, Patrick, and Brendan O’Leary. 2000. “Theories of the State: The Politics of Liberal Democracy.” *New Amsterdam*, pp. 36–37.

<sup>67</sup> Elgie, Robert. 2007. “Varieties of Semi-Presidentialism and Their Impact on Nascent Democracies.” *Taiwan Journal of Democracy*, Vol. 3, No. 2, pp. 53–71.

<sup>68</sup> Hague, Rod, and Martin Harrop. 2013. “Comparative Government and Politics: An Introduction.” *Palgrave Macmillan*, pp. 336–37.

<sup>69</sup> Giovanni, Sartori. 1996. “Comparative Constitutional Engineering: An inquiry into structures, incentives and outcomes.” *Macmillan*, London.

<sup>70</sup> Juan, Linz. 1990. “The Perils of Presidentialism.” *Journal of Democracy*, pp. 51–69.

are elected for a fixed term, which limits the flexibility of office. In presidential regimes, the winner is given full authority to govern, which raises the stakes and leaves weak incentives for those losing in the elections to accept the legitimacy of the outcomes. The fusion of the offices of head of state and head of government may reduce such restraints on political leaders because of a stronger system of checks and balances. There are other scholars who agree with Linz' arguments.<sup>71</sup>

Much of the evidence of the debates between presidential and parliamentary systems has been derived from the experience of the presidential system of Latin America, which is strongly influenced by the U.S. constitution. There is a standard practice to compare and contrast the modern history of presidential systems in Latin America and the parliamentary systems in Western Europe and Scandinavia. This limited analytical framework makes it difficult to make comparisons that exclude other confusing factors and characteristics of each region, which are often strongly connected with the success of a democracy.<sup>72</sup> When the Berlin Wall was brought down, many post-Communist states, such as Albania, Hungary and Slovenia adopted popularly-elected presidents in a mixed form of a republic where the prime minister leads the government.<sup>73</sup>

According to Beliaev the comparison of presidential powers in Central and Eastern Europe shows that systems with stronger presidential executives were less effective at democratic consolidation during the 1990s.<sup>74</sup> In both Africa and Asia-Pacific, many countries have adopted presidential or mixed executives. After comparing 170 countries with a working parliament Blais, Massicotte and Dobrynska came to the conclusion that by the late nineties, almost half had a directly-elected president.<sup>75</sup>

The Westminster government system of Great Britain and the presidential government system of the U.S. are two ideal types of presidential and parliamentary government systems. Nevertheless, the distinction between presidential and parliamentary government systems does not fully describe where power resides in reality.<sup>76</sup> The distribution of power to various groups has a key role in democratization and democratic stability. Such power defines the level of influence of these groups; moreover, it defines the degree of benefit that these groups may take from a certain

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<sup>71</sup> Alfred, Stepan and Cindy Skach. 1993. "Constitutional frameworks and democratic consolidation: Parliamentarism and presidentialism." *World Politics*, Vol. 46, No. 1, pp. 1-22.

<sup>72</sup> Mathew, Soberg, Schugart, and Carey John. 1992. "Presidents and Assemblies: Constitutional Design and Electoral Dynamics." *Cambridge University Press*, pp. 301-3.

<sup>73</sup> Timothy, Frye. 1997. "A Politics of Institutional Choice: Post-Communist Presidencies." *Comparative Political Studies*, Vol. 30, pp. 522-23.

<sup>74</sup> Beliaev, M. 2006. "Presidential Powers and Consolidation of New Post-Communist Democracies." *Comparative Political Studies*, Vol. 39, No. 3, pp. 375-98.

<sup>75</sup> Blais, André, Louis Massicotte, and Agnieszka Dobrynska. 1997. "Direct Presidential Elections: A World Summary." *Electoral Studies*, Vol. 16, No. 4, pp. 441-55.

<sup>76</sup> Fish, Steven. 2006. "Stronger Legislatures, Stronger Democracies." *Journal of Democracy*, Vol. 1, No. 5, pp. 19-20.

political system. As political interests of various groups are different they will accept democracy if the political system does not pose a threat to their interests.

As such, democracy does not promote the welfare of the majority if the power of the ruling elite is significant. This kind of political system may either bring to a revolution by the majority or to a repression by the minority. Therefore, successful democracy depends upon a stable balance of power between various groups in society.<sup>77</sup>

According to Fish and Kroenig's Parliamentary Power Index (PPI) shows that parliamentary power in parliamentary government systems is not necessarily higher than in presidential government systems.<sup>78</sup>

Therefore, the distinction between parliamentary and presidential government systems does not necessarily indicate various levels of parliamentary power. Moreover, taking into consideration the arguments of the PPI authors, stronger parliaments endowed with stronger democracies. For instance, Mexico, the U.S., and Uzbekistan are all considered to be presidential systems. This categorization is not about their stability. The indicators of the Freedom House in 2011 for the period from 1990-2010 show three negative and one positive change for Uzbekistan and three negative and four positive changes for Mexico. The U.S. is the most stable showing no changes during that period. The U.S. shows a PPI of 0.63 whereas the other two countries show lower levels of parliamentary power. However, with a PPI of 0.44, Mexico has a stronger parliament than Uzbekistan (with a PPI of 0.28).<sup>79</sup>

### **Chapter III — Research Questions & Methodology**

#### **Objective of the Research & Research Questions**

The main objective of this research study is to examine the current RA semi-presidential government system in order to identify barriers that may be lifted if Armenia were to move to a parliamentary system of government. Thus, this essay attempts to articulate and discuss the advantages and disadvantages of both systems and identify the specific reasons for or against changing the system. Considering that there is an ongoing debate on this issue between the current

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<sup>77</sup> Acemoglu, Daron, and James Robinson. 2006. "Economic Origins of Dictatorship and Democracy." *Cambridge University Press*, pp. 34–35.

<sup>78</sup> Fish, Steven, and Matthew Kroenig. 2009. "The Handbook of National Legislatures: A Global Survey." *Cambridge University Press*, pp. 55–56.

<sup>79</sup> Freedom House. 2011. "Freedom in the World." <http://www.freedomhouse.org/template.cfm?page=15>.

administration and opposition parties, a scholarly research on the topic is timely and may serve as a document to consider in deciding whether a change is warranted or not.

The above objective triggers specific research questions, which are:

***RQ1: Does the current semi-presidential system limit participatory policy-making in the National Assembly?***

***RQ2: How does the current system contribute to good governance and regulatory reform in the process of democratization?***

***RQ3: Would a parliamentary system increase public access to and participation in policy reforms?***

To answer the research questions stated above, the following hypotheses will be tested:

***H1: A parliamentary system of government provides improved access for the public to raise issues before the Parliament.***

***H2: A parliamentary system of government allows increased public debate and participation in policy-making.***

## **Research Design and Data Collection Strategy**

This research uses a mixed method that uses both qualitative and quantitative approaches to explore the research questions. The design is *sequential transformative* allowing the collection and analysis of qualitative data first, followed by survey research, and integrating both methods in the interpretation phase.

In the initial qualitative phase of the research, a sample of ten analytical essays / research studies were selected and analyzed primarily for identifying the specific descriptors (categories) that characterize the key features of semi-presidential and parliamentary systems of government. The sample of articles was selected on the basis of considerations of geography and democratization phase akin to the Republic of Armenia. The classification and coding of reviewed text were derived from the research questions; descriptors were formulated and used in the content analysis to measure the corresponding strength in the analyzed text.

The second qualitative research included in-depth interviews with members of the RA legislature (the National Assembly). The interview questions were developed from findings of the earlier content analysis of articles and critical essays. Here the sample strategy was aligned with the

proportion of party-representation in the National Assembly, and also included representatives from other opposition parties not represented in the National Assembly.

The findings from the initial qualitative phase were built into the survey questionnaire used in the quantitative phase of the research. Basically, the survey gauged the intensity of public preference for one system over the other for Armenia, and the key drivers of such preference. The survey used a stratified sample with random sampling within each of the selected strata. This approach ensures that the sample is fully representative of the population of Armenia. The total sample size equals 600 citizens, 18 years of age and older. All eleven *marzes* of the Republic were ranked by alphabetical order and every third *marz* was selected for further stratification. Thus, the selected *marzes* were Armavir, Kotayq, and Vayoc Dzor. The capital city of Yerevan was added to this group primarily to ensure that the largest populated city is included in the sample.

The next level of stratification was carried out using the precincts in Armavir, Kotayq, Vayots Dzor and Yerevan. Here again, in order to ensure that the sample is fully representative, each of the selected *marzes* was divided by its respective communities in alphabetical order and every third urban and every fifteenth rural community was selected for inclusion in the survey sample.

According to the official data retrieved from ARMSTAT,<sup>80</sup> the population of Armenia is nearly 2.07 million. In order to distribute the survey questionnaires proportionally, the total number of survey questionnaires was divided by the total population of the RA.

The population of Armavir marz is nearly 283,000, so the survey was distributed to 68 individuals following the above mentioned formula. Accordingly, considering that the population in Kotayq marz is 280,000, the number of survey questionnaires used was 67; the population in Vayots Dzor is 56,000, thus the number of survey questionnaires was 16. The rest of the survey questionnaires were distributed in Yerevan, totaling 451.

### **1. Marz – Armavir**

*Urban Community – Vagharshapat*

*Rural Community – Arevik, Bambakashat, Hushakert, Mayisyan, Pshatavan, Voskehat*

### **2. Marz – Kotayq**

*Urban Community – Charentsavan, Tsaghkadzor*

*Rural Community – Fantan, Kamaris, Nor Gyugh, Zovuni*

### **3. Marz – Vayots Dzor**

*Urban Community – Yeghegnadzor*

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<sup>80</sup> Armstat. 2009. “Population of the Republic of Armenia”. Retrieved from: [http://www.armstat.am/file/article/marz\\_09\\_8.pdf](http://www.armstat.am/file/article/marz_09_8.pdf), accessed on 10 February 2015.

#### **4. Marz – Yerevan**

*District – Avan, Kanaker-Zeytun, Nork-Marash, Shengavit*

Microsoft Excel and Statistical Package for Social Sciences (SPSS) were used for data organization, analysis, and presentation. Both descriptive and regression analyses were performed to determine the relationship among variables; to measure whether or not significant relationships exist among variables; and whether a change in one variable causes a change in another variable.

#### **Limitations of the Study**

The survey used in this research project is cross-sectional, i.e., administered in a single period of time to get a snapshot of the issues debated across the country. A longitudinal study, conducted over a twelve-month period, at the minimum, would have been more valuable to determine changes in public opinion over time.

### **Chapter IV — Data Analysis and Findings**

#### **Document analysis**

This section presents the results of the completed document analysis. As stated earlier, several descriptors were identified for gauging the benefits of either parliamentary or semi-presidential government systems. The strength of each descriptor found in text was measured on a scale of 1 to 7, where 7 is the “*strongest*” and 1 is the “*weakest*”. The descriptors originated from the review of 45 articles on this topic. The actual documents analyzed for content included the following:

1. The Constitution of the Republic of Armenia (1995)
2. The concept of constitutional reform for changing the government system in the Republic (2015)
3. The Armenian Revolutionary Federation (ARF) version of the concept of the same constitutional reform for changing the government system (2015).

#### **Descriptors for Content Analysis**

Below are definitions of the descriptors used in analyzing the documents cited above.

- **Citizen participation (civil society):** This descriptor refers to the participation of the citizenry in the cultural life (in the arts, sciences, and technologies); in social activities; in economic development activities (work, standards of living, housing, pension, etc.) and political activities (including participation in the selection/voting of government and in policy-making (including reforms and related debates).
- **Distribution of Power:** This descriptor is intended to measure the degree to which power is distributed among three branches of government: legislative, executive and judiciary.
- **Checks and Balances:** This descriptor refers to the effectiveness of the system to counterbalance decisions by which the political system is regulated. In other words, the level at which checks and balances assure that political decisions are not concentrated in the hands a few individuals or groups.
- **Structure of Government (in terms of security):** This descriptor refers to the identification of the person who should guarantee the independence, territorial integrity and security of the RA. Moreover, it describes the authority of the Commander-in-Chief of the armed forces and the levels of management of government operations related to defense, including appointments and discharges of top commander(s) of the armed forces. The extent of authority vested in the Commander-in-Chief over decisions related to war and peace, mobilization of the armed forces or related actions within the government structure.

The table below depicts the analysis of the three documents analyzed: the RA Constitution; the RA government concept paper on the proposed parliamentary system; and the ARF concept paper on the proposed parliamentary system.

Descriptors	Frequency Mean	Intensity Mean
Citizen participation (civil society)	4.0	3.0
Distribution of Power	2.3	1.0
Checks and Balances	1.0	0.7
Structure of government	7.0	3.0

The analysis shows that in all three documents the emphasis is on two descriptors, namely: **Citizen Participation** at 4.0; and **Structure of government** at 7.0. The frequency mean of other descriptors was not so high, meaning that they were not targeted as the most important issues.

### **Descriptive Statistics**

The sample used for surveying the population presented a total of 600 citizens of Armenia (selected in the manner explained earlier), 18 years of age or older residing in Armavir, Kotayq, Vayots

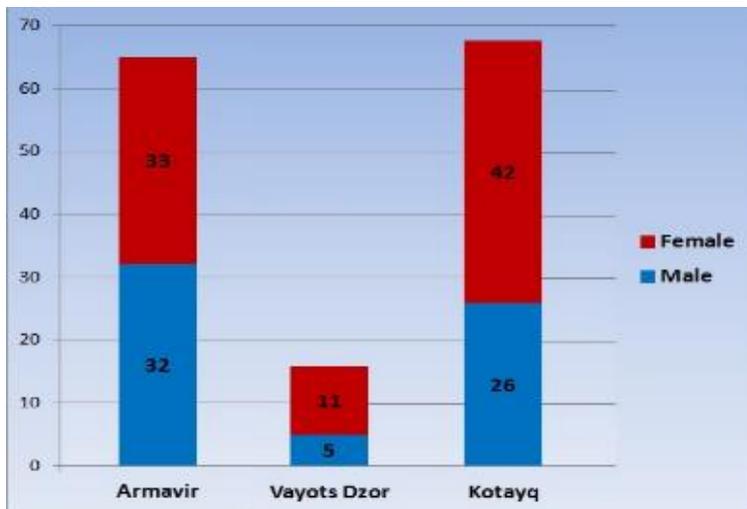


Figure 1 — Gender Statistics Pertaining to Rural Citizens Surveyed

Dzor and Yerevan. The questionnaire contained 14 questions (three demographic, eight multiple choice, and three Lykert scale).

The descriptive statistics in Figure 1 pertains to the rural population surveyed represents 32 males (49%) and 33 females (51%) from Armavir; 5 (31.2%) males and 11 (68.8%) females from Vayots Dzor; and 26 (38.2%) males and 42 (61.8%) females from Kotayq.

The largest number or 37.5% of male respondents in Armavir were high school graduates, followed by university graduates with a bachelor's degree at 34.4%, and master's degree at 18.8%. It is worth noting that female respondents were more educated: 12 (36.4%) having a master's degree; 8 (24.2%) holding bachelor's; and 1 (3%) PhD.

Moreover, there were 6 (18.2%) individuals who had completed high school and 6 vocational schools (See figure 2). The picture in Kotayq is nearly the same. The highest educational level attained by respondents was 3 with PhDs, two males and one female. The largest number of female respondents (45.2%) had bachelor's degrees; followed by 12 (28.6%) respondents with master's degree. Though the number of male respondents was nearly half of the number of females, there were 2 (7.7%) male PhDs; 8 (30.8%) male respondents were high school graduates, followed by 7 (26.9%) holding master's degrees and 6 (23.1%) bachelor's. As depicted in Figure 2, the highest educational level attained by both male and female respondents from Vayots Dzor is a master's degree, i.e., 2 (18.1%) female respondents with master's and 6 (54.5%) with bachelor's degrees. The majority of male respondents (60%) hold master's degree.

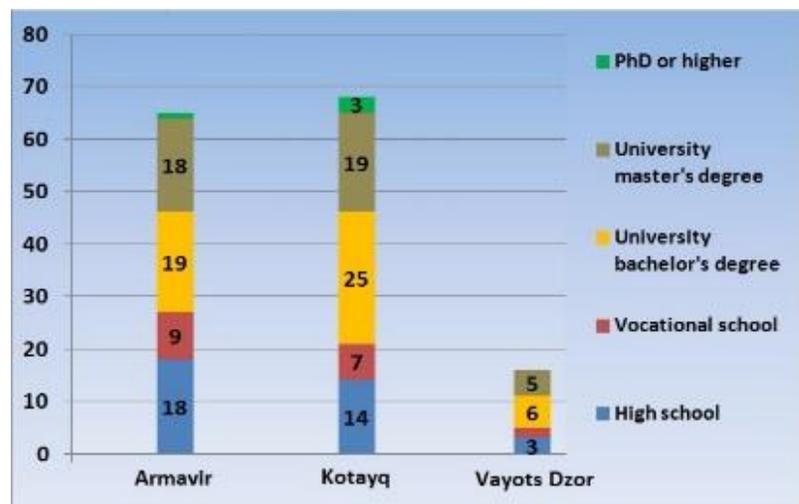


Figure 2 — Educational level of Rural Citizens Surveyed

The age distribution of marz respondents (see [Figure 3](#)) is as follows: 18-23 year-olds represent the majority and 63 or older respondents are the least in Armavir, Kotayq and Vayots Dzor marzes. Most respondents from Kotayq were 18-23, 48 (70.6%); followed by 12 (17.6%) respondents in the age group 24-30. In Vayots Dzor 18-23 age group respondents were dominant (51%).

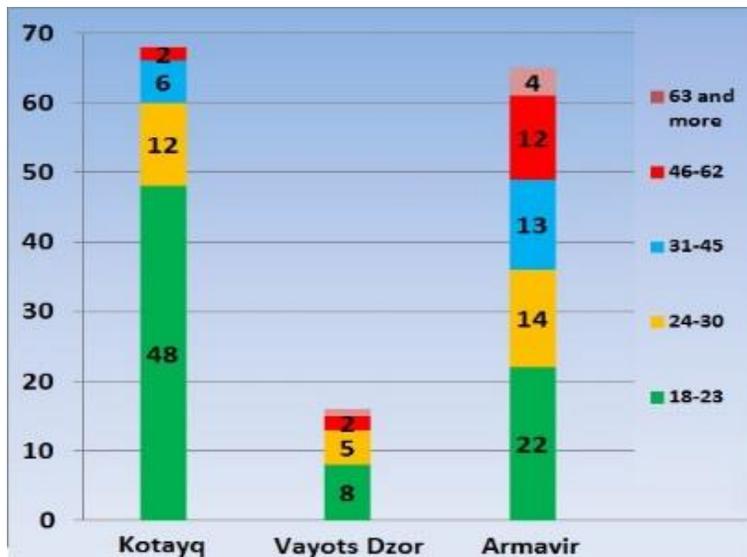
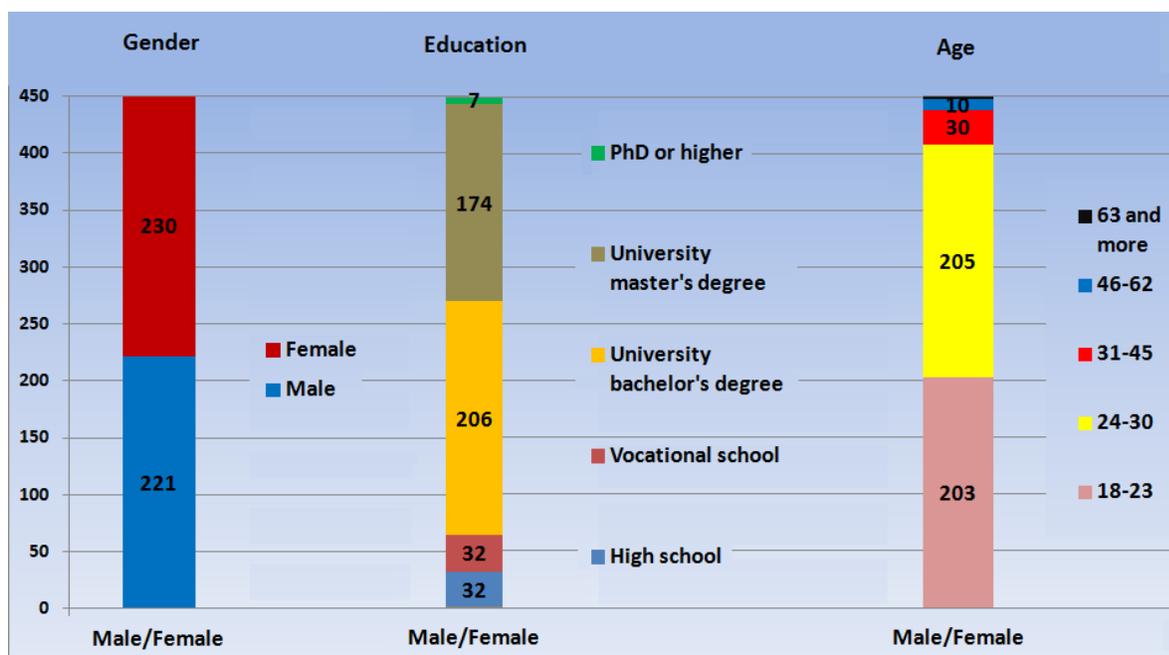


Figure 3 — Age Statistics Pertaining to Rural Citizens Surveyed

The largest group of respondents was from Yerevan: 221 (49%) male and 230 (51%) female. The overall picture in the case of Yerevan is slightly different. The highest level of education that both female and male respondents had was PhD. Looking through [Figure 4](#) it becomes obvious that a large number of respondents (45.7%) had bachelor's degrees; closely followed by (38.7%) having a University master's degree. The respondents in the 24-30 age group represented (45.5%) was; followed by the 18-23 age group at 203 (45%) respondents.



In all four marzes the majority of respondents (51%) were females despite the fact that male to female population differs by a little over 2% in Armenia, where males comprise 51% of the

populous while females comprise about 49%. In addition to this most of them (40.6%) belonged to the age group of 18-23. There is no prevalent educational level in the marzes but, generally speaking, variance occurs between residents possessing bachelor's and master's degrees. It should also be emphasized that there were PhDs in three out of four randomly selected samples.

### **Inferential Statistics**

Analyzing the results pertaining to the types of changes that might be expected from the shift to a parliamentary system (Figure 5), 56% of the respondents were sure that it will not have any significant impact on democratization. More specifically, 27% answered that the shift will result in a weaker democracy; and a smaller percentage of respondents (17%) thought that it will move the country toward a stronger democracy.

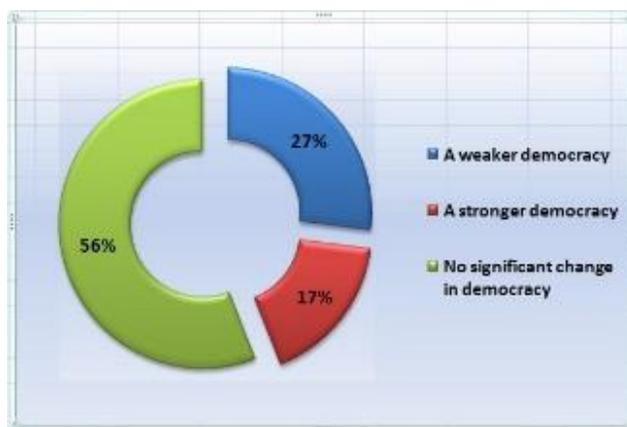


Figure 5 — Results of shift to Parliamentary system

On the need for constitutional reforms, 72 percent of the respondents were sure that Armenia does need constitutional reforms and only 28 percent of them disagreed. Combining all these responses it becomes clearer that the majority of the respondents opted for positive changes in the constitution but not change in the system of government.

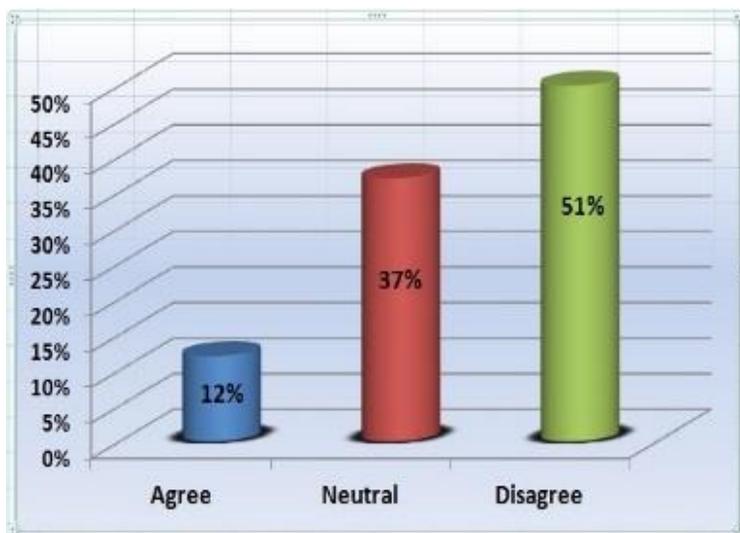
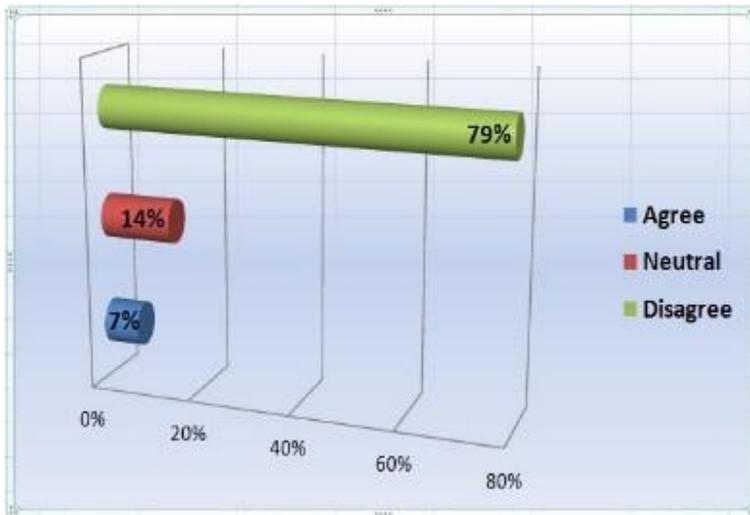
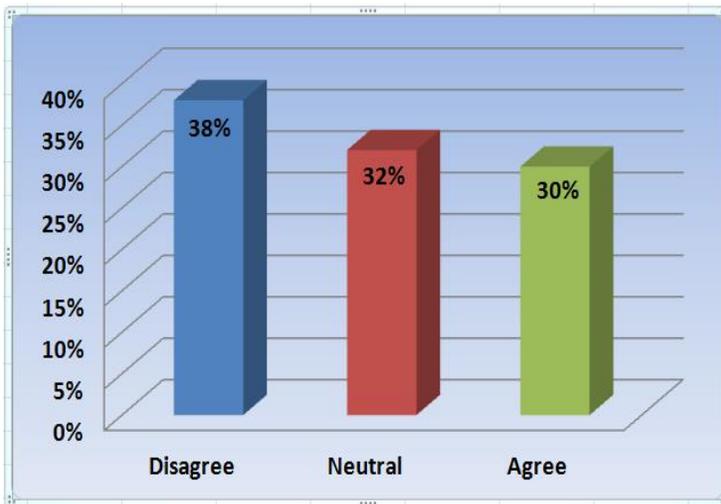


Figure 6 — Semi-presidential government system promotes engagement of civil society in policy-making

Using a Lykert scale, the study also looked into the position of the population as to the effects of a system change on civil society. As shown in the bar chart (Figure 6), 51% of respondents thought that the current government system did not promote civic engagement in the policy-making process. Moreover, 37% were rather neutral, and only 12% of respondents agreed that the change may contribute to engagement of civil society in policy making.



**Figure 7 — The members of the legislature have strong links with their constituencies**



**Figure 8 — Semi-presidential system promotes civil society engagement in legislature**

The study also looked into the strength of the links with their constituents by parliament members in the current system (Figure 7). On this question, 79% of respondents disagreed that their representative had a close link with the community he/she represented, 14% were neutral, and only 7% thought that their member of parliament did have strong links with them.

In order to understand whether the current semi-presidential system promotes civil society to be engaged in legislative issues, the study again used a Lykert scale. The percentages of the answers were nearly equal. Thus, the results show that most of the respondents (38%) did not think that the current system promotes civil society engagement with only (30%) agreeing that it does (Figure 8).

Looking at relationships among different pairs of variables, the study computed Pearson's *r* correlation coefficient using SPSS.

The results show that those who think that Armenia needs constitutional reforms also think that constitutional reforms will influence the democratic processes, i.e., albeit weak, correlation exists with an *r* of 0.381 correlation between these two factors at a 99% level of significance. In other words, respondents who believe that constitutional reforms will positively influence the democratization process also believe that there is a need for constitutional reform(s). This is a naturally-derived relationship in political thought.

		Need for constitutional reforms	Constitutional reforms will influence the democratic processes
Need for constitutional reforms	Pearson Correlation	1	.381**
	Sig. (2-tailed)		.000
	N	500	500
Constitutional reforms will influence the democratic processes	Pearson Correlation	.381**	1
	Sig. (2-tailed)	.000	
	N	500	500

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

From the analysis it also becomes apparent that there is no correlation between public trust related to the Administration-established process of constitutional reform and public opinion on the need for constitutional reforms. This means that the prevailing low level of public trust has no effect on the public opinion whether not there is a need to change the system of government in Armenia. On the other hand, a correlation exists between public preference for the president to have the highest decision-making authority and public position that the prime-minister should be elected by the parliament. (Pearson's  $r$  is 0.449.)

The analysis also shows that a relatively weak correlation exists between public trust towards the Administration-established process of constitutional reform related to changing the system of government and public opinion on the democratic processes expected after constitutional reforms in Armenia. Pearson's  $r$  is 0.239 at a 99% level of significance.

		Constitutional reforms will influence the democratic processes	Trust towards the constitutional reform related to the change of the system of governance presented by the Administration
Constitutional reforms will influence the democratic processes	Pearson Correlation	1	.239**
	Sig. (2-tailed)		.000
	N	500	500
Trust towards the constitutional reform related to the change of the system of governance presented by the Administration	Pearson Correlation	.239**	1
	Sig. (2-tailed)	.000	
	N	500	500

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

## **In-depth Interviews**

In order to be able to triangulate the findings from the earlier analyses completed, the study used in-depth interviews with representatives of different political parties active in the politics of the Republic of Armenia. Content analysis of ten interviews was performed using the same descriptors as used earlier in the study. The frequency of each descriptor was measured by the number of times each interviewee referred to the descriptor, somewhat referring to the importance of the concept in the context of the subject study. The intensity of the position each interviewee took on the conceptual elements of the study was measured on a scale of 1 to 7, where 1 indicated a weaker position on the impact of the change in the system on that element and 7 indicated a strong position.

Descriptors	Frequency	Intensity
Citizen participation (civil society)	9.43	6.0
Distribution of Power	1.43	2.0
Structure of government (in terms of security)	4.29	5.7
Party responsibility	5.49	4.8
Democratic development	3.30	3.7
Civic awareness (about the Legislature)	2.43	5.3

The analysis shows that of the ten politicians interviewed, 70% thinks that Armenia needs constitutional reforms, arguing that the RA Constitution must be changed in order to be better aligned with new political approaches, as well as to better respond to the needs and challenges of the population. A parliamentary system of government would be more beneficial for Armenia, they argue, as it would eliminate single-party monopoly and would allow other parties to participate in the parliamentary processes.

Those who are opposed to constitutional changes place particular emphasis on the country's socio-economic problems, immigration, corruption, etc. arguing that the proposed constitutional change would not resolve the critical issues that the Republic is facing. A change in the system of government, they argue, would only serve as a tool for the ruling party to maintain power over a longer period of time.

In the current semi-presidential government system the government is divided into three major separate and independent branches: legislative, executive and judicial. The legislative power is represented by the National Assembly (parliament). The prime minister is appointed by the president of the Republic. Once appointed, the prime minister presents the cabinet of ministers and a plan of action. The cabinet is confirmed by the president of the Republic. The cabinet of ministers is accountable to the prime minister and to the president. The composition of the judiciary is finalized at the end of several stages in the appointment process. At start, the vacant position is announced for competition; all applicants received are reviewed by the Council of Justice, which

then makes a recommendation to the President of the republic to make the appointment. There is no reference to this process in the proposed parliamentary system.

Currently, the Judiciary system comprises the following: the First Instance Court, the Court of Appeals, and the Court of Cassation. Cases move from the first to the next level when the decision of the court is unacceptable to either party. In the event that the decision of the latter is unfavorable, either party involved in the case may take it up with the Constitutional Court and, subsequently, to the European Court of Human Rights.

In the proposed parliamentary system the distribution of power is the same: Legislative, Executive and Judicial. Similarly, the legislative branch consists of parliament members. The difference lies in the manner of designating the prime minister. In this case, the prime minister is elected from the party who has gained a majority in the parliament. The executive branch is fully responsible to the parliament. In the event that no single party gains majority in the parliament, the parties shape a coalition and elect the prime minister, who then forms the government. The Judiciary comprises the First Instance Court and Court of Appeal combined in one. Membership in the Constitutional court and the European Court of Human Rights remain unchanged.

Of those interviewed, 70% think that in the proposed parliamentary government there is a single executive power headed by the prime minister. This excludes the existing dual executive power. The latter has vital importance especially in the areas of foreign policy, defense and national security. Furthermore, they argue that there is no room for confrontations between the parliament and the president, since the latter serves as a neutral arbitrator endowed with commensurate competences. The parliamentary system will also ensure that the head of state, the prime minister in this case, shall be a representative of the most politically acceptable person in that time period. They also add that the country will become more flexible while facing foreign policy challenges as the political decision-making process will be more participatory, and less reliant on personal preferences and penchants.

The remaining 30% of politicians interviewed state that they are aware only about the distribution of power in the current semi-presidential government system. The proposed concept for changing the system of government does not provide much information about distribution of power and other issues related to governance, thus they would prefer to abstain from making judgment.

The earlier group representing 70% of those interviewed argue that a parliamentary government system is preferable for the Republic of Armenia, claiming that it provides more certainty and strength to the political system. More importantly, the roles and responsibilities of political parties increase significantly in dealing with issues presented by citizens, bringing those issues into the parliament agenda, and making a difference in the policy-making process. Moreover, those supporting the change to a parliamentary system claim that political parties will take ownership of their mistakes and failures and stop passing the blame onto other parties. By the same token, every

political faction will be able to participate in the decision making process, naturally pushing their party agenda and policy interests; this also increases the engagement of civil society in the political process.

On the question of security, 40% of those interviewed argue that a parliamentary system provides more security guarantees compared to the semi-presidential system. The supporters of this position claim that important decisions on security issues, such as decisions related to war and peace, should not be the responsibility of one person, but should represent a shared position by the nation. The members of parliament, elected by the people in free and fair elections, are the representatives of the people, thus empowered to make decisions on security issues.

The other 60% tend to believe that in terms of security the semi-presidential government system is preferable in comparison to the parliamentary system. They argue that considering the continuing political conflict with Azerbaijan (and Turkey), there are high-level decisions that are rightfully kept secret. The semi-presidential system affords the decision-making vehicle(s) for such secrecy, which would be less possible in the case of a parliamentary system. Situations of this nature arise occasionally when there is a need for making decisions urgently. In a semi-presidential system the president has the authority for making such decisions in order to immediately counteract enemy action or effectively respond to security threats, getting the approval of Parliament after the fact. Many argue that this is vitally important for Armenia and the country's chief commander (as well as defense minister) should have the authority to make such decisions urgently and timely.

Those against the proposed change to a parliamentary system of government argue that under that system the responsibility is not adequately defined and is uncertain, while in the current semi-presidential system there are certain leverages that safeguard personal and collective responsibility. A parliamentary system fragments the political elite leaving the weaker political coalitions incapable of carrying out long-term policy. In addition to this, opponents to change emphasize the importance of mentality, noting that semi-presidential government system is closer to the mentality of the Armenian nation, while parliamentary government system is more suitable for European countries.

The majority of politicians interviewed (60%) think that the current government system hinders democratic development. They argue that the semi-presidential government system hinders democracy by way of (a) investing in the president too much power, and (b) affording the president authority over the judiciary through the power of appointing the judges. Conversely, 40% consider that it promotes democratic values. They state that in a semi-presidential government system there are both parliamentary as well as presidential elections, while in a parliamentary government system people will take part only in legislative elections.

Another argument that comes through from the interviews is with respect to differences related to links between parliament members and their constituents. Of the politicians interviewed, 30% think that the members of the legislature have much weaker links with their constituencies in the current government system than a parliamentary system would afford. The rest of the politicians interviewed (70%) claim that the members of parliament have strong connections with their constituencies, but this will become even stronger in a parliamentary system, as their responsibilities and accountability to their constituents will increase.

## **Chapter V — Conclusions and Recommendations for Future Research**

The concentration of this master essay is mainly on civic participation in policy-making of the NA, public access to and participation in policy making, good governance and regulatory reforms both in semi-presidential and parliamentary government systems. The results of the various data analyses on the current master thesis have revealed some problems concerning the current semi-presidential government system in the abovementioned spheres.

To answer the research questions the master's essay has used both qualitative and quantitative tools to explore the advantages and disadvantages, to find the strongest and weakest points of both government systems and reject or accept the hypotheses.

While answering the first research question "*Does the current semi-presidential system limit participatory policy-making in the National Assembly?*" the research has used the results of both survey and in-depth interviews. According to the survey results the current government system does not promote civic engagement in the policy-making process. The study has also concentrated on the strength of the links between the constituents and parliament members in the current system. So, the representative did not have close links with the community he/she represented. In addition to this, the results of the survey show that the current system does not promote civil society engagement in legislative issues.

The results of the in-depth interviews agree with the survey results in the sphere of this issue. According to the most interviewees the civil society does not have any opportunity to take part in the policy-making process but the elections. In the parliamentary government system every political faction will be able to participate in the decision making process, naturally pushing their party agenda and policy interests; this also increases the engagement of civil society in the political process. Moreover they stress the fact that the members of parliament have relatively strong connections with their constituencies, but this will become even stronger in a parliamentary system, as their responsibilities and accountability to their constituents will increase.

In order to answer to the second research question “*How does the current system contribute to good governance and regulatory reform in the process of democratization?*” most of the interviewees emphasize the fact that current government system does not promote the development of democracy in Armenia. They argue that the president is given too much power and he/she has ruling power over the judiciary.

The answer of the third research question “*Would a parliamentary system increase public access to and participation in policy reforms?*” is given by both the analyses of in-depth interviews and survey results. Most of the survey respondents answered that in the current semi-presidential government system there are no opportunities to take part in the policy reforms. Moreover, the majority of interviewees gave detailed information about the beneficiaries of civil society in the parliamentary government system. They stress that in the parliamentary government system the roles and responsibilities of political parties shall increase significantly in dealing with issues presented by citizens, bringing those issues into the parliament agenda, making a difference in the policy-making process, including the civil society into the policy-making process through different political parties.

Taking into consideration all these facts we can conclude that two hypotheses of the current thesis essay, which are “*A parliamentary system of government provides improved access for the public to raise issues before the Parliament*” and “*A parliamentary system of government allows increased public debate and participation in policy-making*”, have been accepted.

## **Recommendations**

The tools used in the master’s essay are cross-sectional giving a snapshot of the debates, opinions, suggestions of common citizens and politicians on the two types of government systems. This has relevant importance for consideration in the process submitted by the current administration. Considering that the concept paper on constitutional reform for changing the government system in the Republic of Armenia is not yet final and could undergo changes in the period allowed, possible changes could well trigger further discussion, debate, and analysis. Thus, it would be very helpful to continue this research study longitudinally, at least over the next twelve-months, in order to determine whether changes would also bring about changes in public opinion and acceptance of one form or another.

It may be also important to compare and contrast the results before and after the implementation of the new government system. This would provide a great opportunity to examine the attitudes of the public towards the new government system. The comparison between semi-presidential and parliamentary government systems after the establishment of the new system would provide ground for more research related to the democratization of the country.

## Appendix I — Survey Questionnaire

**Section I — Demographic and personal information:** Please choose the most suitable response from the options provided for each of the questions below.

1. *Please, indicate your gender.*
  - a. Male
  - b. Female
  
2. *Which of the following age groups do you belong to?*
  - a. 16-23
  - b. 24-30
  - c. 31-45
  - d. 46-62
  - e. 63 and above (*Please, specify*) \_\_\_\_\_
  
3. *What is the highest level of education you have completed?*
  - a. Elementary school
  - b. High school
  - c. Vocational school
  - d. University bachelor's degree
  - e. University master's degree
  - f. PhD or higher (*Please, specify*) \_\_\_\_\_
  
4. *Please, indicate the RA region where you live.*
  - a. Armavir (City \_\_\_\_\_, Village \_\_\_\_\_)
  - b. Kotayq (City \_\_\_\_\_, Village \_\_\_\_\_)
  - c. Vayoc dzor (City \_\_\_\_\_, Village \_\_\_\_\_)
  - d. Yerevan (District \_\_\_\_\_)

**Section II — Questions related to Constitutional Reform in Armenia:** For the questions that follow, please choose the answer that most closely describes your response.

5. *Do you think that Armenia needs constitutional reforms?*
  - a. Yes
  - b. No
  
6. *Which electoral system is more preferable for you?*
  - a. Proportional (you elect a specific party)
  - b. Majoritarian (you elect a specific person)
  - c. Both of them
  - d. Either
  
7. *Do you think that constitutional reforms will influence the democratic processes?*
  - a. Yes
  - b. No

8. *Do you trust the established new process of the constitutional reform related to the change of the system of governance presented by the Administration?*

- a. Yes
- b. No

9. *Please, fill in the following:*

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
The members of the legislature have strong links with their constituencies					
The current semi-presidential government system promotes engagement/participation by civil society in policy-making					
Semi-presidential government system promotes civil society to be informed about the performance of the legislature					
Semi-presidential government system promotes civil society's participation in policy-making by way of new reform proposals					

10. *The shift from the current Semi-presidential system to a parliamentary system will result in:*

- a. A weaker democracy (Civil participation, human rights, equity, freedom, etc.)
- b. A stronger democracy
- c. No significant change in democracy

11. *How should the principal commander of the country be elected?*

- a. By citizens
- b. By Parliament

12. *In your opinion which of the following should be the main decision-making figure in politics?*

- a. The president (elected by the majority votes of citizens)
- b. The prime minister (elected by the majority votes of parliament members)

13. *Please, fill in the following:*

	Totally Disagree	Disagree	Neutral	Agree	Totally Agree
MPs represent the people, so they have to make laws for the RA, even if the President does not agree:					
President represents the people, so he/she has to make laws for the RA, even if the Parliament does not agree:					

**14. Please, fill in the following:**

	Totally Disagree	Disagree	Neutral	Agree	Totally Agree
A parliamentary government system will stabilize both the political system and civil society					
The role of social and political organizations (political parties) will increase in a parliamentary government system:					
The responsibilities of the political parties will increase in the parliamentary government system:					
Proportional electoral system is the core of the perfect political system:					
Majoritarian electoral system is the core of the perfect political system:					
In the parliamentary government system political parties will not be able to shift the failures to the executives and achievements to their owns:					

**Appendix II — Questions used in in-depth interviews**

1. Do you think that the Republic of Armenia needs constitutional reforms? Please, specify why.
2. Please, specify the points of the concept of the constitutional reforms you have found mostly important.
3. Do you think that the Parliamentary government system is more preferable for the Republic of Armenia? Please, specify why.
4. What are the strengths and weaknesses of semi-presidential and parliamentary government systems in practice?
5. To what extent does the current government system promote or hinder democratic development? And what about the parliamentary government system?
6. What mechanisms are there at the current system to ensure citizen participation in policy-making? And what about the parliamentary government system?
7. To what extent can civil society take participation in the work of the legislation in the current government system? And what about the parliamentary government system?
8. To what extent is there access to information concerning the operations of the parliament in the current government system? And what about the parliamentary government system?
9. To what extent do members of parliament have links with their constituencies in the current government system? And what about the parliamentary government system?
10. What are the strengths and weaknesses of civil society in terms of their ability to engage in the policy process in the current government system? And what about the parliamentary government system?
11. What security guarantees do we have in the current government system? What changes are expected to be in internal and external security of Armenia in the parliamentary government system?

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# *Europe's True Immigration Capacity: What We Can Learn from the US Green Card System*

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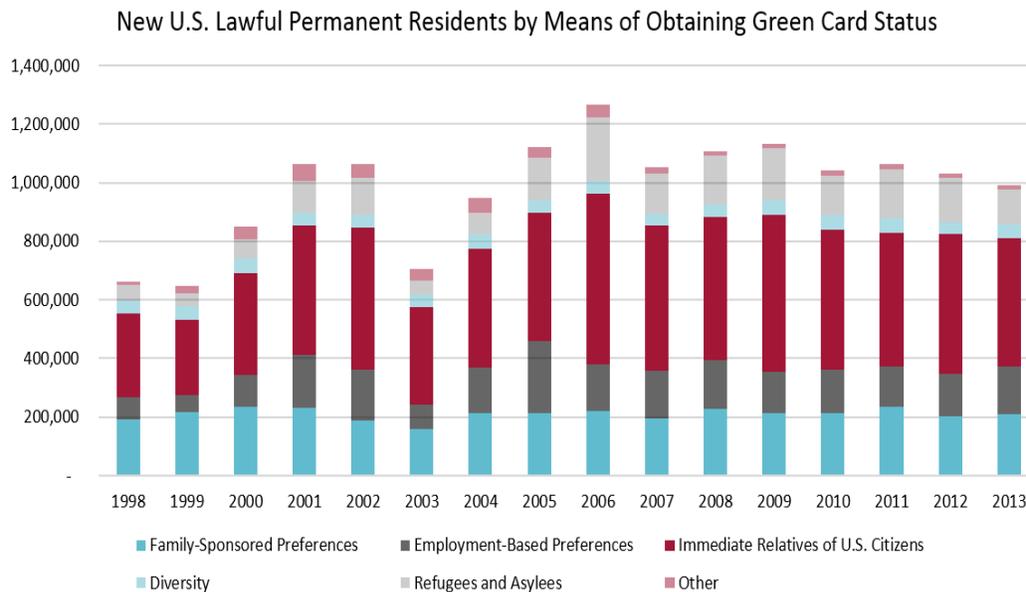
*Immigration is one of the biggest issues of the EU - and highly contested among the governments, as everyone knows. The problem for the EU: This field is subject to a unanimous vote in the Council. But discussions have started to another reform of the EU Treaties (Treaty of Lisbon)<sup>81</sup>*

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<sup>81</sup>This article was originally published by Bruegel. See under: <http://bruegel.org/2015/09/europes-true-immigration-capacity-what-we-can-learn-from-the-us-green-card-system/>

As masses of immigrants arrive at our doorstep each day, only to be denied entry, we cannot help but ask ourselves if the EU is doing enough. How many immigrants can the EU really afford to accept? And more importantly, shouldn't immigrants be granted permanent residence instead of temporary asylum? The United States grants permanent lawful resident status<sup>82</sup> —with benefits similar to full citizenship save the right to vote—to approximately **one million immigrants every year**. Could Europe do the same?

An immigrant can obtain lawful permanent resident status in the US (i.e. receive a “green card”) through family, employment, refugee or asylee status, or other specific and exceptional conditions. Once immigrants are granted status, they have it for life, as long as they do not leave the US for an extended period or commit a serious crime. They can travel freely outside the United States, work for any US company or start their own, get social security benefits upon retirement if they have worked for more than 10 years, and petition for their spouses and children under the age of 21 to receive green card status. Above all, they can apply for full US citizenship just five years after receiving a green card. The largest portion of newly issued green cards goes to family members of US citizens or direct family members of permanent residents (65% in 2013)<sup>83</sup>, and a smaller but nevertheless substantial portion is obtained through employment (about 16% in 2013, which is about 160 000 people). **Remarkably, approximately 12% (about 120 000 in 2013) of new lawful permanent residents each year are former asylees or refugees.**



Source: *Yearbook of Immigration Statistics, US Department of Homeland Security*

<sup>82</sup>Note that temporary visa permits or illegal immigration are not considered. Rather, the potential for permanent EU immigration policies is observed.

<sup>83</sup>This statistic includes family sponsored preferences (21%) and immediate relatives of US citizens (44%).

If the EU were to accept a comparable number of immigrants, how many immigrants would it have to grant lawful permanent residency each year? The two regions obviously differ in their capacity to accept immigrants permanently, and any comparison should reflect these differences. There is no commonly used measure for a country's immigration absorption capacity. But let us consider the criteria used by the European Commission to set its quotas for the current wave of immigrants. It accounts for differences in demographics, economic size and immigration history between regions. The European Commission outlined the following criteria:

1. the size of the population (40%) as it reflects the capacity to absorb a certain number of refugees;
2. total GDP (40%) as it reflects the absolute wealth of a country and is thus indicative for the capacity of an economy to absorb and integrate refugees;
3. unemployment rate (10%) as an indicator reflecting the capacity to integrate refugees.
4. average number of spontaneous asylum applications and the number of resettled refugees per 1 million inhabitants over the period 2010-2014 (10%) as it reflects the efforts made by an economy in the recent past;<sup>84</sup>

These criteria are, as the Commission itself states, objective, quantifiable, and verifiable criteria that reflect the capacity of each individual EU member country to absorb and integrate refugees, with weighting factors reflecting the relative importance of each criteria. We use these criteria and their weights here for the EU as a whole (rather than for each individual country) to find the number of lawful permanent residency statuses the EU would have to grant in order to be comparable with the US.

	<b>New Lawful Permanent Residents (total per year)</b>	<b>New Lawful Permanent Residents (refugees and asylees per year)</b>
<b>United States</b>	990,553	119,630
<b>European Union (based on EU quota rules)</b>	1,269,819	152,378
based on population	1,585,374	190,245
based on GDP	1,051,765	126,212
based on unemployment	954,183	114,502
based on past immigration	1,195,454	143,455

Source: Bruegel calculations

<sup>84</sup>For the last criterion, there are no comparable data available for the US and the EU. We instead use the total number of citizenships allocated to foreigners in the period 2009-2013. If we omit the last criterion and make the calculations with only the first three (with weights being 45%, 45%, and 10%, respectively) that would give us 1 282 131 total green cards and 153 856 green cards given to asylees and refugees.

Using the European quota rule, we find that the EU should grant permanent residency status to about 1 267 000 individuals per year, if it is to accept “as many” immigrants as the US. Note that this number represents only 0.25% of the total EU population. If the EU were to grant the same portion (i.e. 12%) of statuses to asylees and refugees as the US, it would have to grant status to 152 400 refugees and asylees per year (a mere 0.03% of the total EU population). Say we determined the comparable number of immigrants the EU should absorb using only population (see the “based on population” row in the table above). The population of the United States was approximately 316 million in 2013 (*Source: US Census, United States Census Bureau*). If the European Union (with its population at 507 million in that year) had accepted a comparable number of immigrants as permanent residents, it would have had to grant status to about 1.6 million people (0.3% of its total population) in 2013 alone. Of this number, 190 245 would have gone to refugees and asylees (which still amounts to less than 0.04% of the total EU population).

Now consider unemployment as the only factor. The high unemployment rate in the EU relative to the US is the most restrictive criteria for calculating Europe’s equivalent green card numbers, as can be seen in the low numbers in the “based on unemployment” row in the table above. Despite this, the EU would have to accept 954 183 immigrants (114 502 of which would be refugees). Do these numbers suggest the EU could do more for immigrants? According to Eurostat, the EU awarded citizenship to **871 300** foreigners in 2013<sup>85</sup>. That leaves ample room for awarding more permanent resident statuses, even if we put more weight on less favourable criteria, such as unemployment, in the calculations above.

The current discussion remains limited to how to provide immigrants with temporary status. Just yesterday, President Juncker announced in his State of the Union address that the EU would accept another 120 000 migrants in addition to the 40 000 the Commission previously promised to relocate. Even if we add 160 000 to the average yearly number of permanent citizenships awarded in the EU to foreigners, the sum is still substantially below US green card numbers. **Not only do we have enough room to allow more refugees into Europe, the data suggests we have enough room to grant them permanent stay.** The following table shows, for every EU member country, how many permanent residents it would have to absorb out of the total 1.27 million immigrants the EU should have accepted in 2013, as calculated above. To determine each country’s share, we apply the EU quota rule designed to relocate the current wave of immigrants to each EU country (see above)<sup>86</sup>. The last column shows the number of immigrants each country should accept as a percentage of its population. With the exception of Estonia, Malta, and Luxembourg, none of the

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<sup>85</sup>Eurostat also publishes statistics on first residency permits & the number of asylum seekers per EU country, but these are all non-permanent permits. These statistics show that the EU allowed 2 500 000 first residency permits in 2013. 431 000 asylum seekers were registered in 2013, about 45% of which were granted a permit (which is always non-permanent).

<sup>86</sup> See the communication on the European agenda on migration (annex) for each country’s key.

EU countries would need to accept more than 1% of its population. **On average, a country would have to take in only another 0.25% of its population in immigrants.**

Country	New Lawful Permanent Residents (per year, based on EU quotas)	Percentage of Total Population
European Union	1,269,819	0.25%
Austria	28,190	0.33%
Belgium	31,111	0.28%
Bulgaria	13,714	0.19%
Croatia	20,063	0.47%
Cyprus	4,317	0.38%
Czech Republic	33,396	0.32%
Denmark	21,968	0.39%
Estonia	20,698	1.57%
Finland	18,539	0.34%
France	150,728	0.23%
Germany	195,933	0.24%
Greece	20,444	0.19%
Hungary	19,428	0.20%
Ireland	17,270	0.38%
Italy	126,220	0.21%
Latvia	13,968	0.69%
Lithuania	13,079	0.44%
Luxembourg	9,397	1.73%
Malta	7,619	1.80%
Netherlands	46,475	0.28%
Poland	61,078	0.16%
Portugal	44,698	0.43%
Romania	41,777	0.21%
Slovak Republic	20,317	0.38%
Slovenia	13,079	0.63%
Spain	98,411	0.21%
Sweden	31,238	0.33%
United Kingdom	146,537	0.23%

Source: Bruegel calculations

This benchmarking exercise with US green card data suggests that if the EU would want to be as accommodating as the US (even after taking into account differences in absorptive capacity between the two regions), there is still plenty of room in the EU to absorb more immigrants—not only in the short-term but as **permanent** residents. The EU can choose for itself how many immigrants it will accept in the future. It can choose whether to be more or less accommodating than the US. However, it should consider its true capacity for immigration in making its decision.

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# Trafficking in Human Beings in Conflict and Post-conflict Situation

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*This text is the product of different Caritas research teams throughout Europe, with contributions from Caritas Albania, Armenia, Bosnia-Herzegovina, Bulgarie, Kosovo, France, Lebanon, Turkey, from June 2015. The Caritas research-action coordinator was Geneviève Colas, Paris. Researched and written by Olivier Peyroux. The research staff consisted of Ariela Mitri, Caritas Albania and Euromediterranean project; Hombeline Dulière, Caritas Lebanon; Ivana Kozina, Caritas Bosnia-Herzegovina; Jakup Sabedini, Caritas Kosovo; Gohar Yeranyan, Caritas Armenia. Under the participation of Gabriela Chiroiu, Caritas Roumania; Najla Chahda, Sylvie Eid and Fady Moussa, Caritas Lebanon; Radosveta Hadjieva, Caritas Bulgarie; Movses Hakobyan, Caritas Armenia; Ivana Kozina and Bosiljco Rajic, Caritas Bosnia-Herzegovina; Albert Nikolla, Caritas Albania; Belinda Mumcu and Şenay Özden, Caritas Turquie; Elnara Petit, Secours Catholique Caritas France; Hryhoriy Seleshchuk, Caritas Ukrainia. Photo credits go to Hombeline Dulière.*

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## **Executive Summary**

*While some of the forms of exploitation covered by this research are specific to countries directly involved in conflict - child soldiering and organ trafficking to treat wounded fighters - the remaining types of trafficking in human beings have many points in common in conflict and post-conflict periods. Recruitment methods, psychological control techniques and the forms of exploitation do not depend on particular geographic zones.*

### ***Early and FORCED marriage for the purposes of exploitation***

*Our research showed that, in the countries in conflict, girls were abducted by various armed groups from their families, or near border areas, for the purposes of sexual slavery. However, in all of the countries studied, the methods of recruitment revolve around various types of arranged marriages. The girls and their families were apparently seldom aware of the risks. Whatever the religion involved, the dowry system is regularly corrupted and turned into the purchase price of a human being. These marriages are used for one or other type of exploitation, or even for several types of exploitation at once. They turn into domestic exploitation, sexual exploitation, forced prostitution, temporary marriage or debt bondage, all of which can include being forced to commit offences.*

### ***Economic exploitation***

*This type of exploitation, and the many forms it takes, is found in all of the countries studied. The quasi-impossibility for refugees to enter the legal job market, because of limited rights or the absence of status, fosters large-scale economic exploitation. Although there is little chance of changing domestic legislations at this point, our research showed that economic exploitation can generate other forms of exploitation, such as drug running, sexual exploitation, debt bondage, etc. This leads us to advocate for the establishment of a distinction of type, not degree, between economic exploitation and undeclared work.*

### ***Use of children***

*In countries with large numbers of refugees, child labour can be seen in every sector that requires unqualified labour: agriculture, street vendors, shoe-shiners, construction, shop salespeople, etc. The report<sup>87</sup> on minor Iraqi refugees in Lebanon showed that these practices were far from common before the conflict. In the sample quoted, 92% of the children had not worked in Iraq and 59% had completed at least elementary schooling. While this exploitation through work, which sometimes turns into sexual exploitation or forced crime, is dictated by the economic hardships experienced by refugee families, there is a tendency for it to become commonplace, even institutionalised.*

*The example of refugee families living in informal tented settlements on private lands in the Bekaa Valley or Northern Lebanon, who have to send their children out to work in the field of the landlord in order to be able to pay for the piece of land used, is a worrying illustration of this. Humanitarian organisations tend to work through the chawichs and regularly assign them the task of distributing aid (food, blankets, etc.), thereby further bolstering their position in the camps.*

### ***Vulnerable minorities***

*The post-conflict situations studied in this research show that past and present civil wars lead to certain minorities being permanently rejected, on ethnic or religious grounds, by all of the belligerents. In the post-conflict period, these groups' place in society continues to be threatened. These minorities find themselves marginalised and represent a pool of potential victims of trafficking in human beings over several generations.*

*The exclusion from social institutions in their countries of origin condemns them to living in isolation and reinforces the clan mentality and crime. The example of Bosnia and Kosovo shows that, more than 15 years after the end of the conflicts, the lack of protection for these population groups in their home or host countries generates an internal structuring of so-called grey activities that can degenerate into crime and human trafficking.*

### ***Migrant smuggling and trafficking in human beings***

*Many studies draw a type distinction between smuggling migrants and trafficking in human beings. This is based on the assumption that, once the migrant has paid the required sum and been smuggled into the country, the person is no longer tied to the smuggler. Our research tends to prove the opposite. Migrant smuggling can be a stepping stone to trafficking in human beings.*

*Many people who cannot afford to pay the smuggler on the spot end up in a situation of debt bondage. Some families are obliged to marry their daughters to the first suitors who come along in order to recuperate the dowry money; others, especially in Western Europe, are caught up in economic exploitation or forced crime.*

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<sup>87</sup> An Insight into Child Labor among Iraqi Refugees in Lebanon. CLMC, Beirut, 2012.

## **Presentation of the research**

### **Relevance**

Trafficking in human beings in conflict and post-conflict situations is a subject on which little research has been done, and which is seldom addressed by the stakeholders tasked with supporting displaced people and/or refugees. In the field, the reception or "management" of people fleeing conflicts, whether by international organisations, States or civil society, essentially boils down to providing humanitarian aid to meet these populations' basic needs: food and drink, medical care, shelter, and so on. Emergency aid programmes during the conflict phase and reconstruction programmes still do too little to address the exploitation or presence of vulnerable groups, such as children without a family guardian, unaccompanied women or persecuted minorities.

According to the Caritas organisations working in the field, because of the proliferation of conflicts around the world (Middle East, Ukraine, etc.), which mainly affect civilians and which result in an unprecedented number of displaced people and refugees, human trafficking and exploitation would appear to be increasingly in the forefront.

Failure to address these issues can result in the permanent entrenchment of this phenomenon in countries being rebuilt after a period of conflict. Accordingly, this research-action aims to insights into trafficking in conflict and post-conflict situations to all stakeholders so that they can put forward the solutions best suited to the situations in the field.

### **Objectives**

Understand trafficking in human beings in conflict and post-conflict situations: the forms it takes and how it is carried out;

Help Caritas and its partners more effectively support refugees fleeing conflicts and who are at risk of or victims of trafficking, by producing new tools;

Draw up a series of recommendations, based on local research and trials, to better address human trafficking in aid programmes for conflict and post-conflict situations, and disseminate them to local, national, regional and international stakeholders.

### **Definitions**

#### **Trafficking in human beings**

The Palermo Protocol (2000), which was ratified by 147 countries, provides the following definition of "Trafficking in persons" in its Article 3, entitled "Use of terms":

"For the purposes of this Protocol:

(a) "Trafficking in persons" shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.

Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs;

(b) The consent of a victim of trafficking in persons to the intended exploitation set forth in subparagraph (a) of this article shall be irrelevant where any of the means set forth in subparagraph (a) have been used;

(c) The recruitment, transportation, transfer, harbouring or receipt of a child for the purpose of exploitation shall be considered "trafficking in persons" even if this does not involve any of the means set forth in subparagraph (a) of this article;

(d) "Child" shall mean any person under eighteen years of age."

European Directive 2011/36/EU, which focuses more on the protection of victims, expands on this definition in its Paragraph 11:

"In order to tackle recent developments in the phenomenon of trafficking in human beings, this Directive adopts a broader concept of what should be considered trafficking in human beings than under Framework Decision 2002/629/JHA and therefore includes additional forms of exploitation. Within the context of this Directive, forced begging should be understood as a form of forced labour or services as defined in the 1930 ILO Convention No 29 concerning Forced or Compulsory Labour. Therefore, the exploitation of begging, including the use of a trafficked dependent person for begging, falls within the scope of the definition of trafficking in human beings only when all the elements of forced labour or services occur.

In the light of the relevant case-law, the validity of any possible consent to perform such labour or services should be evaluated on a case-by-case basis. However, when a child is concerned, no possible consent should ever be considered valid. The expression 'exploitation of criminal activities' should be understood as the exploitation of a person to commit, inter alia, pick-pocketing, shop-lifting, drug trafficking and other similar activities which are subject to penalties and imply financial gain. The definition also covers trafficking in human beings for the purpose of the removal of organs, which constitutes a serious violation of human dignity and physical integrity, as well as, for instance, other behaviour such as illegal adoption or forced marriage (...)."

## **Displaced people, refugees, asylum-seekers Definitions and changes**

People obliged to leave their place of residence because of conflict and/or persecution are considered **displaced** when they remain in their country and **refugees** when they leave their country.

The term "refugee" is defined by Article 1 A (2) of the 1951 Geneva Convention: " (...) the term "refugee" shall apply to any person who: (...) owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country".

The signatory countries (139 countries) base themselves on this convention to define the right to asylum in their national legislation. Depending on the States, people other than refugees in the sense of the Geneva Convention may be entitled to apply for asylum. Other legal grounds may be claimed, such as being persecuted for one's opinions or belonging to an ethnic, religious or sexual minority. In France, this type of application comes under so-called "subsidiary" asylum.

## **Participants and methodology**

### **Choice of participants/Participants**

The plan to conduct a research-action was discussed among the Caritas organisations involved in the Euro-Mediterranean anti-human trafficking project in Madrid in January 2014. At a meeting in Lebanon in May 2014, more targeted discussions were held on the objectives and methodology, and a presentation document was produced. Based on this document the Caritas organisations in Albania, Armenia, Bosnia-Herzegovina, Bulgaria, Kosovo, France, Lebanon, Turkey and Ukraine<sup>88</sup> decided to take part of this research. To date, the first organisations are already actively involved and other Caritas organisations may join the project.

### **Research-action stage**

The term research-action refers to a variety of approaches developed by the social sciences to "boost" social change. A panel of international researchers produced the following tentative definition<sup>89</sup>: "research in which there is deliberate action to transform reality; research with a dual objective: transform reality and gain insights into these transformations".

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<sup>88</sup> Because of the circumstances Caritas Ukraine wasn't able to provide accurate information.

<sup>89</sup> At a symposium held at the INRP (National Institute for Educational Research) in Paris

In this work, the link between research and action will be made in the following steps:

***Step 1: Conduct research, in the participating countries, into the different types of trafficking in human beings in conflict and post-conflict situations;***

***Step 2: The participating Caritas organisations decide to develop tools through concrete experimentations on one or more of the types of trafficking identified;***

***Step 3: Assess the impact of the tools used;***

***Step 4: Disseminate the research-action and advocate recommendations to put into practice.***

In Step 1, each Caritas organisation involved in the study appointed a research officer (sometimes the Caritas coordinator for efforts to stop trafficking in human beings, or some other person). The latter conducted documentary research and interviewed institutional stakeholders and stakeholders in the field. Whenever possible, the researchers gathered first-hand accounts from victims or people at risk, using two methods:

- semi-guided interviews;
- focus groups<sup>90</sup> conducted with Syrian and Iraqi refugees.

The research officers were coordinated by a senior researcher specialised in trafficking in human beings.

### **Scope and limitations of the research-action**

This research-action, which spans a period of two and a half years, consists of a qualitative analysis of the forms and operation of trafficking in human beings among people who are displaced or refugees as a result of conflict and post-conflict situations. The number of interviews of victims or people at risk per country was limited (maximum of approximately 30 per country).

This makes it impossible to report on the quantitative scale of the phenomenon, and thus limits the possibility of providing an exhaustive listing of the various forms of trafficking that are being conducted in the respective countries.

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<sup>90</sup> This tool provides a comparison of different stakeholders' viewpoints that is more apt than individual interviews to bring out differences of assessment, internal reasoning, possible malfunctions, etc.

## **Obstacles and limitations:**

Very little research has been done on trafficking in human beings, so documentary research had to be extended to include press articles, especially to corroborate certain information provided by the refugees but not necessarily recorded by studies;

The scope of action among the engaged Caritas organizations is geographically limited to their home countries, so it was not always possible to report on specific regional features within the different countries;

The victims or people at risk who took part in the interviews and/or focus groups had been identified by the Caritas organisations or their partners, so the group polled was, *de facto*, not representative of all victims. A series of filters inherent to social work sometimes meant that certain categories of victims (women, people who spoke the language of the specific country where the study took place, etc.) were more likely to be selected to participate;

The techniques used to exploit and gain psychological control over people change according to the person's status, the practices of the stakeholders in the field, the arrival of new vulnerable populations, etc. The analysis presented here, therefore, corresponds to a partial snapshot of the various forms taken by trafficking in human beings at a given time.

## **Changes in the international context on the refugee issue and increased vulnerability of people**

### **Closure of Europe's borders and increased role of third countries in receiving and taking charge of refugees**

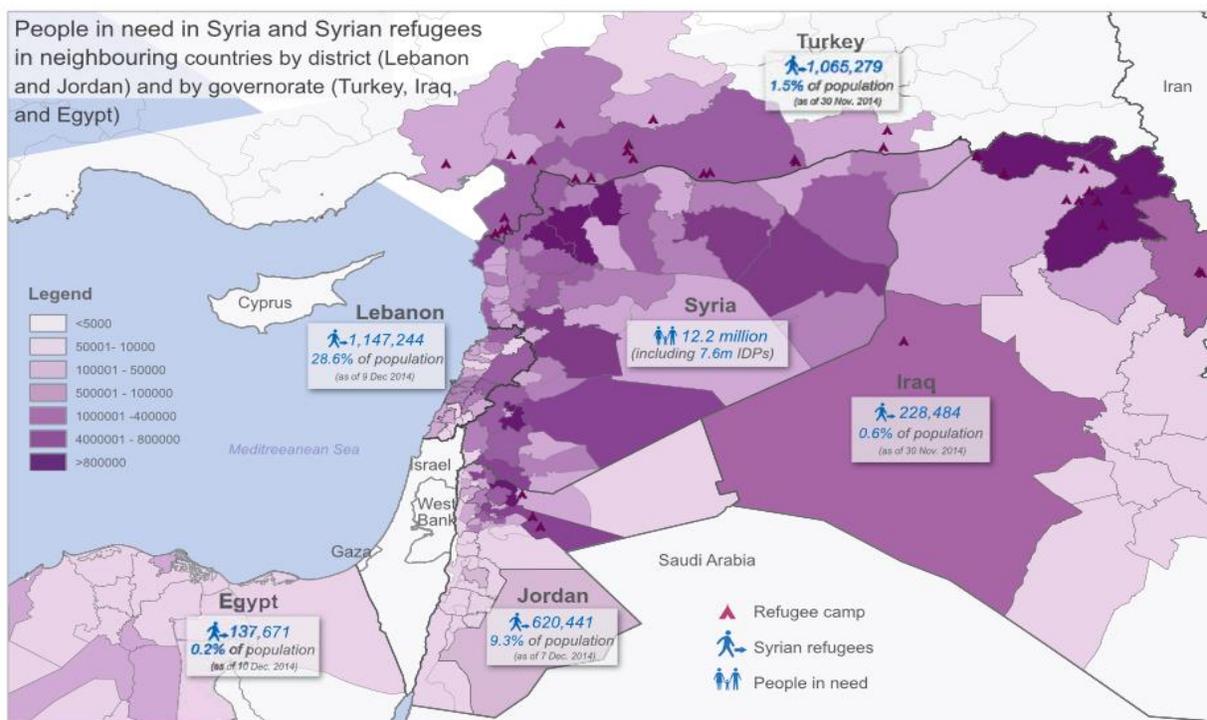
According to research by Gérard Noirel<sup>91</sup>, beginning in the 1980s, Western countries introduced policies to curb the filing of asylum applications in their respective territories and to lower the acceptance rate. In 1980, the rate of acceptance of asylum applications in European Member States stood at 85%, whereas, in the 2000s, the proportion was completely reversed and reached an 85% rejection rate. Over the years, the status of refugee has thus become less protective. The future prospects it procures are increasingly uncertain. An analysis of the figures on the distribution of Syrian refugees between the Middle East and Europe confirms this trend.

In December 2014, the High Commissioner for Refugees (HCR) estimated the number of Syrians forced to flee their country at more than 3 million (out of a population of 22 million). The majority of them found refuge in the following countries: 1, 147,244 million in Lebanon, 1,065,279 in

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<sup>91</sup> Gérard Noirel, *Réfugiés et sans-papiers, La république face au droit d'asile XIX<sup>e</sup> – XX<sup>e</sup> siècle*, Paris: Hachette/Pluriel, 1999.

Turkey, 620,441 in Jordan, 228,484 in Iraq and 137,671 in Egypt. Still according to the HCR, 12.2 million people have been displaced within Syria.



Amnesty International<sup>92</sup> estimated the number of Syrian asylum seekers in the European Union at around 55,000 in 2013 (roughly equivalent to the number of Syrian refugees who managed to reach Europe). In 2013, the EU Member States had pledged to grant asylum to 12,340 people selected by the HCR and living in camps in the Middle East. Of these, 10,000 would go to Germany and 500 to France.

When we compare the figures, we can see that only 2.2% of Syrian refugees are in Europe. The EU Member States declared that they would grant asylum to 12,340 people in 2013 (excluding asylum seekers who had entered the Members States illegally), i.e. 0.5% of the Syrian refugees settled in the countries adjoining Syria. A similar trend can be seen for refugees of other nationalities, such as Iraqi refugees. In recent years, there has been mounting pressure from the European Union on countries adjoining conflict zones to accept onto their soil the flow of people fleeing the fighting. Although the EU has allocated substantial sums to these States, to international organisations and to NGOs, as a result of the ever-increasing number of refugees and domestic legislation in the host countries, actual protection of refugees remains limited. Among the countries currently hosting the largest number of refugees, Lebanon is not a signatory to the Geneva Convention and Turkey has placed a geographical restriction on the Geneva Convention, to the

<sup>92</sup> An International Failure: The Syrian Refugee Crisis, Amnesty International, December 2013.

effect that it accepts only asylum seekers coming from Europe. To remedy the resulting lack of status among those seeking asylum, temporary hosting protocols have been signed with the HCR. Even so, the status of refugees remains very limited in terms of protection. It varies with the refugee's nationality and provides few prospects for the future (temporary status, ban on working, etc.). This minimal level of protection makes refugees even more vulnerable to trafficking in human beings in the adjoining countries, the transit countries and Western Europe.

## **Identification of the different situations of exploitation in countries in conflict (Part I), third countries (Part II) and countries in reconstruction (Part III)**

### **PART I: Trafficking in countries in conflict**



### **Sexual exploitation**

In the focus groups, a number of women refugees from the city of Mosul said that Muslim girls and those girls who were members of religious minorities (Christians and Yazidis) had been kidnapped from their homes by the Islamic State or other armed militia. To stop them from escaping and returning to their family, they are raped in front of their parents, creating an indelible feeling of shame with regard to their family. After being abducted, they are made the sexual slaves of the fighters. Although it is hard to know the full extent of the phenomenon, similar facts have been reported in a number of press articles. The Huffington Post UK<sup>93</sup> reported on the rare story of a Yazidi girl who managed to escape, a few weeks after having been reduced to the role of sex slave. She described her ordeal and mentioned that 40 other girls were with her, the youngest of

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<sup>93</sup> [http://www.huffingtonpost.co.uk/2014/09/08/yazidi-sex-slave-islamic-state-isis\\_n\\_5782714.html](http://www.huffingtonpost.co.uk/2014/09/08/yazidi-sex-slave-islamic-state-isis_n_5782714.html)

them aged 12. In three interviews conducted by Caritas Turkey, Syrian women refugees in Istanbul between the ages of 17-24 stated that they had been raped during the conflict in Syria and that, due to fear of social exclusion, they could not let their families know. Among girls and women involved in prostitution, most of them had been victims of rape in Syria. In Turkey, four male and three female interviewees stated that prostitution is socially unacceptable in the Syrian culture, but girls or women have no other choices due to the economic situation of refugees.

### **Abduction of women for the purposes of sexual exploitation abroad**

Numerous observers in countries at war confirm that, apart from the cases of sexual slavery, women and teenagers are being abducted and then sold abroad, mainly for the purposes of forced prostitution. As early as 2003, Human Rights Watch (HRW) reported an increase in abductions of young women<sup>94</sup>. The same year, the NGO *Organization of Women's Freedom in Iraq* reported that 400 women had been kidnapped in the Kirkuk region<sup>95</sup>. There was evidence that 18 of them had been sold for sexual exploitation in nightclubs in Egypt<sup>96</sup>. More recently, the NGOs contacted for this research drew attention to possible sales of women, primarily to buyers in the Gulf States. In Iraq and Syria, the risk of abduction is currently highest in the border areas. Numerous armed groups use these crossing points to raise finance by smuggling migrants and selling women.

### **Forced / EARLY marriages to obtain protection and/or provide for the family's needs**

During the conduct of research for this study, reports were made of numerous cases of Syrian girls in Turkey being forced to marry and become the second or third wife. This also has been corroborated by articles in the press.<sup>97</sup>

According to accounts by victims, the usual scenario is as follows: Turkish men, generally quite old, contact Syrian go-betweens to find Syrian wives aged between 13 and 25. Once the deal has been made, they go to areas on the Syrian border in the south of Turkey. The Syrian go-between then crosses the border with the wife and hands her over to the future husband in exchange for the sum of money negotiated beforehand. The payment is used to pay the bride's dowry to the girl's family in Syria and remunerate the go-between. Caritas investigations suggest that the main motivations of the men who contract for such brides are:

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<sup>94</sup> Human Rights Watch (2003): *Climate of Fear*

<sup>95</sup> *Over 400 Iraqi women kidnapped, raped in post-war chaos*, Jordan Times, August 25, The Arab Regional Resource Center on Violence against Women. Aman News Center: [www.amanjordan.org](http://www.amanjordan.org)

<sup>96</sup> Mlodoch, Karin: *Lange Schatten der Vergangenheit*, ai-journal, amnesty international, Heft 10, Oktober 2003, pp. 12-13.

<sup>97</sup> [http://www.radikal.com.tr/turkiye/suriyeli\\_kuma\\_ticaret\\_i\\_kira\\_veremiyorsan\\_kizini\\_ver-1172732](http://www.radikal.com.tr/turkiye/suriyeli_kuma_ticaret_i_kira_veremiyorsan_kizini_ver-1172732)

- the fact that the dowry amount is much smaller than what is paid for Turkish women;
- the opportunity for men over the age of 50 to have a young and docile wife.

From the many testimonies of victims collected by NGOs and journalists, it became possible to understand the recruitment procedure. The victims explained that they were obliged by their uncle or father to take a Turkish husband. If they agreed, it was to help their family financially through the dowry money paid to the family.

According to their accounts, the amount was between \$150 and \$200. On arriving in Turkey, the victims found that the go-between (often a relative or neighbour of theirs) had deceived them about the husband's material circumstances and family status. In the majority of accounts, the latter had been described as a widower or childless, in comfortable financial circumstances. It was only when the new Syrian wife entered his home that she discovered that her husband had several wives and dependent children. The housing conditions were much poorer than had been announced. The girls who told their story explained that they had been held in a situation of domestic and/or sexual exploitation. They had also been abused by the other wives, who resented their arrival.

#### ***About early marriage and trafficking in human beings:***

According to the [UN Special Rapporteur](#) on trafficking, forced marriage, as distinct from arranged marriage, may occur as:

- 1) *a method of recruitment for trafficking – for example, by the promise of dating or marriage abroad leading to sexual exploitation; as in, “come for the wedding, stay for the forced prostitution!” and/or*
- 2) *the result of trafficking, in other words, being trafficked for the purposes of marriage, usually accomplished via the threat of force, [fraud](#), or coercion. The [Supplementary Convention on the Abolition of Slavery](#) also refers to servile marriage, in which a woman might be promised and/or given in marriage without her consent.*

*“Child marriage can be said to be slavery, primarily if the following elements are present: firstly, if the child has not genuinely given their free and informed consent to enter the marriage; secondly, if the child is subjected to control and a sense of “ownership” in the marriage itself, particularly through abuse and threats, and is exploited by being forced to undertake domestic chores within the marital home or labour outside it, and/or engage in non-consensual sexual relations; and thirdly, if the child cannot realistically leave or end the marriage, leading potentially to a lifetime of slavery”<sup>98</sup>*

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<sup>98</sup>Extract from the website “girls not brides”, <http://www.girlsnotbrides.org/when-does-child-marriage-become-slavery/>

In 2013 the first [United Nations Human Rights Council](#) resolution against [child, early, and forced marriages](#) was adopted; the resolution recognizes child, early, and forced marriage as involving violations of human rights which “prevents individuals from living their lives free from all forms of violence and that has adverse consequences on the enjoyment of human rights, such as the right to education, [and] the right to the highest attainable standard of health including sexual and reproductive health,” and also states that “the elimination of child, early and forced marriage should be considered in the discussion of the post-2015 development agenda”<sup>99</sup>

### **Enlistment of children in armed militia**



Information from Caritas Ukraine indicates that children are being used to build barricades against the regular army. Some of them are enlisted in separatist militia. Similarly, in the focus groups conducted in Lebanon, women refugees reported that boys were regularly kidnapped and then enlisted in armed militia. This information has been corroborated by the US Department of State's report on Syria<sup>100</sup>, which refers to boys being forcibly recruited into armed militia.

When Caritas Armenia interviewed Armenian refugees from Syria, the latter said they were particularly exposed to child soldiering because of their religion. According to them, boys from religious minorities or considered non-Sunni were targeted more than others. While this information is plausible because it reflects strategies that are common practice during conflicts<sup>101</sup>, we should nevertheless remain cautious. The number of testimonies collected is not sufficient to

<sup>99</sup> <http://www.girlsnotbrides.org/states-adopt-first-ever-resolution-on-child-marriage-at-human-rights-council/>

<sup>100</sup> See the US Department of State's *Trafficking in Persons Report 2014*, which reports that children in Syria, in particular, are being abducted for use as child soldiers.

<sup>101</sup> During the war between Afghanistan and the URSS, minorities, i.e. people seen as ethnically non-Russian, were sent to the front before the others.

corroborate this information. It does not allow us to determine whether the faith-based criterion increases the risk of forced enlistment, and if so, in what way.

### **Trafficking in organs**

In the focus groups, the Syrian and Iraqi refugees were adamant in stating that trafficking in organs does indeed exist. Although, to our knowledge, there have been few reports or articles on this information, the testimonies collected were relatively precise. Several women reported that people who had undergone an operation in hospitals for the removal of a kidney without their knowledge. Others in the group reported that, on the road to Lebanon, there had been attempts to threaten them into donating their organs. If such trafficking probably existed before the conflict, it seems to have intensified. The most detailed testimonies reported situations of wounded fighters in Syria, who, for security reasons, sought treatment in Turkey in the border town of Kilis, but later were found dead with organs missing. Some articles<sup>102</sup> seem to corroborate this situation. They also give examples of organ trafficking among refugees in Lebanon<sup>103</sup> and clearly assert that the business is booming and exploits desperate refugees needing to obtain money in order to survive in a country that is very expensive. UNHCR's report on trafficking in Syria (published in Nov. 2014) also confirmed this point. This is reminiscent of another recent organ trafficking scandal: in 2013, one of nine suspected of illegal organ trafficking at the Medicus clinic (a private Kosovo/Turkish Clinic) in Kosovo pleaded guilty to all charges of having committed such crimes during the previous years. The clinic was founded in 1999 by a European philanthropist who helped during the war in Kosovo. Officials say that it secretly evolved into a center for illegal organ trafficking. An investigation into the practices of the clinic began in 2008, and the center was closed. Thirty illegal transplants are said to have taken place at the site, with donors falsely promised up to 15,000 euros for their kidneys. The donors were often left in frail condition and without any payment<sup>104</sup>.

## **PART II: Exile in a neighbouring country and risk of trafficking**

### **Marriages to obtain protection**

The various stakeholders interviewed for our research in Lebanon spoke of the risks associated with the growing practice of marrying Syrian refugee girls to Lebanese or foreign adults. These

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<sup>102</sup> "Organ smuggling: Turkish hospitals Traffic Injured Syrian Citizen'Oragans" by Centre for Research Globalization, 02/2014, <http://www.globalresearch.ca/organ-smuggling-turkish-hospitals-traffic-injured-syrian-citizens-organs/5367869> and "L'EI, J.Foley et le trafic d'organes" *In Le monde* blog 12/12/2014.

<sup>103</sup> "Lebanon black market in refugee organs" in *Middle East Monitor*, 5/01/2014

<https://www.middleeastmonitor.com/blogs/lifestyle/9067-lebanons-black-market-in-refugee-organs>

<sup>104</sup> <http://globalbioethics.org/news-articles-and-public-addresses/news/suspect-pleads-guilty-in-kosovo-illegal-transplants-case/>.

practices are legal under the domestic legislation. Girls as young as 12 are allowed to marry. Depending on the many family codes in force (15 in all), in some communities, the marriageable age can even be lowered to 9. In rural Syria, early marriage was a common practice before the conflict, but it was part of a tradition that gave the wife a certain number of guarantees and protections. Among refugee families in Lebanon, Jordan, Egypt and Turkey, such marriages have been perverted. They are losing their symbolic value as a uniting of two families and are becoming a means for the parents to find a safe haven for their daughter and/or obtain money.

Several testimonies in the focus groups recounted similar stories. The women we interviewed all said that they knew parents who were trying to marry their 13 or 14-year-old daughters in an attempt to give them a better future. Others talked more about the economic criterion, saying they knew families trying to find wealthy husbands for their daughters. These strategies are not without risk for the health of the young brides. If they become pregnant quickly and still at an early age, their anatomy is not yet sufficiently developed and their health is jeopardised.

### **"Temporary" marriages among girl refugees**

These marriages could be a front for sexual exploitation, encouraged by go-betweens who take advantage of the families' vulnerability to urge them to marry their daughters without being too inquisitive about the husband. There is a real market in these marriages, as witnessed by the creation of a Facebook page entitled "Syrian refugees for marriage"<sup>105</sup>.

These marriages are in fact as known as "temporary marriages". To avoid sexual relations outside marriage, Muslims are allowed to take a wife for a very short period (sometimes 24 hours). After a matter of days or weeks, the girls are repudiated by their husband. Depending on the families, they can be taken back by their parents, or rejected because of the "shame" associated with their status as repudiated wives. If they were taken to live abroad when they married, especially in the Gulf States, the fact of being abandoned condemns them, in effect, to prostitution in the new country so that they could earn a living<sup>106</sup>.

Research has shown that the dowry paid to the family is one of the reasons that parents try to marry their daughter on arrival in Lebanon. Poor families or those that left everything behind in their hurry to leave went into debt to be able to cross the border. Often they have no / few alternative but to marry their daughters to escape from the usurers. The economic hardships experienced by refugee families in Lebanon or Turkey (especially outside the camps) because of the cost of living

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<sup>105</sup> Following complaints by a number of associations, including Caritas Lebanon, the page was blocked by Facebook. <http://www.dailystar.com.lb/News/Lebanon-News/2014/May-22/257377-facebook-page-promoting-syrian-refugee-brides-blocked.ashx#axzz3DN2fGIgy>

<sup>106</sup> <http://levant.tv/blog-posts/syrian-crisis-temporary-marriages-and-sexual-exploitation-by-sara-yasmin-anwar/>

and rent<sup>107</sup> have made practices akin to child prostitution commonplace. The Lebanese association ABAAD mentioned the existence of an office in Northern Lebanon (Tripoli), where men come from throughout the region to choose a bride<sup>108</sup>. Similar phenomena have been reported in Jordan, in the vicinity of the Zaatari camp, said to be a market for "temporary brides"<sup>109</sup>. These underage girls, under the pretext of repeated temporary marriages, are forced to prostitute themselves to help their family.

## **Prostitution**

In 2013, the Lebanese anti-trafficking department identified 27 victims of trafficking in human beings for the year. In May 2014, 22 cases already had been identified. The majority of cases involved Syrian girls sold in Syria by relatives. Col. Asmar, Head of the Internal Security Force's Vice Squad, stated in an interview that there were several scenarios:

Syrian men send their wives to Lebanon with a promise of decent work. But once in Lebanon, the women are forced to work in bars or forced into prostitution by Lebanese and / or Syrians;

Poor Syrian families wanting to marry their daughter decide to use a Lebanese go-between, who then takes the girl to Lebanon. Once there, he sells the girl or forces her into prostitution.

To obtain a better understanding of the recruitment procedure, the question was raised during a focus group. The participants emphasised that the family is seldom aware of fate that awaits their daughter. If the family married her to a foreigner, it was in an attempt to give her a better future. They said the majority of recruiters relied on deceit.

A report<sup>110</sup> released by Harvard University in January 2014 states that the police had broken up a prostitution ring on the outskirts of the refugee camps set up in the Bekaa Valley (Lebanon). At certain times of the day, Syrian girls approached Lebanese men, asking them if they needed anything. This type of practice seems to be relatively common around the camps. There are also phone numbers in circulation for obtaining paid sexual relations, making the activity more difficult to detect. According to the NGOs questioned, some of these girls are underage. Although it is difficult to determine the role of the family or husband in these situations of forced prostitution, the number of cases recorded by the Lebanese Vice Squad seems far short of the actual numbers. The main reason for this seems to be that few cases are reported by the local stakeholders (NGOs included).

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<sup>107</sup> [http://www.radikal.com.tr/turkiye/suriyeli\\_kuma\\_ticaret\\_i\\_kira\\_veremiyorsan\\_kizini\\_ver-1172732](http://www.radikal.com.tr/turkiye/suriyeli_kuma_ticaret_i_kira_veremiyorsan_kizini_ver-1172732)

<sup>108</sup> Information reported in Running out of Time, Harvard FXB Center, January 2014, USA

<sup>109</sup> "Marriages of shame. Child marriages among Syrian refugees have turned into a lucrative business" In Now, Ana Maria Luca, 15/11/2013.

<sup>110</sup> Running out of Time, Harvard FXB Center, January 2014, USA.

In Turkey, many alleged incidents of trafficking for sexual exploitation in prostitution involving Syrian refugees have been reported in the Turkish media<sup>111</sup> (T24, 2014; Milliyet, 2014) as well as international media. Many of the interviewees in the Tarlabaşı region of Istanbul also reported such cases. One household mentioned that it has been three weeks since they last heard from their 17 year-old daughter. She had been working in a textile factory, and they believe she was trafficked and taken to another city. However, the family's efforts to find out the whereabouts of their daughter gave no result. The family was afraid to contact the authorities due to the fact that they were not registered in Turkey and because the father was working illegally.

### **Survival sex**

In Lebanon, Armenia, Turkey and France several cases of people forced to have sexual relations for economic reasons were recorded during our research. One of the people (an Armenian woman refugee from Syria), interviewed for our research in Armenia, said that she had been the victim of sexual harassment by her boss. Her refusal to accept his advances had, she thought, led to her dismissal and the non-payment of the remuneration due to her. She explained that this type of advances on the part of employers was frequent.

Similarly, the only one comprehensive report about the sexual exploitation of non-camp Syrian refugee women and girls in Turkey (Mazlumder, 2014) emphasizes that the social and cultural discrimination faced by Syrian refugee women makes it difficult for them to raise their voices and denounce sexual harassment and exploitation. The Harvard report relates several stories by Syrian women in the Bekaa Valley in Lebanon who, in order to obtain a tent in a camp or additional food vouchers, had sexual relations with the camp manager, NGO employees, etc.



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<sup>111</sup>Suriyelilerle evlilik ticarete donustu, Milliyet Daily newspaper, 26 January 2014, <http://www.milliyet.com.tr/suriyelilerle-evlilik-ticarete/gundem/detay/1827612/default.htm>

Although it is impossible to calculate the number of victims of these various forms of sexual exploitation from the research, UNHCR<sup>112</sup> has estimated that 10% of Syrian women refugees have suffered sexual or physical violence, which represents more than 100,000 people. The problems of early marriage, forced marriage and forced prostitution existed in Syria before the conflict, but the vulnerable situation in which women refugees presently find themselves have resulted in an unprecedented increase in sexual exploitation, which, through the various forms of "marriage" described here, have turned into a fully-fledged industry.

### **Exploited children**

Our research into exploited children identified various background profiles:

- children or teenagers who are helping their refugee family settle in the country;
- children tasked by their family to go abroad and regularly send back money;
- children or teenagers who have lost their parents and are consequently living in the street.

Whatever forms of exploitation the children are subjected to, this variety of backgrounds seemed to be present: begging, selling small objects, construction work, waiting at table, sewing, etc. Even with this overview of activities in which the children are engaged, it remains difficult to determine the vulnerability of the children or the danger to which they are exposed as a result of the activities in which they are engaged. However, this background profile remains a determining factor in terms of social support.

### **Children tasked with helping their family**

In 2012, Caritas Lebanon Migrant Center conducted a study<sup>113</sup> on 1,957 Iraqi refugee children settled in Lebanon. All of them were living with their families. Those forced to work represented between 4.8% to 8.9% of the sample group. With the arrival of new families and the worsening economic situation, the proportion probably has increased.

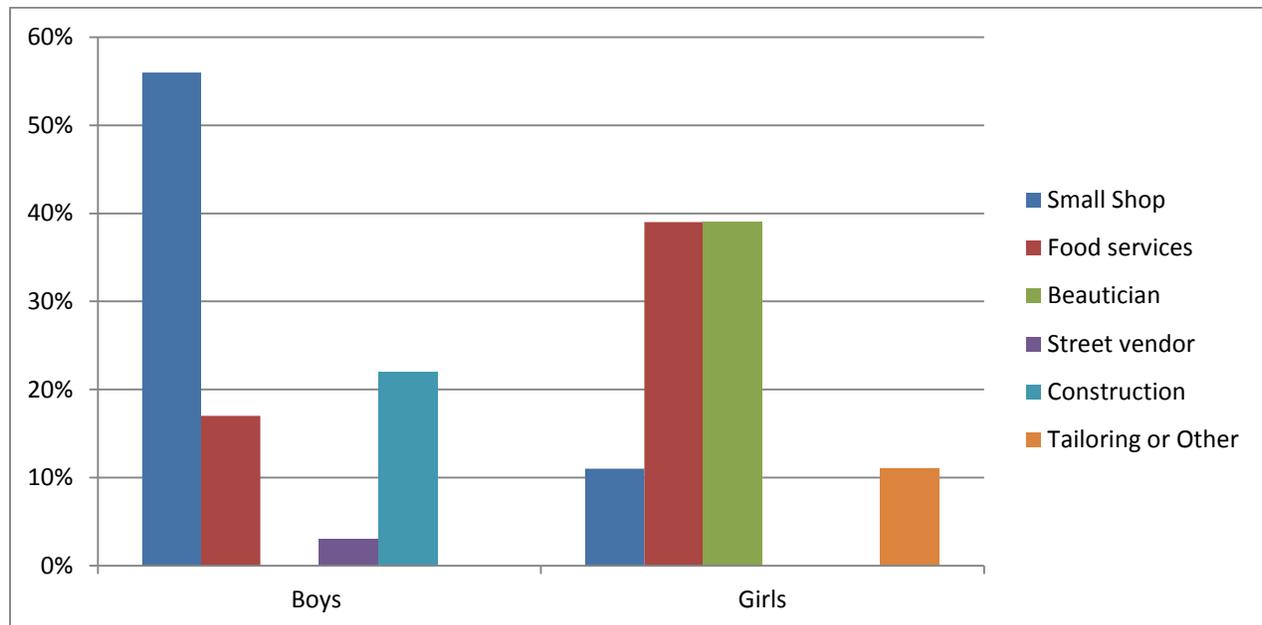
The children identified in the study who were forced to work ranged in age between 11 and 17 years: 92% of them had not worked in Iraq; 59% had completed at least an elementary school education. There is not necessarily any correlation, therefore, between the social level in the country and the fact that the children have to work. The determinant is to be found elsewhere: it is

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<sup>112</sup>2013 Syria Regional Response Plan, United Nations, 2013.

<sup>113</sup> An Insight into Child Labor among Iraqi Refugees in Lebanon. CLMC, Beirut, 2012.

thought to stem from the parents' inability to work in Lebanon. According to the study, in 44% of the cases, the children explained that their parents were unable to work because of a chronic illness or a disability. Both boys and girls are engaged in child labour. Whatever their work, the younger the children are, the less they are paid. The breakdown by activity is as follows:



Source p.39 *An Insight into Child Labor among Iraqi Refugees in Lebanon*. CLMC, Beirut, 2012.

These situations of economic exploitation of children result in:

- health problems for 54% of the boys in the sample and 46% of the girls;
- the risks of missing school, a third of the children had had to drop out of school.

Concerning this last point, apart from the phenomenon of exploitation, the influx of refugees is making the situation increasingly critical. For the 2014-2015 school year, the Lebanese Ministry of Education and Higher Education can enrol only 75,000 refugee children (only in the morning). The number of children who will attend classes in the afternoon has not yet been notified by the Ministry of Education and Higher Education. However, UNHCR estimates the number of school-aged refugee children at 425,000.

Fieldwork in Turkey in the Tarlabası neighborhood and its surroundings (Istanbul) showed that child labor constitutes the most common form of trafficking of Syrian children. Most of the children work either in textile factories or sell food on the streets. The interviews showed that it is mostly the younger children who work while the older one goes to school. In most cases, the child is the breadwinner either because the father is wounded, or because there is no adult male member in the household, or because the adults cannot find work. Some children interviewed indicated that, at the end of the work day, their money is stolen from them on their way home, and some stated that they are beaten up by the older youth in the neighborhood. For Kurdish children, it

becomes easier to ward off such attacks through establishing patronage relations with the older local Kurdish youth in the neighborhood. Some children have stated that they work in workshops established by Syrians. In such cases, child labor exploitation is also very common, with the children not being able to get their salaries or working for very low wages.

Lastly, child labour situations sometimes mask other forms of exploitation. A number of journalists' investigations<sup>114</sup> have gathered testimonies from children who complained of mistreatment and sexual abuse by their employers.

Through fieldwork in Turkey 3, other households indicated that they have witnessed sexual exploitation of Syrian children in parks and other public places around Tarlabaşı. Those families were not willing to provide information about the traffickers or about what the children or the families were offered in return. However, local witnesses also confirmed the phenomena of sexual exploitation of Syrian children in Tarlabaşı.

### **Street children**

Only a very small amount of information is available concerning refugee children who work in the streets of large cities throughout the region. However the nature of their activities makes them more exposed to abuse and a higher degree of exploitation. A report produced by the UN Refugee Agency (UNHCR) on behalf of humanitarian agencies working on the Syrian refugee in Lebanon in May 2015 provides some accurate data on this phenomenon. The report is based on information provided by UNHCR and partner agencies.

“The exact number of street children in Lebanon is difficult to gauge. But a February 2015 survey by the International Labour Organisation, UNICEF and Save the Children (SCI) under the patronage of the Minister of Labour indicates there are at least 1,500 children, nearly three-quarters of them Syrian, begging or working as street vendors. Most street children are boys and half are under 12 years of age. Some are as young as two. Most live with their impoverished parents or relatives who have had to make the heartbreaking decision to send their children into the streets so the family can eat, pay rent or afford other basic essentials. The UNICEF / International Labour Organisation / Save the Children study indicates that children are concentrated in the busy neighborhoods of Beirut and its suburbs (e.g. Corniche el Mazraa, Gemmayzeh). Some are transported daily from the northern city of Tripoli to the streets of Beirut and back. Street and working children often work excessive hours to earn the necessary income to support their families. Of the 77 children interviewed by International Relief Committee in January and February, 28% reported working over 11 hours a day and 14 percent reported working a seven day week. They sell gum, tissue paper and flowers or work shining shoes and begging. Their income

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<sup>114</sup> Exploitation et abus, le difficile quotidien des enfants syriens réfugiés au Liban, In *Le monde* dated 24/09/2013

depends on the type of work they do. Shoe shiners, for example, earn around \$23 a day on average. Beggars earn between \$8-25 a day, and gum sellers between \$10-20 a day. Children working at night and younger children usually earn more. Many street children assisted by International Relief Committee explained that their income is mainly used by their parents to cover the rent. Street and working children are among the most vulnerable children and are at high risk of violence in the streets. They are at high risk of sexual exploitation and harassment by passersby as well as by other children and adults with whom they compete. They are also at risk of neglect by their parents and live in constant fear of being arrested by the police, and of being fined or detained.”<sup>115</sup>

During the mission in Lebanon, we were able to see that these minors have very limited protection. When children are assaulted, the police take them to one of the few children's homes. The staff shortages and under-funding in these establishments (which are mainly financed by private foundations) mean that the majority of children, once placed, decide to run away.

### **Agricultural child labour**



During the mission to Lebanon, we were taken to visit some refugee camps. On the road leading there, trucks were transporting children to work in the fields for approximately \$4 per day. This first-hand information is corroborated by a number of reports<sup>116</sup>, which state that many children are used in the Bekaa Valley to collect and bag potatoes and to prepare the fields by picking up rocks. In the Tripoli area (Northern Lebanon), children work in market gardens and orchards. They are regularly abused by the landowners, who beat them if the yields are low.

During interviews of refugees living in two camps in the Bekaa Valley, the families living in tents told us that they had to pay for their tent space. To pay their rent, electricity and day-to-day expenses, they had to work and/or send their children out to work.

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<sup>115</sup> “Lebanon inter-agency update Street Children”, UNHCR, May 2015, Beirut.

<sup>116</sup>In particular running out of Time, Harvard FXB Center, January 2014, USA.

To gain a better understanding of this quasi-institutionalised exploitation, we need to look more closely at the operation and appearance throughout Lebanon of these "informal settlements", where the majority of the refugees are massed.

### ***Chawich* and Lebanese landowner**

A *chawich* is a person of Syrian origin who was sometimes present in Lebanon before the Syrian crisis. He exercises a form of moral authority over the inhabitants of his village. He is also the person that deals with people outside the camp, UNHCR staff, NGOs, Lebanese employers, etc. Due to the influx of Syrian refugees and increasing rent prices, the refugees started renting pieces of land from Lebanese landowners to set up the tents that are cheaper than renting an apartment. In the beginning of the crisis, it cost around \$200 to rent a piece of land on the field.

Because of the steady influx which the peak (June 2014)<sup>117</sup> was 2,500 of new refugees a day, according to the HCR, the prices have gone up. It costs a refugee family between \$400 and \$600 a year - roughly \$40 a month - to live in a tent. The camps we visited had around 80 tents. A tax of \$10 a month is levied for electricity, etc. In one of the camps visited, the families, mostly made up of women and children, told us that the monthly expenses for living in the camp amounted to between \$50 and \$70. To cover these expenses, they had no choice but to work and/or send their children out to work. To find an employer, they approach the *chawich*, who negotiates their pay directly with the landowner or Lebanese employers. The wages of the people and children are then paid directly to the *chawich*, who deducts the amounts due for living in the camp.



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<sup>117</sup> Since summer 2014 the number fell and the decline is expected to continue as the government announced that the borders would be closed for Refugees <http://www.lorientlejour.com/article/892156/le-liban-sur-le-point-de-fermes-frontieres-aux-nouveaux-refugies-syriens.html>

## **Risk of teenage enlistment**

The camps located on the Syrian border sometimes are used as a support base by combatants who have installed their families there. Similar situations exist in Iraqi Kurdistan. Some wounded combatants stay there several weeks to recover. To have combatants and families living in close quarters increases the risk of teenagers being recruited by armed groups. Although little research has been done into this particular aspect, the enlistment of children, including refugees, is part of the strategy of the majority of militia, as a recent Human Rights Watch report<sup>118</sup> points out.



## **Belonging to a minority relected by all belligerents**

Recent conflicts have taken on the features of civil wars. They oppose people living in the same country, on ethic or faith-based grounds. Some minorities that had a place in society in the past are particularly at risk in the present situation. Overnight, they can find themselves hunted by some or all of the belligerents and forced to leave everything behind them to avoid becoming victims of genocide. A sudden, rushed departure and tensions with the rest of the population, some of whom are refugees, make them particularly vulnerable to exploitation wherever they go.

## **Iraqi Christians and Yazidis**

In early August 2014, when the Islamic State seized control of Mosul and Qaraqosh, approximately 200,000 Christians and Yazidis were forced to flee their homes (sometimes overnight), leaving

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<sup>118</sup> "Maybe We Live and Maybe We Die", Recruitment and Use of Children by Armed Groups in Syria, June 2014, New York.

behind all of their belongings. At first, they had no choice but to take refuge in Iraqi Kurdistan. Because of the very high cost of living and the risk of young people being forcibly enlisted in the Peshmerga (Kurdish fighters), Iraqi Kurdistan was seen as a transit zone by Christians and Yazidis hoping to leave as soon as possible, mainly for Turkey. According to the interviews, Turkey was seen as accessible (an ID card was all that was necessary to enter the country), more stable than its neighbours, and with a lower cost of living. Once there, however, the sums asked for rent can lead to forms of economic exploitation. Some men are obliged to work for their landowner for no pay in order to pay off their debts. Because these migrants have arrived only very recently, our research was unable to identify other forms of exploitation. Careful watch should be kept on the situation, however, because the lack of an established Christian or Yazidi community in Turkey for the majority of these families, and the prejudice against these minorities (and especially the Yazidis), make them potentially very vulnerable.

### **The Dom people**

The Dom people, who live in many Middle Eastern countries, have a similar ethnic origin to that of the Roma in the Balkans. They do not have a specific religion, and most use a language, Domari, that is spoken only by their group. The majority populations hold many stereotypes about Doms and identify them as working in commerce or marginal activities, such as music, dance, begging, selling flowers, etc.

The increasing visibility of adults and children begging in Istanbul is frequently reported. The Caritas Turkey field observation of children begging in different neighborhoods of Istanbul<sup>119</sup> shows that such begging by children usually involves the entire family, or a group of children. This issue is also widely covered by the local media. It is estimated that there are approximately 10,000 Syrians begging and homeless in Turkey (Yeni Şafak, 2014). While some of them later accepted voluntarily to go to the camps, some have refused, according to the statements of the governor of Istanbul (Reuters, 2014; Yeni Şafak, 2014). Some upper class Syrian business owners and politicians in Turkey have requested Turkish authorities to remove the Syrian beggars and place them in camps since they cause “bad reputation” for Syrians. Also, many Syrians state that the beggars are mostly “gypsies” and they used to work as beggars back in Syria as well. Most of the newspaper articles on the subject limit their focus to the ‘how many beggars are caught by the police’ aspect of the phenomenon while the vulnerability of beggars to exploitation is largely absent in the literature.

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<sup>119</sup> Amnesty International (2013). ‘Türkiye: Suriyeli Mültecilerin İhtiyaçlarını Karşılama için Ulusal Yetkililer ve Uluslararası Toplum İşbirliği İçinde Hareket Etmeli’, Uluslararası Af Örgütü Bilgilendirme Raporu (Amnesty International Report). London: Amnesty International Publications, (2014) ‘Struggling to Survive, Refugees from Syria in Turkey’, Amnesty International Report. London: Amnesty International Publications. Available at: [http://amnesty.org.tr/uploads/Docs/struggling\\_to\\_survive\\_refugees\\_from\\_syria\\_in\\_turkey811.pdf](http://amnesty.org.tr/uploads/Docs/struggling_to_survive_refugees_from_syria_in_turkey811.pdf)

From the first signs of the Syrian conflict, in March 2011, Dom families in Syria took refuge in Lebanon or Turkey, generally avoiding the refugee camps. In Istanbul, for example, Doms became very visible, even if they are not so many, because they engaged in family and child begging. At present, too little research has been undertaken concerning the exploitation among Dom refugees for us to be able to draw any conclusions. A 2010 report<sup>120</sup> produced by Terre des hommes on the situation of Dom children in Lebanon highlighted various situations of exploitation, due mainly to the poverty of certain families. Many boys were not going to school and either begged or worked in the street every day in order to help their families.



The girls seemed to face a particularly high risk of sexual exploitation: their reputation as dancers meant they were readily hired in bars and restaurants to entertain the clients. The report documents several cases of sexual exploitation of underage Dom girls.

## **Economic exploitation**

### **Vulnerability due to administrative barriers to obtaining legal employment**

There is a risk of economic exploitation in all of the countries in which refugees settle. The main cause lies in the fact that these people cannot obtain a work permit in their new country. If we take the case of Lebanon, there is a bilateral agreement with Syria that allows nationals of both countries to work legally for six months. Once the six months are up, Syrians are required to renew their residence permit or apply for a work permit. According to ILO (International Labour Organization)

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<sup>120</sup> The Dom People and their Children in Lebanon, Terre des hommes, 2010.

statistics<sup>121</sup>, 390 new work permits were issued and 571 renewed in 2011. If we compare these statistics with the number of refugees (estimated in total at 2,500,000 by UNHCR including the not recorded refugees), we can see that the vast majority of refugees (including refugees of other nationalities) are not covered by any contract or other form of protection. In Turkey, the Balkans and Western Europe, refugees are not allowed to work. These barriers to employment establish a regulatory framework conducive to economic exploitation in the overwhelming majority of refugee host countries.

In Turkey Most of the interviewees mentioned cases of labor exploitation since they did not receive any or part of their salary from their employers. However, they did not report this to the official authorities since they work informally/unofficially even though the legal system in Turkey grants them the right to report such incidents despite the fact that they were working illegally. Such cases also show the fact that the lack of work permits and lack of legal aid render Syrians more vulnerable to exploitation and trafficking. It is stated that for the textile sector, the hourly wage for refugees is around US\$0.42 per hour, whereas the hourly rate for a Turkish employee in the same industry is US\$5.48 (Today's Zaman, 2014).

### **Blackmail and attempted recruitment for other forms of exploitation**

In Armenia, despite the possibilities for Armenian refugees from Syria to obtain legal employment, our research provided insights into the risks of economic exploitation. Of the 31 people interviewed, 26 said they had been laid off after several months of work without having been paid. The interviews showed that the reasons for these dismissals mask attempts at sexual exploitation or recruitment to carry drugs. One young woman said she had been dismissed on the spot after having rejected her employer's advances. A kitchen hand had been approached by employees who proposed that he use drugs with them and become involved in selling drugs. When he refused, he was dismissed some time later.

There were also reports of bonded labour among debt-ridden Armenian refugees from Syria who were living in Armenia. In an interview, a refugee explained that, after a sudden steep increase in his rent, he was unable to pay. The landlord accordingly offered him a job in construction to pay off his debts. He was paid \$5 for 11 hours of work a day.

### **Recruitment agencies**

Syrian refugees of Armenian descent who fled to Armenia have great trouble coping with the cost of living there. Because the unemployment rate is constantly rising (officially 17.8% in the first

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<sup>121</sup> Assessment of the Impact of Syrian Refugees in Lebanon and their Employment Profiles, ILO, 2011.

quarter of 2014), many decide to move instead to other countries such as Turkey or the Emirates, for linguistic reasons (they all speak Arabic and sometimes Turkish) and for job opportunities. US Department of State information indicates that many women were then sexually exploited in Turkey and the Arab Emirates.

Similarly, there were reports of labour exploitation in these countries. This information is difficult to confirm because, in the absence of diplomatic relations between Turkey and Armenia, there is no cooperation between their police or legal systems. Only an Armenian association that regularly cooperates with a Turkish association was able to confirm that women had been sexually exploited. The methods used to recruit these men and women involve advertisements for well-paid jobs, passed on by local agencies run by criminal groups. On arriving in Turkey or the Emirates, the men are forced to work 12 hours a day for a pittance, while the women are taken to places used for prostitution<sup>122</sup>.

### **Continuing the journey to Europe and debt**

Since the beginning of the Syrian crisis in March 2011, the Balkans have seen a steep increase in the number of migrants from the Middle East. For refugees and economic migrants from Africa, Asia and the Middle East, the Balkans has become a destination since 2008. That year, Serbia (on the European Union's outer border) received 51 applications for asylum. In 2011, the number had risen up to 3,000. Most of the Balkan countries are ill-prepared for this influx and lack the necessary infrastructure to receive these people.

Likewise, very few associations are engaged in supporting migrants or accredited to work directly in the centres housing refugees. This largely accounts for the shortage of information on the situation of refugees in these countries and the lack of any reported cases of trafficking in human beings among the refugees. The research being conducted there tends to focus on Bulgarian situation (EU member from 2007). 21 refugees from Caritas centres and Red Cross centers were interviewed. 10 meetings were conducted with the main stakeholders.

### **Risk of labor exploitation due to the administrative barriers**

In 2014, approximately 8,200 asylum seekers were on Bulgarian territory, half of whom were accommodated in seven centers. The other half of asylum seekers was accommodated in external addresses on their own account. Even to asylum seekers in state centers, the State provides only

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<sup>122</sup><http://hetq.am/eng/news/10960/armenian-turkish-cooperation-the-trafficking-of-armenian-women-to-antalya.html>.

basic needs of shelter and hygiene materials but does not provide food. In this country, asylum seekers have to live with 2 euros per person donated by the State.

In Bulgaria, the risk of labour exploitation is high: from the 21 interviews conducted for the research with refugees, 5 persons complained that they had to work in agriculture from morning to night in agriculture for low pay.

The asylum seekers have no right to be granted a work permit and may not be employed under an employment contract during the first year of the asylum application. After one year, they are allowed to register as unemployed with the Labor Office. But the procedure to obtain a work permit in Bulgaria has to be initiated by the employer who must submit to the Labor Directorate, through the Employment Agency, a list of legal documents including personal documents of the employee-asylum seeker, including information about his education, specialty, competence or professional qualifications, skills and experience. The foreigner's permit expires automatically at the end of the employment contract. Foreigners are only allowed to work for the period specified in the work permit. Due to the administrative barriers the asylum seekers have to work without contract which makes them more vulnerable to economic exploitation.

## **CHILDREN AND RISK OF TRAFFICKING**

Bulgaria, as a member of the EU, and because of its geographical location, plays an important role as a gateway for entry and transit of migrants looking for a better future in Europe. The vast majority of irregular migrants arriving in Bulgaria want to reach another European country. Trafficking routes to Bulgaria go predominantly through Turkey. The interviewees reported that they usually found smugglers in Istanbul, who got them to Bulgaria at the cost of approximately 400 Euros per person. Most of newly arrived asylum seekers are citizens of Syria. The number of families with children is significant, most of the families count more than 3 children each, and many of the women are pregnant. 2 Of the 5 families interviewed, they reported having to use their children to help for the well-being of the family: to sell bags, working in shops, etc.

In parallel to this phenomenon, there is an increase of unaccompanied children: from 190 to more than 855 between 2013 and 2014 asking for asylum in Bulgaria. They are mostly from Afghanistan (70%) and Syria (23%). The 3 interviews conducted with the group members revealed that these children are coming from families (remaining in the home country) who paid to send one family member to travel abroad. Some of these children could be qualified as exploited, because they intend to support their families sending money back home.

A significant number of unaccompanied children disappear before applying for asylum. In 2014, 10 % (85 children) disappeared after applying for asylum.

## Debt and risk of trafficking

Most migrants reached the Balkans by passing through Turkey and/or Greece. To date, there is too little information available about the living conditions in these countries and about the activities in which they had to engage in order to finance their passage to allow our accurate assessment of the risks inherent in trafficking. From a number of testimonies collected for our research and corroborated by other sources<sup>123</sup>, we know that the price for entering the Balkans is approximately \$350 per person. By analogy with the risks identified in Western Europe, migrant sexual exploitation and the use of refugees to carry drugs from Turkey into Europe should be taken into account. According to the authorities and the Albanian, Bosnian and Bulgarian associations interviewed for our research, the few cases recorded mainly concern economic exploitation and child begging. This seems to be an incomplete view of the situation because, during the interviews, most of the migrants say they went into debt to finance their passage and will have to pay between €3,000 and €5,000 to enter the Schengen Area. The Albanian police confirmed that there were organised groups charged with taking these migrants from Greece to Albania so that they could enter Italy. However, because the phenomenon is quite recent, we were unable to find out how these networks operate and what they require of the migrants in exchange.

In France, according to our interviews with the Revivre association, which works with migrants in the street and provides legal services, relatively few refugees are arriving from the Middle East. There are two types of situation:

- family reunification: Syrians or Iraqis living in France have their family or relatives come to join them;
- group arrivals.

In the former situation, a few cases of exploitation have been observed between distant relatives. Most of the time, the people taken in must pay rent and work free of charge for their landlord. There was one case in which a woman and her daughter complained of pressure to provide sexual services.

For group arrivals, two groups of 200 people (probably Doms) arrived in Saint-Ouen in the Paris area in April 2014 and July 2014. Some of them (97 people) wished to apply for asylum and were then divided among the CAFDA centres (which house asylum-seeking families) in France. Muslim associations took charge of the others. These organisations appeared to be a front for a network of human smugglers, which was supposed to transport these people into Germany. There was no material evidence of any forms of exploitation. According to the mediators, the families appeared to be relatively well-off and may have been in a position to pay the go-betweens to apply for

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<sup>123</sup> Nevena Borisova, "Bulgarie dans le quotidien des réfugiés syriens", In Babel Café, January 2014.

asylum in Germany. Note that the police did not take any fingerprints on their regular visits (even though this is a mandatory procedure under the Dublin II Regulation).

The recent emergence of the phenomenon and the cost of coming to Western Europe may explain why exploitation is relatively limited for the moment. According to observers, only relatively well-off families or those with family ties manage to come. Unaccompanied minors from Iraq and Syria seem to have appeared in Calais, France, even if there is still some doubt as to their actual nationality. A tighter watch will have to be kept on these situations in the coming months.

**The isolation suffered by the refugees in these countries calls for specific mediation.**

### **PART III: Trafficking related to post conflict situation**

Post-conflict periods seem to foster a rapid increase in organised crime. There are several reasons for this:

it often takes several years to reconstruct a institutions in a country, and the lack of legal framework and functional institutions results in a relative impunity for the perpetrators of trafficking of all sorts, including trafficking in human beings;

many former warlords who derived their income from arms trafficking, pillaging and other arbitrary taxes they collected, try to build a new business for themselves engaging in organised crime (trafficking in drugs, cigarettes and human beings) to offset the financial shortfalls resulting from the end of the war. Their influence on the structures of the State as a result of their former relations, and the money accumulated during the war and now used to corrupt key people, often give them a form of immunity for many years.

Alongside the weakness in State structures and the development of criminal structures, the upheavals in society create a number of factors that facilitate the recruitment of victims:

- the appearance of vulnerable population groups (unaccompanied women and orphaned children);
- the dissolution of the traditional value system (lack of trust between people, especially after ethnic or religious conflicts);
- the lack of economic opportunities as a result of the country's impoverishment.

Development of sexual exploitation as a result of the presence of military and international STAFF in the post-conflict period (e.g. Bosnia Herzegovina and Kosovo)

To illustrate this aspect, we shall return to the case of the Balkans, and more specifically Bosnia-Herzegovina and Kosovo, where the arrival of the “blue helmets” sparked an unprecedented increase in the trafficking of women. In 2002, at the conference on trafficking, slavery, and

peacekeeping operations organised by the United Nations, in Turin, , it was recognised that "The combination of the end of hostilities and the arrival of relatively rich peacekeeping operation personnel drove the hasty establishment of brothels and, in turn, founded the links between UNMIK personnel and trafficking syndicates. Within this observation lies the most significant challenge, then, to the peacekeeping operations in regards to trafficking - the fact that peacekeepers are often part of the problem."

To gain a better understanding of the phenomenon, a review of the past time line is necessary. On 30 May 1992, the UN Security Council decreed an embargo on Serbia that lasted until 1995. There was a proliferation of cross-border smuggling with Romania, Hungary, Macedonia, Montenegro and Albania to bypass the restrictions on petrol, cigarettes and all sorts of everyday products such as clothing, foodstuffs, cosmetics, etc. This illicit trade created networks of acquaintances at very diverse levels among Romanians, Serbs, Bosnians, Kosovars and Albanians, among others.

In 1992, the war in Bosnia-Herzegovina prompted the international community to intervene by sending in in the "blue helmets". After the Dayton Peace Accords, this international force comprised nearly 60,000 men, who were gradually withdrawn over more than 10 years. This massive influx of soldiers with substantial purchasing power, along with the numerous employees of international organisations and NGOs, gave a real boost to trafficking in women and teenage girls. A few cases were reported from 1992 onwards, but before then, there had been extremely little prostitution in the region. The pattern of circulation of these victims was similar to that used for smuggled goods, passing through a wide variety of organisations. This ranged from groups of individuals who barely knew each other and exchanged girls from one side of the border to the other, to more structured organisations controlling the whole chain of operations, from the recruiter to the hotel owner, to corrupt customs officers, and local and international police. The teenage girls were recruited with false promises, duped by relatives, or seduced by their "pimps". They came from Romania, the Republic of Moldavia, Ukraine, Russia, Bulgaria, Bosnia and Albania.

In 2000, the UN identified 260 clubs in Bosnia-Herzegovina, while NGOs estimated that there were approximately 900 clubs and that the number of teenage girls and women ranged from four to 25 per establishment<sup>124</sup>. The HRW report<sup>125</sup> sheds light on complicity between the local and federal police and peacekeeping forces, such as the Stabilisation Force (SFOR). According to local NGOs, 50% of the clients were internationals, mainly SFOR soldiers, who accounted for at least 70% revenue coming into these establishments<sup>126</sup>. This quasi-official presence underscored powerlessness of the international forces or the lack of will to combat the phenomenon. As the

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<sup>124</sup> Limanowska, Barbara. *Trafficking in Human Beings in Southeastern Europe*. Belgrade: UNICEF, 2002

<sup>125</sup> Human Rights Watch World Report, 2001.

<sup>126</sup> Sex Trafficking: The Impact of War, Militarism & Globalization in Eastern Europe, by Vesna Nikolic-Ristanovic, Ph.D., Faculty for Social Education 6 Rehabilitation, Belgrade University, Victimology Society of Serbia, Serbia & Montenegro.

American journalist Victor Malarek<sup>127</sup> discovered, through his investigations, that the rare expatriates who tried to attack the business incurred their superiors' wrath and were rapidly sent home.

In 2000, after the NATO bombings of the Serbian forces, the arrival in Kosovo of 50,000 soldiers from the Kosovo Force (KFOR) resulted in a similar phenomenon. Brothels sprang up throughout the province. Despite the prevention messages issued by the international organisations, the virtual absence of any legal proceedings against soldiers in internationally-led forces made it impossible to curb the phenomenon. Consequently, given what happened in Bosnia, the boom in this trafficking was only to be expected. Fighting this phenomena was not high up on the list of priorities of the international community, as Amnesty International noted with regret at the time<sup>128</sup>. The traffic is still going on today; police raids regularly discover girls from Moldavia, Ukraine and Kosovo being sexually exploited in nightclubs.

Because of the geographical locations of the Albanian-speaking networks, Kosovo soon became the hub of trafficking in women destined for Western Europe. Its brothels were used as a stopover for girls subsequently sent to Italy, England, Belgium, the Netherlands, Switzerland, Germany and France. After more than 15 years of wide-scale sexual exploitation, trafficking in human beings has established a constant structure in these countries. The networks have grown into international organisations, making the phenomenon difficult to combat, and thus it is still very much alive.

### **Forgotten population and Development of international networks for trafficking in human beings**

The development of trafficking in human beings in the Balkans is the result of a series of geopolitical events and the passive complicity of the international community. After being virtually risk-free and very lucrative for nearly 10 years, the business has flourished. As European police forces slowly became aware of the problem and the international presence in the Balkans declined, the traffickers were forced to change tack. From 2005 onwards, the most powerful Serbian, Bosnian, Kosovar and Albanian networks turned from street prostitution to other types of trafficking considered to be more lucrative, namely drugs, cigarettes and arms. With regard to trafficking in human beings, the sexual exploitation of women was not abandoned, but the forms changed, with a preference for closed premises, especially in the Western European countries

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<sup>127</sup> Victor Malarek, *The Natashas, The New Global Sex Trade*, Westwood Creative Artists Ltd, Toronto, 2003.

<sup>128</sup> See Amnesty International's 2004 report entitled *Kosovo (Serbia and Montenegro): "So does it mean that we have the rights?" Protecting the human rights of women and girls trafficked for forced prostitution in Kosovo*, which states that the business generated by international organisations' civilian and military personnel represented 80% of these establishments' revenue. Taking legal action against these expatriates would therefore have dealt a serious blow to the profitability of this traffic.

where prostitution had become tolerated or legal. Organisations - often families - started using children in Western Europe, forcing them to commit thefts for their benefit.

The Hamidovic clan, which is known in Italy, Spain, Austria, Belgium and France, is an example. In 2010, 17 people were arrested in several European countries, revealing a family organisation that used more than 100 children as pickpockets in the Paris metro. These minors, mostly girls, are recruited through marriages in Bosnian refugee camps in Italy, in the Bosnian regions of Zenica and Tuzla, or among families settled in France some time before the war. The organisation demands that the children bring in €300 every day. If such large numbers of children were able to be recruited, and are still being recruited, it is due to the deterioration in living conditions in general and the situation of Bosnian Roma more specifically in the post-conflict period.

The 1995 Dayton Accords set up mechanisms that govern relations and the social safety net for the three main communities: Serbs, Croats and Bosniaks (Bosnian Muslims). For want of specific provisions, minorities such as the Roma are, in practice, excluded from the social security system. Very few of them obtain legal employment and access to the healthcare system. Many children are not registered at birth. Their lack of civil status makes them particularly attractive for human trafficking networks, because there is no way for foreign authorities to establish their age or family ties, etc. Surprisingly enough, similar phenomena exist with ex-Yugoslavian refugees that have long been settled in Western Europe. In September 2011, nearly 20 years after the first refugees arrived, the Council of Europe, speaking through its Human Rights Commissioner Thomas Hammarberg, reminded the Commission that 15,000 ex-Yugoslavian Roma in Italy were still considered stateless and that no solution had yet been found to regularise their administrative status.

### **Destabilisation of neighbouring countries and effect on trafficking in human beings**

During the ex-Yugoslavian conflict, some of the neighbouring countries, such as Albania were destabilised, even though there had been no fighting on their land, and are still suffering the effects today. In 1997, a widespread financial pyramid scam<sup>129</sup> ruined thousands of small investors. Two years later, because of the former Yugoslavia war, 400,000 refugees from Kosovo poured into Albania and Macedonia, again contributing there to cross-border trafficking and border porosity. This period of instability in Albania permanently weakened the foundations of the constitutional State. It contributed to the population's massive emigration (nearly one million people) and the

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<sup>129</sup> This was a fraudulent financial scheme based on the Ponzi system. It works as follows: the high returns paid to fund shareholders are derived solely from the sums contributed by new entrants. When there are no longer sufficient new entrants, the fraud becomes apparent. The investors rush to sell their shares. The fund collapses, while a large part of the sum has already been siphoned off for the benefit of the scheme's initiators. Most of the shareholders lose the savings they invested.

marginalisation of families that had left their village in an attempt to settle in the city. These economic troubles initially prompted Albania and Roma families to immigrate to Greece.

### **Children on the move**

During the 1990s, thousands of children were working in the streets of Greece by begging or selling small items in the street. As a result, around 300 children were arrested between 1993 and 1999 in Athens for begging<sup>130</sup>. Most of the children were recruited directly from Rom and Egyptian families to be taken to Greece. The traffickers asked the parents to pay for the trip and, in exchange, promised they would receive regular money transfers. According to Albanian street social workers who were engaged in service at that time, very few received the money they had been led to expect, although many had gone into debt to cover the transportation costs. As the members of the Thessaloniki-based NGOs explain, once in Greece, these children had to clean windscreens, sell small items and, especially, beg. In the early 1990s, because the Greek society is very religious, substantial sums were earned. In the early 2000s, when the families realised how much their children were earning for the traffickers, they decided to take control back. Some of them migrated to Greece and settled into a business model in which the bulk of the family income came from the children. Until 2005, because there no provision in the law concerning child labour, the Greek authorities were powerless to address these issues. Since the crisis in 2008, exploitation routes have changed, and Rom and Egyptian children are no longer the only ones concerned.

Kosovo, which Albanians can enter with just an ID card, has become a new site for begging. The Montenegro town of Ulcinj, where most of the population is Albanian, is also concerned by this more or less structured type of family exploitation. In both these countries, the language (Albanian), the currency (the euro) and the presence of emigrants returning regularly to spend their money in their home country has made this an increasingly lucrative activity for families. According to a street observation report, at least 91 children coming from Albania were found begging in the streets of Kosovo<sup>131</sup>. Furthermore children are exploited for car maintenance and hard labor in the mines and shoe or clothes factories<sup>132</sup>. If very few children are officially identified as victims, one of the reasons is that an ill-suited legal framework impedes any effort to fight family exploitation<sup>133</sup>.

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<sup>130</sup> Unicef and Terre des Hommes. The trafficking of Albanian Children to Greece. 2003.

<sup>131</sup> Save the Children and Terre des Hommes Investigation report for Kosovo. 2011

<sup>132</sup> UNICEF: Consultation with children on the implementation of the Child Rights Convention. October – November 2014.

<sup>133</sup> There is a gap in the proper identification and referral of victims or potential victims of trafficking. This happens because law enforcement personal lack appropriate training on the identification of victims or potential victims of trafficking. This is why Caritas Albania in close collaboration with CRS and the Ministry of Interior will implement a two year project in strengthening the capacities of the Albanian Government on protection of victims of trafficking.

The situation of street children is of increasing concern. During 2014, UNICEF undertook a study on the children on the streets. The study included counting the children in such situations during two periods in July and October 2014. During the first count, it was reported that 2014 children were on the streets, and 2527 in October 2014<sup>134</sup>.

### **Early marriages**

Girls, especially those coming from poor families or Roma families are forced into marriage at an early age. The family gives these girls into marriage with the idea that they will go into a rich family and live in better conditions. The same occurs with children from rural remote areas, where parents force their daughters to marry a rich emigrant somewhere in UK or Germany in order to provide economic support for the family.

Other cases reported from the field give evidence of an increased number of women and girls being married outside Albania, in Montenegro or Serbia and Macedonia. Most of the cases involve women who are forced into marriage with a foreign person, thus hoping for a better life, when in fact she is forced to work in the field or agriculture, take care of house cores and in most of the cases serve as a servant to the first wife.

The traffickers pressure the victims by saying they will kill their families, or harm them, in case the victims complain or run away.

### **SALE OF CHILDREN**

Trafficking in babies seems to be a new consequence of destabilisation of neighbouring countries due to the war in Yugoslavia. The phenomenon appeared mostly in Bulgaria a few years ago. Last year, according to Bulgarian authorities, 7 cases of trafficking of babies were recorded as having been prosecuted. Most often infants go to families in Greece. The price for a boy is around € 18,000 and a girl between 13-14,000 Euros. In all these cases children are Roma, and their biological mothers receive a fraction of the money. Sometimes, however they did not receive any money as reimbursement of their debts to moneylenders.

Documents for the sale of babies are drawn up by lawyers and notaries, and doctors often take part in the scheme. In most cases, traffickers of children are themselves parents and relatives. Children are 'exported' mainly to Western Europe.

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<sup>134</sup> UNICEF: National Study on the Children in Street Situation in Albania. 2014.

## **Examples of Experimentation**

These recommendations come from the work of Caritas at the meeting in Istanbul on the various forms of exploitation identified in the research / action. Experimentation phase is just starting. In 2016 they will be evaluated and used as a basis for recommendations on the final report.

### **Example 1 - Lebanon**

#### ***Raising Awareness among Law Enforcement Staff about trafficking in refugee children***

##### **Background:**

As this research showed, in conflict and post-conflict situations, child labour can be seen in every sector: agriculture, street vendors, shoeshiners, construction, shops. The fieldwork in Turkey stated that some Syrian children are used for prostitution in parks in some districts of Istanbul.

##### **Proposal:**

*To fight against these situations, Caritas Lebanon proposes updating the curriculum on different types of trafficking to emphasize the need to identify VOTs/ potential VOTs among refugees, especially children, in a conflict/post-conflict situation. This curriculum is conducted on a regular basis with the staff of different law enforcement agencies. Caritas Lebanon will coordinate the training department within the Internal Security Forces to update the curriculum.*

*The indicator for evaluation will be the increased identification of VOTs/Potential VOTs by the official authorities.*

*If the experiment is successful it will be replicated in other countries facing similar problems.*

### **Example 2 – Armenia**

#### ***Prevention of Labour Exploitation of Syrian Armenians by enhancing their Opportunities of being Self-Employed***

##### **Background:**

*Syrian Armenians traveled to Armenia, and still travel there, due to escalation of the war in Syria since 2011. Most of them have fled from Syria quitting their jobs and without taking anything. They have to find jobs in Armenia in order to live, but taking into account that they have a language barrier (they speak a different Armenian and do not know how to speak Russian) and are not integrated in the Armenian society either. Thus the issue of their economic exploitation has become very salient.*

### **Proposal:**

*The experiment will try to fight this very wide-spread phenomenon among Syrian Armenians by providing them with some opportunities of self-employment by:*

*Signing an agreement with the representatives of Syrian Armenian families with the aim to conduct the project;*

*Assisting them in terms of legal counseling, information dissemination on their services, etc.;*

*Conducting monthly interviews with the families in order to find out their income from their small businesses, challenges and perspectives of development.*

*The indicators of success are the number of customers for the services provided by Syrian Armenians, the consumption of their goods and the income.*

*If this experiment is successful it could be replicated in other countries and completed by micro finance programs in order to help the refugees to develop their own business.*

### **General Recommendations**

These recommendations come from the work of Caritas at the meeting in Paris in January 2015 on the various forms of exploitation identified in the research / action. At the workshop it was decided to work on 5 key points (identification, prevention, etc.) to fight against trafficking. These recommendations may be subject to experimentation to be validated as good practices.

	<b>USE OF CHILDREN (General brainstorming)</b>
<b>Prevention</b>	Public campaigns or awareness with communities Establish economical programs Awareness campaign with parents and teachers Cooperation with government agencies + UN agencies
<b>Identification</b>	Case management + social worker Outreach workers Task forces Child protection units Police and social services
<b>Protection</b>	Volunteers / Outreach workers from communities Languages courses Programs adapted to the needs Shelters
<b>Law enforcement / Advocacy</b>	Access to justice for migrants and refugees through new laws
<b>Public awareness</b>	Teachers

	<b>ECONOMIC EXPLOITATION (Albania, Armenia, Bosnia, Lebanon)</b>
<b>Prevention</b>	Awareness raising on their rights and how they can protect themselves Free legal consultancy and support Micro-finance projects to open their own business Work in cooperation with employers Vocational trainings
<b>Identification</b>	Outreach workers / volunteers to refer cases to the relevant entities Training social welfare centers / police officers on how to identify victims of trafficking, etc.
<b>Protection</b>	Free legal representation before courts Community centers with vocational trainings, awareness, etc. Financial assistance Psychological assistance and follow up
<b>Law enforcement / Advocacy</b>	Reinforcement of the legal procedures: mechanism complaint against employers, contracts between employers and employees, etc. Advocacy with UN agencies, governmental entities, NGOs, etc. Trainings to law enforcement agents, authorities, etc.
<b>Public awareness</b>	Teaching in schools about exploitation, trafficking, etc.

	<b>SMUGGLING IN MIGRANTS (Romania and Bulgaria)</b>
<b>Prevention</b>	In country of origin: civil society and organizations involved in migration Diplomatic missions in countries of destination Cooperation mechanisms In countries destination: work with receiving centers with trainings on THB, trainings on referral mechanisms Work with embassies and diplomatic missions Work with NGOs which have programs for migrants Work with border police: teach how to identify victims, on referral mechanisms, etc.
<b>Identification</b>	Trainings on referral mechanisms to receiving centers and border police + how to identify victims
<b>Protection</b>	Victims of trafficking should have an assessment of their own needs → case management program based on the needs of each person Basic needs, shelter, medical services, legal advice, etc. depending on the needs of the victims
<b>Law enforcement / Advocacy</b>	Identification of the gaps of the legislation Show the victims how to have access to legal protection
<b>Public awareness</b>	Awareness campaigns focused on addressing the large public + local communities where migrants are (near by the receiving centers) on acceptance of the migrants, tolerance, elimination of stereotypes

	<b>VULNERABLE MINORITIES (Turkey and Kosovo)</b>
<b>Prevention</b>	Fight racism and hate speeches: workshops with different groups
<b>Identification</b>	Map location of the minorities to reach them
<b>Protection</b>	Inform them about their rights through trainings, education, counseling, etc. Establishment of businesses for minority groups
<b>Law enforcement / Advocacy</b>	Access to all services (education, health, etc.)
<b>Public awareness</b>	Workshop, campaigns to inform about minorities' rights

	<b>EARLY / FORCED MARRIAGE (Lebanon)</b>
<b>Prevention</b>	Awareness during group discussions with beneficiaries
<b>Identification</b>	Outreach work Hotlines Partnerships with other organizations Teams at border crossing areas to identify victims of trafficking
<b>Protection</b>	Shelters for victims (women who are fleeing their family to avoid early / forced marriage, or who are already married but were forced to get married, etc.) Free legal representation Free education programs Social, medical, psychological follow-up for victims Reintegration into society after a transition period at the shelter (stay at the shelter depending on the needs) Financial assistance for victims
<b>Law enforcement / Advocacy</b>	Advocacy with institutions to forbid early marriage by the law
<b>Public awareness</b>	Work in cooperation with other organizations / institutions in the field of protection of women for wider prevention campaigns in different places (hospitals, community centers, public spaces, etc.)

<i>Transversal topic</i>	<b>ORGAN TRAFFICKING (Lebanon)</b>
<b>Prevention</b>	Awareness raising in hospitals (posters) explaining the risks of organ trafficking Distribution of flyers at border crossing areas explaining the risks of organ trafficking (since some families in desperate needs of money to survive are more vulnerable than others)
<b>Identification</b>	Work in cooperation with law enforcement officers arresting trafficking networks
<b>Protection</b>	Medical assistance Free legal representation
<b>Law enforcement / Advocacy</b>	Advocate with governments and institutions for better prevention + protection of victims
<b>Public awareness</b>	Public campaigns in different places (hospitals, streets, etc.) to explain risks of organ trafficking

## **TRAFFICKING IN HUMAN BEINGS IN CONFLICT AND POST-CONFLICT SITUATION**

Trafficking in human beings in conflict and post-conflict situations is a subject on which little research has been conducted, and which is seldom addressed by the stakeholders tasked with supporting displaced people and/or refugees. In the field, the reception or "management" of people fleeing conflicts, whether by international organisations, States or civil society, essentially boils down to providing humanitarian aid to meet basic needs: food and drink, medical care, shelter, and so on. Emergency aid programmes during the conflict phase and reconstruction programmes still do too little to address the exploitation or presence of vulnerable groups, such as children without a family guardian, unaccompanied women or persecuted minorities.

Because of the proliferation of conflicts around the world (Middle East, Ukraine, etc.), which mainly affect civilians and which result in an unprecedented number of displaced people and refugees, human trafficking and exploitation would appear to be increasingly in the forefront, according to the Caritas organisations working in the field.

Failure to address them can result in the phenomenon becoming lastingly entrenched in countries being rebuilt after a period of conflict. Accordingly, this research-action aims to give all of the stakeholders insights into trafficking in conflict and post-conflict situations so that they can put forward the solutions best suited to the situations in the field.

# *Foreign Labour Force in the Economy of Modern Russia: Tendencies and Prospects*<sup>135</sup>

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## **Sergey Metelev**



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**The research discusses the social and political aspects of labor migration and the use of foreign labor in the economy of modern Russia. Particular attention is paid to the migration from the point of view of the rule of law (legitimacy) as the main factor of social and criminal tensions in Russian society, an analytical data on the effect of migration on the socio-economic development of Russia. The monograph is of interest to economists, demographers and sociologists, as well as specialists in the field of social and migration policies.**

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## Introduction

In the last few decades labour migration has become one of the most significant events in the world. Its reasons are rather complex and diverse. They depend on the migrants exit region, on historical, demographic and socio-economic development of the latter; on the economic and political processes in the host countries and donor countries of the labor force, on the dominant philosophical and religious world outlook, and many others.

Labor migration to Russia and in Russia is a process having a deep history: it began with a pre-Petrine era including then the pre-revolutionary seasonal work, organized migration movement to Siberia and the Far East, the era of Soviet industrialization and urbanization. It is absolutely obvious that it is not limited to the modern labor migrants coming from the post-Soviet countries, but it will be updated and it will continue in the future. Modern labor migration in Russia is the process of uneven, difficult complex character and it is hard to control. It is influenced by Russia regional characteristics and former USSR area as a whole, by specific state policies of neighboring countries and also by changing behavioral standards of the population, both in the host country and in the countries of their origin.

In the present work the author uses the term "foreign labor force" for the convenience, thus emphasizing the features of this labor resource part in the economy of modern Russia. This choice is conditional on the analysis of the current migration policies and the rationale for its improvement conducted by the author.

The fact that the existing immigration policy is not very effective in terms of planning and implementation of state regulation of migration flows from the outside, was discussed a long time and a lot. The system of job quotas for foreign workers and the system of work permits are constantly being criticized for their complexity, lack of transparency and high corruption capacity [195]. Attempts to limit the influx of workers from other states on the basis of assumptions about how much and which economy sectors require workers with the help of this inefficient system lead to nothing, as a significant part of the labour force (the exact figure is also unknown, but is estimated in millions) is occupied illegally. According to I. Ivakhnyuk "quota system of foreign labor in the form in which it exists at the present time, does not give a clear picture of the Russian economy real needs in attracting workers from abroad, as an extensive black labor market does not appear in the bid campaign "[101,c.97].

The elaboration of Russia socio-economic development strategy, appropriate to the challenges the XXI century, involves consideration of the controversial interaction between internal and external factors, a fundamental change in the role of globalization processes in the strategic perspective and the nature of their impact on the socio-economic dynamics of the country. Prospects for its dynamics trajectory changing, as well as its state-territorial structure are primarily determined by its place in the global economy and its competitive position. In its turn, the weakening of those positions can lead to adverse socio-economic and public-territorial changes.

The past century has shown a huge and ever-growing influence of cultural and institutional factors on the guide path of the national economy and the nature of the immigrants use in the economy. In this regard, researchers increase their attention to study the current context of economic reality in the present conditions. However, entrenched competing concepts are still considered as unsatisfactory ones and they require deep rethinking, it is also necessary to develop new ideas and approaches that allow to create a more versatile and realistic designs to interpret the contradictory dynamics of socio-economic and migration processes on the basis of the role which cultural transformations and institutional factors play in the systemic changes.

In the current circumstances, there is an urgent need to identify the characteristics and analysis of the problems arising in connection with the use of foreign labor in the Russian economy. Moreover, it is also necessary to change immigration policy through the development of effective measures of the international migration management in response to changing internal and external conditions of Russia.

## **CHAPTER 1. Foreign Labour Force and Features of its Use in Modern Russia**

The model of foreign workers use established at the turn of the XX -XXI centuries was determined by the peculiarity of Russian institutional and technological environment interactions with the international migrants' flows. Appeared on the basis of the implemented project of radical liberal reforms of Russian society in the 1990s , the system of social and economic institutions has been very counterproductive, representing a contradictory fusion of borrowed but not properly assimilated Western institutions, of inherited Soviet-Russian traditions and existing informal institutions which provide a power imbalance in favor of the ruling elites and disrespectful attitude of many power structures representatives regarding private law and official law. Considerable scale of anti-social practices as the most important feature that has gained sufficient stability nowadays; they are carried out within the framework of quasi-legal institutions which have substantially proliferated in all areas of society and are closely connected with official and public institutions.

The system of pseudo-market and pseudo-democratic institutions developed on the basis of the institutional destruction covers a whole range of segments of social life, in connection with the shadow processes which have spread to most of the national economy. Relevant intangible assets are generated and purchased in these markets. The most distribution these markets have in the political sphere (political places market and draft law lobbying, etc.). At the same time markets in the legal sphere, in the sphere of education, science, culture, health, etc. are also actively add up. In many ways, the complexity of their investigation is connected to the fact that shady relationships arising from this are hidden to the public, and information about them is not available to most people. The existing situation is largely aggravated with that increasing pressure of illegal migration, which is one of the main features of contemporary international migration exchange, it

leads to the expansion of "shadow" processes in various spheres of Russian society causing a number of very painful socio-political and economic consequences.

After disintegration of the Soviet Union, as E. Krasinets notes, the struggle against illegal migration has become a major migration policy task in Russia. Combating illegal migration, minimizing and preventing its negative consequences requires a comprehensive and in-depth study of this phenomenon, supported by thorough information about its most important characteristics and dynamics. However, despite the increase in illegal migration scale and intensification of its consequences concern, it is still considered poorly explored. So far there is no clear understanding of the latent immigration role in the economy and its impact on the labor market and population employment system. The question of latent migration and illegal employment of foreign nationals in the border areas is becoming more and more acute. Comprehensive information desirable for decision-making of the bodies of state power and control is still asymmetric to the needs [224, c.36]. As illegal migrants in Russia we understand the persons who entered its territory from other countries and thus violated the rules of entry or residence regulations in the country (Table 1.1.) [16].

An important form of the rules of stay in Russia violation is unlawful (illegal) employment. Among the illegal immigrants there are the following groups:

- foreign citizens entering the territory of Russia illegally, escaping passport and immigration controls having invalid documents;
- foreigners from other countries who came to Russia legally, but for purposes other than specified during their documents execution (often with the purpose of taking the shuttle or other business, or illegal economic activities, including a criminal one);
- foreign citizens from CIS and far foreign countries and stateless persons who arrived in Russia to seek asylum but they were not granted a refugee status;
- transit migrants with expired visas who entered Russia legally for a specific purpose to proceed to other countries;
- foreign citizens, including citizens of the CIS countries, who had studied earlier in the educational institutions of Russia, and after completing their studies they did not want to return home for various reasons;
- foreign citizens, including citizens of the CIS countries who have not been registered on the Russian territory within the statute-established terms at the place of residence or stay;
- foreign citizens, including citizens of the CIS countries, working in violation of the Russian legislation concerning employment regulations, including those working on intergovernmental agreements and contracts the validity of which has already expired. These are the people who are not able to leave the country or people who do not want to do that.

Table 1.1. Typology of illegal migration, its methods and key characteristics [224, c.78-79].

Types of entry	Methods of entry	Characteristics
<b>Illegal entry</b>	Entry through escaping border controls (by land, by sea)	Independently With the help of local residents With the help of fellow citizens living in the country With the help of organized criminal groups
	Entry through border control points (by air, by land, by sea)	With invalid or forged documents (visa, passport, invitation)
<b>Legal entry</b>	<ul style="list-style-type: none"> <li>Visa free regime</li> <li>Tourist visa</li> <li>Student visa</li> <li>Business visa</li> <li>Guest visa</li> <li>Visa for a private visit</li> </ul>	<ul style="list-style-type: none"> <li>Migrants do not receive registration</li> <li>A migrant works having a visa which does not provide job opportunities</li> <li>Migrants do not get a work permit</li> <li>Terms of stay violation (expired visa)</li> </ul>

According to various estimates, primarily based on official statistics [109], the ratio of unrecorded and recorded migration is between 1/3 and 2/3 (i.e. the ratio of 30% of legal to 70% of illegal) to the inverse relationship - 70% to 30% respectively (according to report documents of the FMS of Russia [261]).

In absolute terms, estimates of the illegal migrants' total number in Russia is ranging from 1.5 to 17 million people. Estimates of the illegal migrants number from far abroad countries range from several hundred thousand to 3 million. The range of variation indicates either a lack of reliable methods for obtaining estimates or the lack of necessary information [185]. The lack of or poor quality of information concerning illegal migration is explained, first of all, by the conspiratorial nature of the phenomenon itself. Available recorded data are very incomplete. Often the various departments and experts offer diverse statistics and number estimates not only regarding illegal migrants but officially registered ones, mostly due to the inconsistency of definitions and methods of recording, and sometimes due to certain institutional interests. Some departmental data are unavailable for the analysts. The most reliable recording data are the ones given by the Ministry of Internal Affairs and by the Federal Border Service. One of the indirect indicators that can be used for quantitative characteristics of illegal migration is the number of persons who were not allowed to pass the state border. To a certain extent it reflects the real pressure of illegal migration on the country and its dynamics. In Russia such a pressure is constantly increasing. Over the last 5 years it has been more than doubled. The vast majority of illegal immigrants included into this indicator - 80.2% in 2009. They are the ones who have not been admitted to the territory of the country. Among the violators who were not allowed to the territory of Russia are usually (89.4% in 2009) its own citizens.

Estimates of illegal migration in the country vary widely, sometimes within several million people. Of course, it is possible to do time adjustments of these estimates (usually they are the bigger the later), but basically the one who offers these estimates are rarely puts the emphasis on time-points.

The latter figure, which was published by the FMS (based on a survey of experts), is 10.2 million illegal migrants. Scientists' estimates are also quite diverse. A. Topilin offers a number from 7.5 to 8 million people, M. Vyshegorodtsev – from 4 to 5 million migrants, among which 2 million are the citizens of the CIS countries. According to the E. Krasintsa, E. Kubishina and E. Tiuriukanova estimates there are is between 4 and 4.5 million illegal migrants in Russia. IOM survey data indicate that among the illegal migrants there are about 35% of illegal migrants from the former Soviet Union, about 32% - migrants from the "old" foreign countries, whose declared purpose of entry does not correspond to their actual intentions and occupations; about 13% are entering illegally (with invalid documents, bypassing the checkpoints, etc.), and the remaining 20% is a different kind of "transit" migrants [316].

The following difference in estimates reflects not just the complexity of quantifying the phenomenon, which by its nature has a hidden clandestine character, but also that the services established to fight against illegal migration, have no clear idea of the phenomenon extent, which is fraught with the threat of high probability of this struggle failure. The author seems to estimate the total number of illegal migrants in Russia by 4-5 million people [190; 191]. The vast majority of them, if not in form, then in fact, are migrant workers and, despite the matter of their purpose of arrival to Russia (transit to Western Europe, forced migration, illegal labor migration proper), they are in search of a life hood looking for employment opportunities, most often in the informal, shadow economy sector [100, c. 237; 223, c. 37]. Some significant challenges arise while examining the processes of illegal migration because illegal migrants usually seek to avoid any forms associated with their stay registration, movement and economic activity. In this case, researchers agree that the official statistics of foreign citizens in flow in Russia reflects the real picture only to a minor extent because of the enormous scale of illegal migration, which is carried out in a hidden, non-registered form.

A significant prevalence of "illegal content" in labor migration is largely driven by originality prevailing model of social and economic transformation that promotes the formation of the vast informal sector in Russian economy, which produces about a quarter of gross domestic product (GDP) and employs 20-30% of the total workforce (according to the State Statistics Committee, according to expert estimates - 1.5 - 2 times more). Illegal migrants are mostly employed in those sectors of the national economy which have a considerable proportion of the informal segment. According to official data, about 90% of legal foreign workers were employed in six major types of economic activity in 2010: construction (36.3%); wholesale and retail trade (16.6%), manufacturing industry (13.5%); services (9.9%), agriculture (9.1%) and transport and communications (4.3%) [12].

Another important factor contributing to the growth of illegal migrants flow is established shortcomings of the legislative framework and practices regulating and controlling the movement of the flow. On the one hand, migration depends largely on the economic system and the features of its informal sector, on the other hand, it has an active influence on them. The economic structure

of the country as a systemic-holistic formation is designed to facilitate the adaptation of business entities (local and foreign population) to changing conditions and getting a macro-effect through the adaptation and integration of their activities from the combined use of national resources, which is more than the sum of individual results of their application without business entities labor division and institutional macro-organizer [177, c.110-124].

Russian and foreign citizens as ordinary subjects of the national economy seek to change the socio-economic practices, in accordance with their interests in the framework of their available economic resources and freedom. They may have different attitudes to the old rules: maintain and implement them, be indifferent and break them due to the low level of state control, perform a variety of protest actions. Although the subjects of the lower level of the economy have limited resources and freedom limits, but their actions are massive in the character, performing the role of feedback, directly carrying out economic activities; the common people have a tremendous influence on the socio-economic events. Since their action is directly based on the implementation of self-interest, the State choosing the methods of economic regulation and transformation of institutions should harmonize them with the state of public opinion of different ethnic and social groups.

The past century has shown a huge and ever-growing influence of cultural and institutional factors on the development trajectory of the national economy and the nature of the immigrants use in the economy. In this regard, in the present conditions researchers increase their attention to the study of the economic reality current context. However, entrenched competing concepts are clearly unsatisfactory and they need a deep rethinking. Moreover, the need to develop new ideas and approaches that would create a more versatile and realistic structures interpreting the contradictory dynamics of socio-economic and migration processes on the assumption of the cultural and institutional factors role in systemic changes [169, 172, 173]. Complex relationship of cultural and institutional variables determining the dynamics of the national economies modernization processes, of the underground economy and illegal migration formation has found a certain reflection in the competing economic-cultural and economic-legal theories. In this regard, these alternative approaches are widely used to describe the modernization and development changes and to generate economy reform programs.

Thus, representatives of the economic and cultural theories, such as G. Myrdal, J. Scott and T. Schultz, paid their attention to the presence of powerful cultural barriers that are caused by profound contradictions between traditional values and modernization ideals, the resolution of which, in their view, is the only possible at the slow change in the situation, especially as a result of the human capital quality growth. The fact that the long time prevalent culture of poverty contributes to the development of economic models of human behavior, which is focused on the survival issues, habitually humble attitude to the world and to the administrative and bureaucratic methods of government receiving widespread due to the weakness in the democratic and market institutions. In this case, the interests of business class and population are poorly protected from the actions of the "the powers that be" who selectively use democratic procedures and it further

complicates the solution of bearing problems. "Businessmen have to work their way through the jungle of administrative measures", establishing informal contacts with the officials on the basis of corruption, special benefits and privileges [212, c. 132].

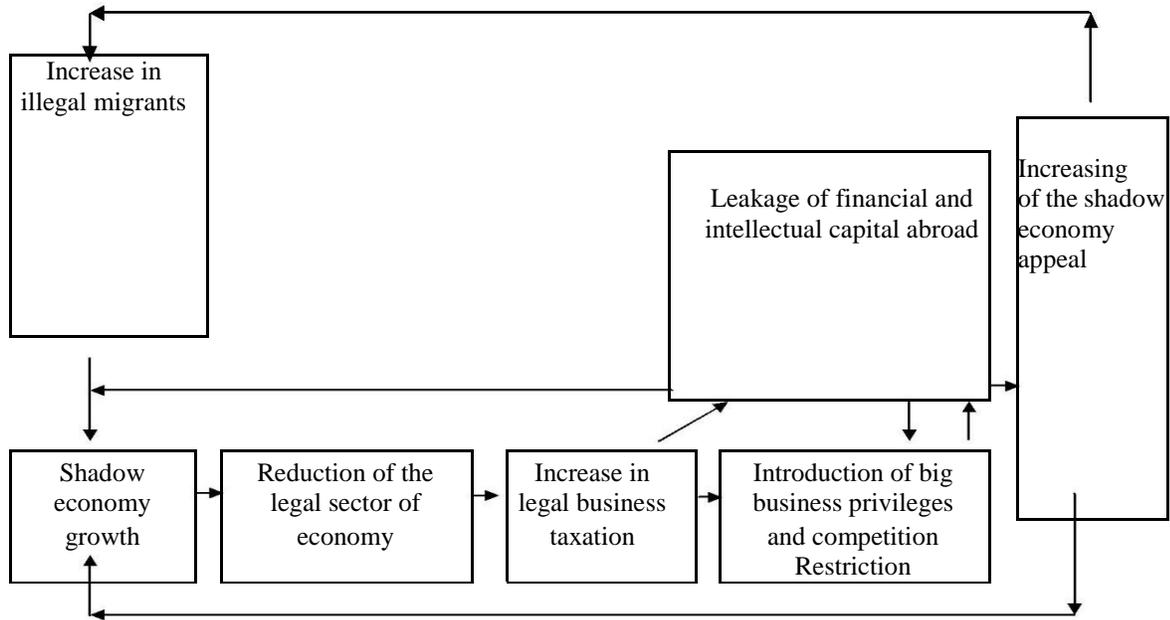
Difficulties in finding ways to resolve the backlog of social and economic problems are compounded by the fact that the ruling circles do not understand the complexity of the situation in which the consciousness of the population is focused on the preservation of the traditional way of life, various forms of illegal economy and illegal employment and is not prepared to be engaged in deep transformations. Their statements about equitable reforms performance in the public interest remain declarations and only half-measures are actually implemented leading to a "loss of economic inequality and the weakening of the concentration of economic power" [212, c. 181]. In this case, most of the population cannot take the advantages of the economic growth benefits; there is a model of economic growth without development.

At the same time, the civilized renaissance well-established in the second half of the XX century clearly indicates the fallacy of considering socio-cultural factors as some immutable constants leading to inevitable economic backwardness of the world's civilizations, except the western one. In this regard, at the present time due to the works of the scholars such as R. Kouz, D. North, R. Posner, Hernando De Soto and others, neo-institutionalism direction has gained considerable popularity and special attention is paid to changes in the economic and legal forms in its frame work. To do this, such categories as "ownership" and "transaction costs" are actively involved. According to De Soto, institutions are not a means of social development but the principal obstacle to such development in the economically backward countries. "Entrepreneurial resources of the country can emerge only when they are permitted by the dominant institutions. Just look at the Peruvians who are doomed to poverty and stagnation in their country, but they have been successful in other countries, where their activities are shielded by relevant institutions "[75, p.42].

In the national economy with a weak development market-democratic institutions and the domination of administrative and bureaucratic control methods, there is a high level of transaction costs, which inhibits economic activity and contributes to a sharp widening of the informal sector, to the active involvement of illegal migrants and inefficient use of resources, but in the following circumstances there is a semblance that the cause of the economic system defects are the flaws of the national culture and the natural laziness of the population. Thus a vicious circle arise (Figure 1.1). The growth of illegal migrants and the informal sector leads to the legal sector reduction, to the tax burden increase and the outflow of capital abroad; in connection with the abovementioned, shady business is becoming more competitive and large companies are trying to achieve some financial benefits and privileges for themselves but it restricts competition because it is more difficult to conceal their activities. Confirmed alternative interpretations of cultural, political and legal factors influence on the economic system, on the nature of the foreign workers use are not entirely mutually exclusive. Structural changes in the national economy due to their complexity and uncertainty occur normally, although interconnected, but unevenly. In this case, some very

contradictory relations can emerge which are capable, in varying degrees, to favor or hinder the economic growth.

Fig. 1.1. "Vicious circle" of functioning of the market- bureaucratic economy model



In the absence of hard unambiguous changes of backbone structures of the economic system in the real world, for example, different situations characterizing the state of the economic and cultural institutions may arise. The most favorable for economic development is the situation in which the country has economic culture with its high productivity, as well as public institutions of high quality. However, significant problems may arise in the country with low economic culture productivity under a high quality of institutions, and with the economic culture of high productivity and low quality institutions. The most difficult situation contributing to the national economy stagnation and the crisis development of the processes, may be in a country with economic culture low productivity and poor quality of public institutions, which contributes to illegal employment and illegal migration widespread.

A variety of previously unknown model of development of the national economies arising in the modern world are the result of a complex and multifaceted process of their transformation in connection with the threats and challenges of the time, based on the controversial change of backbone structures. Features of the world's civilizations, reflecting the peculiarity of the Protestant, Catholic, Confucian, Islamic, Orthodox and Buddhist business ethics have led to the formation of regional models that allow different countries to adapt to the changing world and to the international migration flows, solving, more or less successfully, problems of the cultural traditions and modernization processes combination. The terms of economic development and forms of migrants use are largely dependent on the government structure. Thus, as it is noted by T. Frey and A. Shleifer, in Western Europe a model of the "invisible hand" has developed in which

the government is not above the law, the contracts are protected by the law, the level of corruption is low. In the model of the "state - controlling hand" (China, South Korea, Singapore), the government, being "under the law" complies with the laws and helps the business using its own power actively; the contracts are protected by the officials; of organized corruption is widespread in the economy.

In the model of the "state - robbing hand" (many former Soviet republics), the government is "above the law", using its power for rent-seeking; the legal system is not effective, the contracts are often protected by mafia; semi-autonomous state institutions provide predatory regulation; total disorganized corruption develops in the economy. Consideration of the country economic system and its structural deformations as a result of the complex and contradictory process of the interaction of its backbone structures, eliminates the simplistic interpretation of the informal economy as a marginal refuge who revive the pre-capitalist methods of economic management, and helps us to understand its role as a social and economic shock absorber, as a business incubator and as a source of salvation from poverty for the large sections of the public in developing countries.

The Russian economy, like other economies, has its own national characteristics of the informal sector development and the use of illegal foreign labor, which is determined by the interaction of peculiar cultural and institutional factors and forms largely dynamic and structural parameters of illegal migration. For example, in Russia (and in other post-socialist countries) shadow relations are mainly formed in such economic activity, which is carried out by officially registered enterprises, while in Latin American countries, the informal sector comprises mainly with unregistered production of goods and services. In addition, studying the transition economies it has been found that the scale of the shadow economy is largely dependent on the officials' behavior, on the poor law interpretation, but not on the bad laws. In post-Soviet Russia, as V. Radaev notes, "keeping the plurality of red tape barriers appears not as a product of "defects" but as a universal way of authorities' dependence propagation [256, c.95].

According to the National Anti-Corruption Committee, the volume of the Russian corruption market is about \$ 300 billion a year - it's much more than a market of illegal drug trafficking, which is estimated at 10-15 billion rubles per year [259]. While in 2001 14% of Russians believed that they were facing the most magnificent flowering of bribery in the history of the country, four years later only 43% of the population were able to think so. More than half of citizens (55%) were personally forced to pay bribes, most of which were given to executive officials (87%), less - to the legislative (7%) and the judiciary officials (6%) [107].

According to the Interior Ministry estimates, in 2011 and 2012 the amount of the average bribe in Russia was up to 300 thousand rubles [259]. Statistical analysis shows that in the social space the corrupt practices distribution is weakly dependent on the social positions. A key factor is the strength of the interaction between the members of social groups and the state. Table 1.2. and Figure 1.2. show the evolution of the market everyday corruption in Russia for the period from

2005 to 2010. In this case, we compare only the data for 2005 and 2010, because in 2001 the study was originally given a slightly different list of special markets of everyday corruption [153].

Table 1.2. Comparison of everyday corruption market in 2005 & 2010 according to the bribes share (corrupt deals)

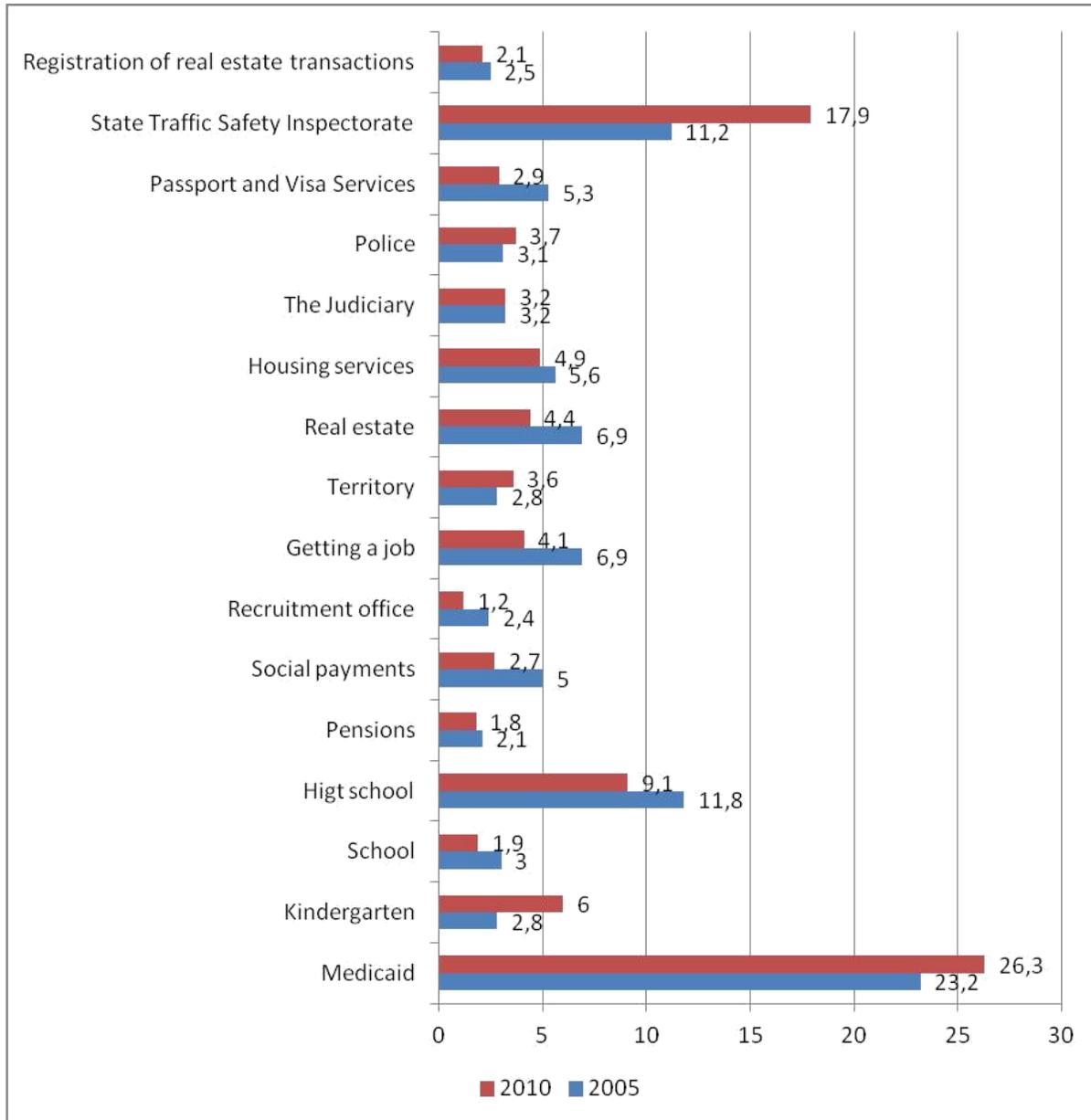
Situation	2005		2010	
	share, %	rank	share, %	rank
1. To receive free medical care at the clinic (tests, doctor's appointments, etc.), at the hospital (serious treatment, surgery, normal service, etc.)	23,2	1	26,3	1
2. Preschool institutions (entering, service, etc.)	2,8	12	6,0	4
3. School: to enter the right school and successfully complete the training, "fees", "gratitude", etc.	3,0	11	1,9	14
4. University: to enter, to transfer from one university to another, exams and tests, a diploma, etc.	11,8	2	9,1	3
5. Pensions: registration, recalculation, etc.	2,1	16	1,8	15
6. Social payments: rights execution, recalculation, etc.	5,0	8	2,7	12
7. Solving problems related to the conscription procedure	2,4	15	1,2	16
8. Jobs: Get the required job or a promotion	6,9	4	4,1	7
9. Land: to buy (for summer cottage or to run it as a farm) and/or to register entitlement	2,8	13	3,6	9
10. Living space: to obtain and /or register a legal right to it, privatization, etc.	6,9	5	4,4	6
11. Get repair services, maintenance of housing from the municipal manual services (Buildings Management, etc.)	5,6	6	4,9	5
12. When applying to the court	3,2	9	3,2	10
13. When you call for help and protection to the police	3,1	10	3,7	8
14. Get a residence registration, a passport or an international passport, a weapons permit, etc.	5,3	7	2,9	11
15. To solve problems with road police (driving license, vehicle inspection, traffic violations, etc.)	11,2	3	17,9	2
16. Register real estate transactions (houses, apartments, garages, etc.)	2,5	14	2,1	13

Source: Ministry of Economic Development (2011). *State of everyday corruption in the Russian Federation* [211]

However, there is an increasing tendency of Russian citizens to solve their problems without paying bribes. So, for the past four years, the percentage of citizens who managed to solve their problem this way has increased from 50 to 68%, or 1.36 times. This is a significant constraint to the expansion of the corruption services market. In 2001 and 2005 the number of corrupt deals in the everyday corruption market ranged between 46-47 million, but in 2010 this indicator decreased to 31 million transactions. It is easy to see that before 2005, the indicator showed the stability which provided a balance between the growth of the onslaught of corruption from the side of the state officials, on the one hand, and the flight of citizens from bribes - on the other. By 2010, the decline in the number of corrupt deals by one-third of the initial level became apparent. Most

likely, it is due to the symbolic influence of present Russian anti-corruption campaign and which is more typical for everyday corruption.

Figure 1.2. Dynamics of everyday corruption in 2005 and 2010. (Change in market share, %)



The Russian model of market transformation at the turn of XX-XXI centuries promoted the formation of a peculiar economic structure, based on the extensive use of the foreign citizens' labor. During the years 1995-2010 the economically active population in Russia increased by 7.0%, employment in the economy - by 9.0%, while the number of CIS citizens working in Russia and making up more than 70% of the total number of officially working foreigners - more than 9 times (Table 1.3 - 1.5). In 2010, the largest number of foreign citizens were employed, as well as

in 2002, in construction - 36.3%, however the share of employment increased by more than 2 times (compared to 13.9% in 2002), in trade (16.6%), in manufacturing (13.5%), in agriculture (9.1%) and in real estate (9.9%). Moreover, these proportions are the same in all federal districts of the Russian Federation (Table 1.7).

Table 1.3. The number of economically active population [265, c. 93]

	1992	1995	2000	2005	2006	2007	2008	2009	2010
<b>Thousand people</b>									
Economically active population -total including:	75060	70740	72770	73432	74167	75159	75757	75658	75448
Employed in the economy									
Unemployed	3889	6684	7700	5263	5312	4589	4792	6373	5645
<b>Percent age of total</b>									
Economically active population-total including:	100	100	100	100	100	100	100	100	100
Employed in the economy									
Unemployed	5,2	9,5	10,6	7,2	7,2	6,1	6,3	8,4	7,5

Table 1.4. The number of CIS citizens who worked in Russia [265, c. 93]<sup>1)</sup>

	Thousand people					Percentage of total population				
	1995	2000	2005	2009	2010	1995	2000	2005	2009	2010
<b>Total<sup>2)</sup> including:</b>	<b>281,1<sup>3)</sup></b>	<b>213,3</b>	<b>702,5</b>	<b>2223,6</b>	<b>1640,8</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
CIS countries	134,4 <sup>3)</sup>	106,4	343,7	1645,1 <sup>4)</sup>	1246,9	47,8	49,9	48,9	74,0	76,0
Among them:										
Azerbaijan	1,3	3,3	17,3	60,7	40,3	0,5	1,5	2,5	2,7	2,5
Armenia	6,1	5,5	26,2	82,0	59,8	2,2	2,6	3,7	3,7	3,6
Georgia <sup>5)</sup>	7,0	5,2	4,3	-	-	2,5	2,4	0,6	-	-
Kazakhstan	2,1	2,9	4,1	11,2	8,3	0,7	1,4	0,6	0,5	0,5
Kyrgyzstan	0,7	0,9	16,2	156,1	117,7	0,2	0,4	2,3	7,0	7,2
Republic of Moldova	6,7	11,9	30,6	101,9	72,2	2,4	5,6	4,4	4,6	4,4
Tajikistan	1,5	6,2	52,6	359,2	268,6	0,5	2,9	7,5	16,2	16,4
Turkmenistan	0,1	0,2	1,5	2,4	1,2	0,0	0,1	0,2	0,1	0,1
Uzbekistan	3,6	6,1	49,0	666,3	511,5	1,3	2,9	7,0	30,0	31,2
Ukraine	94,2	64,1	141,8	205,3	167,3	33,5	30,1	20,2	9,2	10,2

Source: *Russia in figures. 2011: A brief statistical compilation. /Rosstat- M., 2011. - 581 p. (p. 102)*

- 1) According to the Federal Migration Service of Russia;
- 2) including stateless persons;
- 3) including the citizens of Belarus (11.1 thousand people.)
- 4) without reference to Georgia;
- 5) Georgia withdrew from the CIS in August 2009

Table1.5. Distribution of foreign citizens attracted to work in Russia according to economic sectors [292, C.304]

	Thousand people		Percent age of total	
	2009	2010	2009	2010
Agriculture	174,7	148,6	7,9	9,1
Fishing, fishfarming	1,6	1,4	0,1	0,1
Miningandquarrying	45,3	33,2	2,0	2,0
Manufacturing	264,9	221,5	11,9	13,5
Construction	876,5	595,2	39,4	36,3
Trade	408,0	272,1	18,3	16,6
Transport and communications	94,2	70,6	4,2	4,3
Financial activities	7,6	6,3	0,3	0,4
Transactions with real estate, renting, service delivery	161,5	163,2	7,3	9,9
Education	3,9	3,7	0,2	0,2
Health care and social services	6,1	4,8	0,3	0,3
Other community, social and personal services	66,5	43,2	3,0	2,6
Other economic activities	112,8	77,1	5,1	4,7

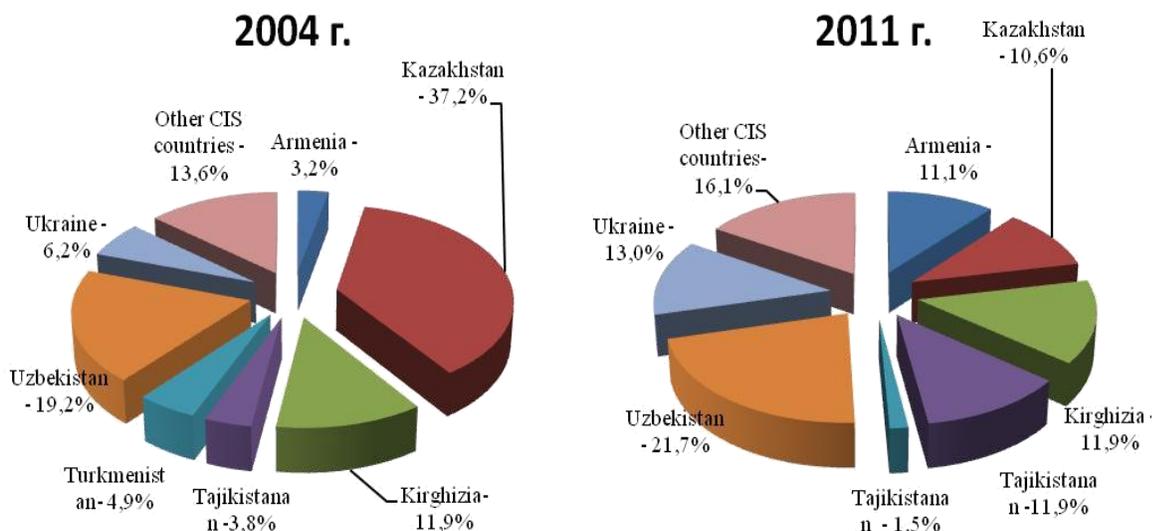
Table 1.6. The number of foreign citizens engaged in labor activity by federal district and by economic activity in 2010 (People) [292, C.305-307]

	Total	Including the types of economic activity						
		Agriculture, hunting and forestry sector	Mining and quarrying	Manufacturing industries	Construction	Wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods for personal use	Transport and communications	Other activities
Russian Federation	1640801	148571	33223	221509	595151	272114	70592	299641
Including								
Central Federal District	664857	42895	4044	118607	183291	135322	30029	150669
North-West Federal District	190781	10364	1626	27901	54172	23473	11105	62140
Southern Federal District	99702	29243	579	7704	41058	8689	960	11469
North-Caucasian Federal District	9306	485	7	970	5112	1136	176	1420
Volga Federal District	133489	13997	262	13497	64227	19297	4841	17368
Ural Federal District	209286	9239	7366	20405	90815	43903	14082	23476
Siberian Federal District	181776	19748	11447	18318	91563	20955	5881	13864
Far Eastern Federal District	151604	22600	7892	14107	64913	19339	3518	19235

Due to the Russia transition in recent years to the trajectory of economic growth the chronic labor surplus of the enterprises gradually began to decline. The increase in production observed since the beginning of the XXI century, "dragged" the demand for labor, which is seen in a significant reduction of unemployment, labor utilization increase and duration of working time, as well as the rapid growth of wages. At the same time, employment in the industry slightly grew in 1999-2001, and then went down again, without responding to the production growth and completely "surrendering" the small increase, with difficulty "reclaimed" in the first three post-crisis years. As a result, since 1999, the share of labor-surplus companies' declined rapidly, and the share of labor shortages, on the contrary, increased.

In 2005, every fourth company declared its understaffed workforce in accordance with the planned output. According to some other surveys, the proportion of enterprises with labor shortages was over 40% (in 2003) at that time while the share of labor-surplus declined to little distinctiveness[51]. Understaffing is a significant constraint to production. Demographic prognosis predicting the decline in the population of working mostly came true; out-migration remains the three federal districts of Russia, in the remaining districts the total population increase was provided only through migration. In the past few years the list of countries providing the population growth in Russia and forming its workforce resources has significantly changed. In 2004, the main migration population growth in the country was ensured at the expense of the population exchange with Kazakhstan by 37.2% of the total growth (obtained on the basis of population exchange with the CIS countries), then in 2011 - due to the exchange with Uzbekistan - 22% (Figure 1.3.)[310, c. 86]. Moreover, about half of net migration in Russia is currently provided by the countries of Central Asia - Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, i.e. countries which are culturally far from Russia.

Figure 1.3. Distribution of Russia migration increase according to the exit countries (CIS countries)



In 2011, 36.1% of migration increase from abroad was directed to the Central Federal District, to Volga Federal District - 15.2%, to Siberian - 14.2%, to Ural - 11.3%, to North West 10.9%, to South - 8.8%, to Far East - 4.6% and to the North Caucasus - 2.8%. While the population exchange with foreign countries in the following three federal regions - North-Western, Urals and Siberia, there was an outflow of population, primarily due to emigrants departure to Germany, the USA and Canada (Appendix, Table 1.) [39, c.58-63]. On the whole, migration increase in 2010 in all federal districts was ensured by the population exchange with neighboring countries (Appendix, Table 2). Formation of employment migration niches in the country economy excites a mixed reaction of the host society. Thus, there are two alternative views. According to the first, migrants force out local workers, taking scarce jobs and increasing unemployment level.

According to another view, they occupy only the most not prestigious, low-paid jobs, discarded by local employees, so they reduce costs and enhance the competitiveness of the economy. These views are one-sided, since, first of all, migrant workers themselves are not able to oust the local workers on the labor market, because it is required:

- a) regional authorities concernment in the inflow of migrant workers and decision-making (formal, informal) of local workers in their favour;
- b) Russian employers' concernment in cheap foreign labor force, and in this regard, the employment of migrants but not local workers.

The presence of these conditions in many parts of the country is increasing the role of migrants in the labor market. Second, though the migrant workers perform not prestigious and low-paid jobs, quite often the employers set too low level of wage rates, which leads to the emergence of artificial, virtual niches of working places shortage which the local employees do not want to take and therefore the foreign labor is attracted [77, p. 37]. The practice of virtual shortages is a typical phenomenon for the sectoral economy where migrants' labor is not widely used. The specificity of such industry was demonstrated by B. Gimpelson.

Labor interactions space for workers and employers in Russia is largely institutionally destructive and conflictogeneous. However, its design remains particularly controversial for migrant workers; this space is filled with significant threats to the group security. A key factor determining the nature of migrants' labor relations construction with employers and the formation of the greatest dangers is outside the legal framework [77, p. 38]. Only 10-15% of them come and work in Russia legally and formally protected in legal terms, that is, their employers execute all the necessary documents for them (invitation to Russia to perform labor activity, work permit, employment contract or civil law agreements to perform certain jobs, services, etc.). Most migrants - from 45 to 60% have legal status and come to Russia on formally legally (with private purposes, for training, tourist trip, etc.), however, they are engaged in illegal employment and work at the Russian employers without documenting. Not less than 25-35% of migrants come to Russia illegally, without any permissive documents.

Most of the migrants are working on terms of oral agreements, which are not fixed documentary, under the omnipotent power of employers and the connivance of the local authorities. The situation is complicated by the presence of imperfect legal framework that regulates the external labor migration and hinders the formation of civilized relations between foreign workers and employers, as well as attracting the required migrant workers. The existing situation is largely due to the fact that the external labor migration is an important source of manpower formation for that segment of the Russian economy, which is associated with the use of shadow relations and forced labor. On this basis, over the years, a super profitable criminal business emerged, with its own infrastructure and patrons in the different structures of power.

Related social forces are not interested in immigration policy changing and they seek General study of modern migrant flows in Russia indicates a significant decline in quality characteristics of forced and labor migrants of the first decade of the XXI century and early 90-ies of the last century. Let us recall that today's migrants - for the most part, are from Central Asia by their origin, mainly they are from small towns and villages, they practically hardly speak or do not speak Russian at all and they have low educational level. Socio-demographic and professional characteristics of "new" migrants, in our opinion, have determined the nature of the problems the migrants face in the integration and adaptation processes, lying mainly in the legal and socio-economic field. Below we describe the nature of these problems, first of all designating the reasons that caused them.

- 1) The cultural distance between migrant workers and the local population, lack of knowledge or often ignorance of the Russian language. The consequence of cultural distance and unwillingness to be included in the local socio-cultural environment is the Islamization of Russian megalopolises.
- 2) Migrants diasporization and, as a consequence, the desire to solve social, household and labor issues with the help of members of their own nationality, most often, by a criminal way.
- 3) The low educational and professional level of migrants, legal ignorance [13, c.78].

These factors contributed to the emergence of such problems as lack of social protection of migrant workers, violation of labor laws. Almost all of them are deprived of rights, being the object of arbitrariness both on the part of employers, and law enforcement bodies. Preliminary analysis allows to identify some trends in the development of conflicts between migrants and employers and in attitude of various social institutions to these conflicts [77, p. 43-44].

First, there is the dominance of trend of conflicts criminalization and coercive methods of their resolution by employers and further rejection of the parties from each other, the impossibility of dialogue on a legal basis. This trend is reinforced by the joint efforts of employers to consolidate the existing practice of labor relations with migrants.

The second trend reflects the desire of employers or their representatives-middlemen to build paternalistic relationships with migrant workers that create the illusion of general interest in the

case, led by the "master-father. „The conflicts in this case are driven deeper, migrants are suggested an idea about the necessity of compliance with stringent requirements and certain restrictions of their rights as an inevitable psychological compensation to their "master-father" for giving a job, for assistance in dealing with everyday problems, for the promise of protection from encroachment of criminal organizations and from heightened interest of law enforcement agencies. As a result, as a rule, the protest movement of migrant workers to protect their rights is minimized and is often discussed in their own circle just as a desirable action that they deliberately do not use in order to avoid harsh sanctions from the employer and the understanding of the futility of appeals to the authorities intended to protect workers' rights.

The third trend is connected with the attempt of human rights and other social organizations organized by migrants or their fellow countrymen being the citizens of Russia to create a registration system of violations of migrant workers' rights by employers and to protect their legitimate interests in the courts and other authorities.

In recent years, there was indicated a tendency to use various government authorities measures to influence the employers in order to encourage them to form up labor relations with migrants on a legal basis. At the end of 2004 Russian State Duma adopted amendments to the Code of Administrative Offences of the Russian Federation, which significantly increased the responsibility for violation of immigration laws. In particular, if the employer or customer of works and services breaks the rules of engagement and use of foreign workers in Russia, he is imposed a fine in the amount of 2,500 to 5,000 rubles, for officials the fine is from 25,000 to 50,000 rubles, for juridical persons - from 400 to 800 thousand rub., or administrative suspension of activity for up to 90 days. The toughening of sanctions is essential. But the other thing is equally important – it is reduce the existing bureaucratic procedures for invitation and use of migrant workers.

Illegal (unlawful) employment of foreign citizens can be considered the following way:

- their labor activity which was not legally executed in accordance with the Russian Federation applicable rules of the foreign workers labor use, without proper clearance of approvals and licenses for the right to work for hire(except for statutory cases where such approvals and licenses are not required, such as for citizens of the Republic of Belarus [260];
- carrying out labor activity not in accordance with the authorization and confirmation received or using expired or counterfeit (fake) permission (affirmation);
- involvement in entrepreneurship and self-employment without the appropriate clearance of permits, licenses and proper registration with the government bodies (tax, social security, etc.);
- employment activities prohibited by law (criminal) (organization of prostitution, arms trafficking and human trafficking, drug trafficking, pornography, etc.) [224, p.77-78].

Illegal migration to Russia in modern conditions creates significant adverse effects. Thus, some difficult problems arise in connection with the formation of "foreign" ethnic enclaves in the country regions having no shortage of manpower. Because of the immigrants influx there is a complicated situation on the labor market (the southern regions of Russia - Krasnodar, Stavropol, and Rostov region, lower and middle Volga region). These expanding enclaves are of more and more closed character and they ignore Russian laws and customs of the indigenous population, which often leads to the inter-ethnic conflicts. It is important to take into account the fact that in recent years, formal and closed contacts of the CIS countries with the countries of NATO are being expanded. Under these conditions, uncontrolled immigration creates a certain threat to the geopolitical and military security of the country.

Finally, the close relationship of certain circles of our southern neighbors with their anti-Russian supporters from Pakistan, Turkey and the Middle East does not contribute to reduction of the threat of international terrorism against Russia. Caucasian and Central Asian states have an agreement on visa-free exchange with Turkey, Iran, Pakistan, China and in situation of transparent Russian borders with the countries of the Commonwealth this formation mode of illegal immigration contingent from foreign countries has its own specifics.

In addition to those arriving in Russia to operate business, the country has a fairly large ethnic group of foreigners and stateless persons from the residents of 46 countries (Afghanistan, Iraq, Somalia, Sri Lanka, Bangladesh, etc.) who expect to receive a refugee status; those previously enrolled in educational institutions of the USSR who do not want to go back home (mainly from Afghanistan, Iraq, Cuba, Ethiopia); those who worked in the Soviet Union under interstate agreements that have expired (citizens of Vietnam, China, North Korea, etc.); transit refugees (China, Iraq, Afghanistan, Bangladesh, Somalia, India, Ethiopia, Sri Lanka, Angola, Nigeria), who intend to use the territory of Russia as an exit to Europe and other countries. A large mass of this population, mostly inherited by Russia from the Soviet Union, just got lost in the vastness of its territories, realizing the negative potential which was abovementioned [235, p.78].

Currently, illegal migration is the reason for the outflow of enormous financial resources from Russia due to tax evasion, purchase of foreign currency and transfer it to foreign states. Use of foreign workers legally in the Russian economy increased from 129 thousand in 1994 to 702.2 thousand in 2005 and 2452.9 thousand people in 2008 [250, c.28; 292, c.302; 299]. At the end of June 2012 the number of foreign nationals engaged in labor activities in Russia was 1297.8 thousand people. At the same time, according to the deputy head of the Federal Migration Service (FMS) Ekaterina Egorova, in 2012 there were 3.5 million of illegal migrants in Russia. Labour migration has become a powerful source of remittance flows in the CIS – they are sent by migrant workers from Russia to their families and have become not only a means of survival for a large part of the population in the donor- regions, but also they are accounted as a mechanism of economic integration converging CIS countries population.

Thus, according to the World Bank estimates, the migrants' remittances account for more than 20 percent of Moldova's GDP and over 10 percent of GDP in Armenia and Tajikistan. And in total, they form up to 36 percent of the income of the population and contribute to poverty reduction [146]. In addition, due to earnings derived in a foreign land, many migrants returning home open their own business, they become more competitive in the job market in their own states. Relying on official data, the minimum annual cash flow from Russia at the expense of personal income was \$ 4.5 billion in 2008. According to unofficial data, up to 18 billion dollars are exported annually from Russia [295, c. 28]. According to experts, the state receives from one average immigrant about 20 rubles of tax revenue per year. The amount of money taken out of Russia by some CIS republics migrants, exceeds the amount of annual investment in their national economies. It is noteworthy that up to 76% of the foreign labor force (that is many times greater than is reflected in official statistics) is employed in trade and services spheres. It is in this sector there is the highest turnover of capital and the possibility of tax evasion [315].

Illegal migrants are actively involved in the formation of shadow and criminal business in Russia. Their contribution to the shadow and criminal structures funding is very significant. Russia faces the growing claims of illegal immigrants, including their numerous relatives, to use of scarce social services infrastructure of our country (health, education), which reinforces the negative attitudes of the indigenous population towards the strangers and makes the burden on local budgets heavier. In addition, immigrants tend to have significantly greater financial means to pay for such services officially an unofficially, raising their rates and limiting the ability of the Russians to use them. The same applies to the potential opportunities of illegal (and legal) immigrants to acquire real estate, land, etc. Foreign citizens commit 4 times more crimes than the crimes are committed against them.

According to the data of 2010, cited by the Russian Interior Ministry's official web-site "in January - December 2010 on the territory of the Russian Federation there were 2628.8 thousand reported crimes, 1431 thousand crimes were solved, including 61 thousand crimes committed in the past years. Foreign citizens and stateless persons committed 49 thousand crimes on the territory of the Russian Federation, which is 15.5% less than in January - December 2009, including the crimes committed by citizens of CIS countries - 44.6 thousand crimes" [236]. Thus, in 2010, foreigners committed no more than 3.57% of the crimes in Russia. According to the Head of Federal Penitentiary Service and special registration FSIN Minister Sergei Esipov, about 587,000 convicted, including 27,000 foreigners are serving sentences in Russian prison now. Thus, among the prisoners there are 4.6 per cent of migrants. And it's even more than the proportion of their crimes (probably because migrants are not appointed on probation or other non-custodial sentence). According to statistics from the Ministry of the Russian Federation for 2012, foreigners committed 1.8 percent of all reported crimes in the country. In January 2013 they committed 2.3 percent of crimes. According to V. Sinchenko, the main type of foreigners criminal activity in Russia is the fabrication of false documents (25% in the overall crimes of foreigners) [80], illicit drug use (25%). Most crimes are committed by Tajik citizens (30%), Armenians (15%) and

Chinese (12.5%). Professor Y. Kashuba notes that from 70 to 80% of the crimes committed by citizens of foreign countries have a transnational character. They are drug trafficking, human trafficking, etc., i.e., ordinary crimes, weighed down by a "foreign element". In addition, the number of crimes committed by foreigners are registered 2-4 times more often than the crimes committed against them (in the Primorye Territory - 1.95 times, and the Khabarovsk Territory - 4.7, in Russia - 4.0). The most common crimes are illegal crossing of the state border (62%), documents forgery (40%), smuggling (15%), illegal business activities (7.4%), bribery (7.4%), etc.

Analysis of the materials studied suggests that the creation of illegal migration channels to Russia, and Russians and citizens of the third countries to the countries of different regions was made possible due to the cooperation of organized crime, the use of its transnational ties.

Transnational manifestations of Russian organized crime groups. In particular, the size of the profits, the scale of illegal business activities from the number of foreign ethnic organized crime groups (OCG), and the most noticeable is the presence of the Chinese mafia "triads". Chinese "triad" is a flexible network system, the structure of which depends on the implementation of a particular type of criminal activity. The most common forms of transnational criminal activity are smuggling of drugs, alcohol, currency, illegal migration, people sales into slavery. In this case, the main direction of the criminal gangs activities and communities in Russia and other countries is a criminal activity in the economy in order to obtain super-profits, in particular, produced by armed bandits moves, the abduction of women and girls and selling them into the sex dens, drug trafficking, kickbacks and extortions, blackmail, "dirty" money investments in pubs, restaurants, discos, nightclubs.

Criminal gangs establish companies with the joint capital in order to buy and sell real estate, land, using proxies. They invest "dirty" money in the construction of various revenue-generating facilities, penetrate into some areas of industrial and economic activities (rail and road transport, trade, mine workings development, etc.). They are involved in smuggling of gold, cultural values, home appliances, pharmaceuticals, tobacco, weapons, explosives and ammunition, and in the credit and banking fraud. Representatives of organized crime groups also commit robberies, holdups, banditries, murders, maiming, kidnappings for ransom, they are engaged in illegal transfer of people abroad. According to L. Erokhina, up to 80% of industrial products and food delivered to the Russia by foreign "businessmen" are smuggled, without payment of duties and taxes to local or federal coffers. Foreign firms belonging to organized crime groups are rather active, they are focused on the commission of one-off transactions, after the implementation of which they go out of business, escaping from tax liability. In the Siberian Federal District, for example in the Chita region, about one thousands of such "companies" are recorded. A large amount of them are phoney companies and private entrepreneurs working on the China citizens' money. In the Novosibirsk region numerous facts have been also revealed concerning the Chinese commercial entities registration on figureheads engaged in foreign trade activity. Most of them are focused on the strategic raw materials export abroad. A similar trend was recorded in the Irkutsk

region. Local FSB agencies detect and deter facts of thefts and export of strategic materials and radioactive materials to China. At the same time, respecting the principle of specialization, local representatives of the organized crime groups are engaged in theft of this kind in the enterprises of the Irkutsk region, and Chinese crime groups smuggled it into China, so we can name many examples proving the importance of this issue.

A particular problem that has alarming prospect of aggravation is the uncontrolled massive avalanche of illegal immigrants from China, primarily to the Far East, although numerous "Chinatowns" already appear in almost major cities of Russia. The proximity of China with its more than a billion people population, with its booming economy and relatively limited territorial and natural resources is alarming Russia having sparsely populated Far East. Pessimists fear, and it is not without reason, that Russia, in the end, is going to lose Siberia, and not as a result of a 2.5-millionths Army of China war campaign, but because of Chinese immigration. We should also draw our attention to the fact that, unlike the Caucasian and Central Asian Diasporas, relying only on relatives and congeners, Chinese communities are closely connected to their "mainland."

Nowadays, the support of the emigration expansion from the official Beijing is hidden, but it is constantly growing. We must not forget, as China in 1960-1970-ies "peacefully" expanded its legal presence in South-East Asia (Malaysia, Thailand, and Indonesia) and what ethnic, economic, and political conflicts this development has led in these countries. But since then, the situation has changed - if that time the Chinese expansion was of spontaneous character, now the authorities of the country realize that their territorial and resource issues and the expansion of foreign markets, China will be able to solve, first of all, at the expense of its large, but politically and economically weakened northern neighbor [235, p. 78].

The following examples including the data reflecting the comparative levels of the Russian Far East development (Amur, Khabarovsk and Primorye territories), and the border areas of China. According to demographers' estimates [88, c.38] on the Russian-Chinese border a huge differential in the demographic potential has developed. According to various estimates, mainly depending on the coverage of Russian territory, population density on the Chinese side is 15-30 times greater than on Russia's. In the most populated Far East area — Primorsky Krai — the average population density is only 13.5 people per km<sup>2</sup>. Only in the south of the region, near Vladivostok, the density is 30 people per km<sup>2</sup>, over the most length of the Russian-Chinese border it does not exceed 4-5 people per km<sup>2</sup>. In the Northeast China adjacent to the Far East the density reaches 130 people per km<sup>2</sup>. The souths of the Far East is home for about five million people, and in three provinces of China on the other side of the border live more than 100 million people. The entire population of Siberia and the Far East is three times less. Only in Harbin the population is twice more than in Vladivostok, Khabarovsk and Blagoveshchensk unitedly. In this situation the deficiency in the labor force on the Russian territory is 5 million, unemployment in China - 8 million people [17]. Relationship of immigrants' illegal employment and destruction of organizational and institutional system of the country has a two-sided character. Illegal migration is not only conducive to hidden

economy, but defects of the economic system of the country to stimulate widespread arbitrariness of employers. Emerged a certain quasi-market way of life is based on the shady relationships and multivariate forms of immigrants forced labor.

Currently, to obtain a work permit a foreign worker has to find someone who would agree to register a migrant in his living space (or an organization providing such capabilities), and an employer having a permission to hire him for a job. If any item of such a procedure is not fulfilled, then a legally entered foreigner becomes an illegally employed migrant. Absence of registration every second of them connects with the corruption of relevant authorities ("it is impossible to get a registration without bribes"). Most of the foreigners who have executed their registration, according to their frank confession, took advantage of illegal channels to obtain it paying from 500 to 3,000 rubles. Hiring on the basis of a verbal agreement provides foundation for a high level of migrants' exploitation and employers ignore the wide range of labor rights.

The average working time for migrant workers is 10 hours at 6-7 day working week. Many laborers work 12-14 hours a day under every adverse working conditions which are dangerous to their life and health. Employers are often limited providing only means of labor, without giving due consideration to safety at the facilities and without ensuring working clothes. A natural consequence of labor in adverse conditions is a high incidence of occupational injuries and morbidity. More than half of respondents noted cases of interruption of working capacity due to an occupational injury or other reasons. However, most continued to work hard, being sick. Very often workers experience restriction of personal freedom, as the employer withdraws their passports for the period of employment [116, p.47-48]. Almost all foreign workers faced violations of basic, ordinary workers' rights. Salary delay almost becomes the norm, the various forms of labor exploitation - from being forced to work in adverse conditions and deception in the calculations to the limitation of personal freedom of movement and corporal punishment. Working migrants are actually unprotected not only to the arbitrariness of employers, but also to the abuse performed by the administrative structures officials and law enforcement agencies personnel. They are faced the brutality of the criminal world and the malevolence of the population.

Corruption is one of the major problems and all the relations of labor migration are impregnated with it. Particularly strong is the pressure of law enforcement - 90% of respondents indicated that they faced with cases of kickbacks and extortions from the law enforcement officials, 40% suffered the same from administrative structures officials. Living in a foreign national environment, migrants national feelings of human dignity are often abused by the local population (about a half). The low level of involvement in any types of human rights behavior and the manifestation of an undeveloped migrant's sense of justice, and objective evidence of the weakness of mechanisms for the victims' protection, established in the Russian legal system. Only 15% of survey participants, faced with a violation of their rights, trying to defend them. In this case, half of them resorted to such a traditional method of protection as an appeal to the supervisor (foreman, construction super intendent and overman). Only a few addressed to the external instances. The

level of trust to the institutional channels of protection is extremely low. The vast majority either does not hope for any kind of protection or tend to protect their rights with informal methods (relatives, friends, brokers, hired security) [129, p. 49 - 51]. The administrative capital as a governmental resource should work, as well as in the whole world, for the needs of society. However, in Russia there was a distortion of the rules of administrative power interaction with business and society, which actually means the removal of a number of their relationships to the "black" and "gray" zone, though the administrative apparatus often implements its power, "embedding" in informal networks and operates bypassing the applicable legislation. It is important to note that using its power positions and pursuing its personal benefit, it forms the administrative barriers that create side effect surpassing social benefits from the superior performance of regulatory legal acts for Russian and foreign citizens.

To change the situation for the better in conditions of the institutional reforms it is necessary to concentrate the authorities' efforts to implement the adopted laws: situation monitoring, establishment of infrastructure, training, information support, event planning for adaptation of people and businesses appeared in a new environment, etc. In order to remove administrative barriers it is important to realize the design approach to the implementation of reforms - giving the necessary resources not only for the laws development, but also for their public discussion with stakeholders. In accordance with the recognized "corruption perception index" which is annually calculated and published by the international organization Transparency International (TI), Russia in 2010 according to corruption was ranked 154 out of 178 countries, in the 2011 -143 out of 183 countries, and in 2012 it took 133 place out of 174 countries. Mimicry become one of the forms of social and psychological adaptation of people to reality. Often this adaptation is reflected in the fact that such phenomena as trickery, unscrupulousness, venality and other perceived moral opposites are understood in ordinary consciousness not an anomaly, but as a justifiable variant of relationships in everyday life, in politics, business, etc. e.g., two-thirds of the respondents, according to a study in 2010, did not see anything wrong with tax evasion, moreover, 36.7% are convinced that this kind of cheating the state is morally justified. [28]

The measures development activity to counteract the process of turning the economy on to the shadow track is largely complicated by the fact that in recent years the population maintained a very low level of trust to the social and political institutions. In this regard, the effectiveness growth of their activities is as important as the increase of its public openness level, and on this basis, the formation of a positive image of these institutions. Currently, illegal actions by public officials affect, for example, a significant part of the business. Thus, according to the nationwide survey Omsk region entrepreneurs answered the question in 2010: "What part of the region entrepreneurs faces illegal actions by government officials?", their responses are as follows: often - 13.7%; sometimes - 54.9%; never - 7.8%; don't know - 23.5%. The question: "How often do the regional administration representatives create preferences to individual firms?" Entrepreneurs of the Omsk region responded as follows: often - 21.6%; sometimes - 33.3%; rarely - 19.6%; never - 9.8%;

don't know- 15.7%. In 2010, there were conducted 77 inspections to control the Omsk city budget usage and the total amount of identified financial irregularities amounted up to 105 million rubles.

According to the inspections results checks leaders of the five municipal institutions were dismissed. Materials on all the facts of financial irregularities were referred to law enforcement agencies, where operational activities are underway. All the misused budget funds are being returned to the budget. Shadow labor market in Russia reflects the government actions, socio-economic features of Russian society and workers individual experience. Side effects of obeying the law in the formal employment oppose the side effects of the law avoidance while working on an oral agreement. That is why an oral hiring does not just coexist with the official employment, but also compensates, smoothes over its problem areas, embroiders bottlenecks, thus giving rise to new problems and new social tensions. With all drawn to the strong state control people their hopes for labor rights associate not only with punitive measures (Table 1.7). Thus, the proportion of those calling for tougher action against offenders is 39%, those who count on the efficiency of courts is 22%, and those who consider that it necessary to amend the Labor Code, to make it clear to employees is 45%. Finally, the leadership belongs to the version it is possible to protect labor rights with such a change in the law under which the official hiring would not mean such high taxes (47%) for employers. Thus, we should not attribute repressive consciousness to the respondents. They are adequate and are ready to recognize the power of indirect regulation [7].

Table 1.7 Necessary measures for the labor rights enforcement, according to the category of respondents (in% of respondents by column) [7]

<b>Sanctions: «Repressive» measures</b>	<b>Working on an oral agreement</b>	<b>Employees of a government- financed organization</b>	<b>Industrial workers of privatized enterprises</b>	<b>Employees of SMEs (official hiring)</b>	<b>In total</b>
Impose strict action against violators	31	50	57	28	39
The courts need to work expeditiously	16	25	17	33	22
The state should control the labor sphere stronger	34	55	66	25	43
"Educational" measures:					
To amend Labor Code, to make it clear to employees	40	58	49	35	45
Form people intolerance to any violations of the law	21	45	34	33	31
"Market" measures					
Amend law when it does not mean such high taxes for employers	50	42	34	58	47
Don't know	17	5	34	11	11

The ratio of population attitude to the illegal practices suppression in the workplace is not homogeneous; law-abiding employees (voluntary or involuntary) creates more uncompromising attitude toward extralegal labor practices and therefore, consequently, greater demand for the state as an active subject of labor relations. The participants of the informal labor market are more loyal to the violation of labor laws and, therefore, it is naive to rely on their strong support for the legalization of labor sphere. Between the wishes of the authorities and the expectations of the people there is a distance. It is doubtful whether the latter can and should be a direct vector of the reform. Ordinary citizens cannot always assess the long-term consequences of their short-term desires. Moreover, the expectations are heterogeneous; they are determined by the degree of involvement into the extra-legal field. But the discrepancy between the positions of power and workers should be the object of the reformers attention, causing to give more time to double-check the "project" and find arguments for its recognition by the majority of the able-bodied population. We are talking about the financial, information, public expenses, without which the legalization of the labor market is not possible even under the most balanced labor legislation [7].

## **CHAPTER 2. Current Trends and Prospects for the Foreign Migrants' Employment in the Russian Economy**

The profound changes occurring in the world at the turn of the XX-XXI centuries have led to the increased international labor migration processes. In 1992-2004, 6.9 million people arrived in Russia from the CIS and Baltic countries, and migration growth was 4.6 million people, which is significantly more than in the previous decade [210, p. 52]. However, in the mid-1990s a collapse of scale migration exchange delineated with CIS and the Baltic States, which played a huge role in changing the number and composition of the Russian Federation population. Centripetal flow of immigrants from the CIS and the Baltic States, which reached its peak in the mid-1990s, has significantly declined: in 2004 ten times less people came to Russia than in the peak period of 1994, migration growth amounted 74 thousand people against 914 million in 1994 (Table 2.1., Fig. 2.1.)

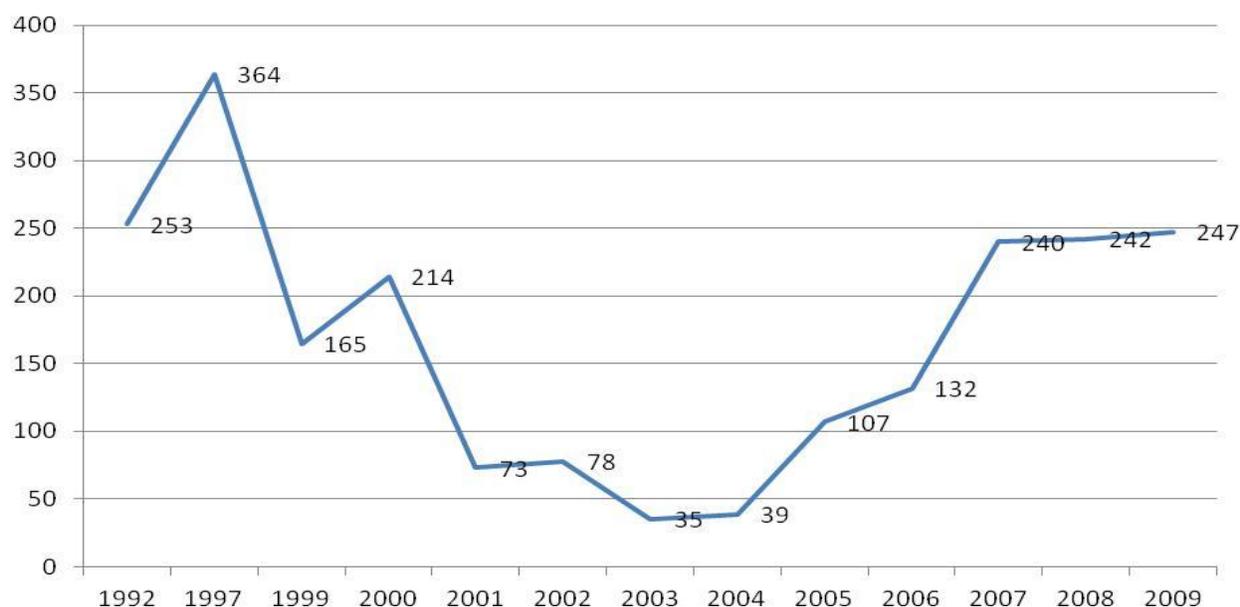
Table 2.1. Russian migration exchange with the CIS and Baltic countries by periods, 1992-2004

	<b>1992-2004</b>	<b>1992-1995</b>	<b>1996-2000</b>	<b>2001-2004</b>
<b>Arrivals, %</b>	100,0	55,9	35,4	8,7
<b>Departures, %</b>	100,0	61,2	30,1	8,7
<b>Migration growth, %</b>	100,0	53,3	38,1	8,6

*Source: State Statistics Committee of Russia (Federal State Statistics Service).*

At the same time in 2004 the international migration outflow in the Far Eastern Federal District was 568 people, in Siberian Federal District - 3933 (including as a result of migration exchange with Germany, migration from the Omsk region was 6112 people.).

Figure 2.1. Migration growth with foreign countries, thousands of people [67, S.402-403]



In 2007, following the adoption of a new more liberal legislation the trend of registered labor migration growth increased. In 2007, the number of foreign citizens engaged in labor activities in Russia reached 1717.1 thousand people against 1014.0 thousand of those who worked in 2006, and in 2008 there were already 2,452.9 thousand [250, c.28; Labor, 292, c.302; 299]. It should be noted that the peak of recorded labor employment of foreign citizens was reached in 2008, and then again it began to decline. At the end of June 2012 the number of foreign citizens engaged in labor activities in Russia is 1297.8 thousand people.

The decline in labor migration since 2009, recorded in official statistics, reflected both the general crisis of labor demand and tightening of migrant workers admission, dictated on the one hand by a desire to differentiate the flow of migrants to the Russian labor market, and on the other hand - to protect national workers from the negative effects of the crisis. However, in conditions of a significant population reduction due to the negative natural growth, prevailing westward drift internal migration, which plays a critical role in reducing the number of population in the eastern regions of the country, as well as large-scale flows of illegal migrants (the number of which is estimated in the range of 4.5 to 15 million., including the Chinese - from 250 to 450 thousand people) rethinking of entrenched pattern of migration policy becomes important [290]. The answers to the demands and challenges of the modern period should be given basing on the need to develop an immigration flow, taking into account international experience and Russian realities, using a variety of tools of immigration-naturalistic policy and correct estimates of the external migration processes conflicting effects. The transformation of human resources into a key source of social and economic development of nations reinforces the importance of migration issues study.

Currently, however, there was a clear underestimation of the migration process role having an enormous impact on the formation of new factors of economic growth and efficiency of the national economy. According to a sample population survey about the employment problems in 2010-2012 the unemployment rate fell from 9.2 to 5.3% (by ILO methodology). In this case, the total number of the unemployed classified according to the criteria of the ILO is 4.1 times higher than the number of unemployed registered at public employment services. In the future, different models of business and labor activity can be implemented, in which there can be, first, a variant of a high level of employment (unemployment does not exceed 3% of the economically active population), second, the social version of an acceptable level of employment (unemployment is 3-7%), and third, a variant of the critical level of employment (unemployment 10.7%), fourth, alternative crisis level of employment (unemployment rate - 10-15%), fifth, variant of extremely (critically) low level of employment (unemployment - more than 15%).

Formation of the international flow of migrant workers in the Russian economy is influenced by very contradictory trends in the national labor market, reflecting structural changes in the economy, employment and unemployment, in the labor supply and demand. These should also include the significant territorial differences. So, first, there are dynamically developing regions, which experience a significant labor shortages, they are, first of all, Moscow and St. Petersburg. Second, many regions maintain a high level of unemployment, which exceeds the critical limit of 10% of the economically active population (the following situation maintains in almost every third subject of the Russian Federation). Third, some regions have the current crisis-critical structure of employment and the unemployment rate exceeds 15% (Kabardino-Balkar Republic, the Republic of Mariyl-El, etc.).

An important feature of the prevailing model of the Russian economy is the fact that a strong demand for foreign labor has formed in almost all regions, even in those where there is a crisis and the critical situation in the sphere of employment and unemployment. This, for example, is demonstrated by comparing unemployment rates and their allocated quotas for the number of invitations to foreign citizens to enter the country in order to perform labor activity. Cyclical unemployment arose in appreciable extent after the 1998 now is overcome in many ways. Currently, the main component of the overall level of unemployment is the structural unemployment. Under these circumstances, the possibility of stimulating consumer and investment demand on the basis of a mushier money-and-credit and fiscal policy are very limited. Since, according to the standard macroeconomic theory the unemployment reduction below the natural rate is possible due to the cyclical component will only lead to an increase in the price of labor in the growing sectors and regions, contributing to higher inflation and not significantly affecting the overall level of unemployment.

Generally, the current situation on the Russian labor market remains quite complicated. Since, on the one hand, there are no significantly free labor resources associated with the cyclical nature of unemployment, which could be used to support further growth of the Russian economy, and on

the other hand, there remains a significant level of free resources due to the structural nature of unemployment. In this regard, in the present conditions a particular importance is assumed by the implementation of measures aimed at elimination of the structural imbalances in labor supply in the domestic labor market in favor of the fastest growing industries and territories by increasing labor force mobility.

Approaches to economic reforms established in the 1990s became very inconsistent, they did not allow to use effectively entrepreneurial and employment potential in Russia, and they have contributed to leaching of scientific and technical and engineering personnel of enterprises, to reduction of occupational characteristics and violation of the age structure of employees, to a significant reorientation of the skilled young workers to the hopeless types of business and labor activity. The negative processes in the functioning of regional industrial structures occurred in the current period are compounded by unfavorable changes in the demographic resources and resettlement. The crisis of 1998 and the post-crisis restorative growth led to more efficient use of labor resources and population employment structures. In its turn, followed improvement of the enterprises financial position in the conditions of the favorable world market conjuncture has accelerated this process. As a result, the Russian economy faces a redistribution of labor resources in favor of economically promising sectors and industries. The past five-year period was marked by significant growth in key macroeconomic indicators: gross domestic product growth (GDP) for the period from 1999 to 2004 was estimated at 39%, the volume of industrial production - 39%, agricultural goods - 21%, investment in fixed assets - 65%, real disposable income of the population - 72%.

From the point of view of supply the growth of the Russian economy was mainly driven by a significant increase in total productivity factors, as the overall level of investment was not high, and the number became more efficiently used by available human resources and fixed assets. The high rates of productivity growth were made possible by the ability of Russian companies to adapt successfully enough to the current economic conditions and ability to spring into action idle capacity. Recently, in conditions of recovery growth, two opposing processes emerged in the country they are paradoxically combined with each other and determine the change in the socio-demographic parameters of reproduction.

First, basing on the increase in GDP per capita over the last 10 years by 6.3 times (from 49835 in 2000 to 314395 in 2010)[265, p.31] there is the dynamic growth of material well-being indicators:

- a significant increase in real disposable income of the population for 10 years - by 8.1 times, while real wages increased by 9.5 times, the personal consumption of the population - 7.2 times [265, p.115-117];
- an increase in consumption standards;
- an increase in savings and lending of the population (for the last 10 years)

- by 8.7 times)[265, p.120], which contributes the change in the demand structure in favor of the acquisition of capital goods.

Second, despite the significant improvement in the material well-being of the population, it is still hard to improve the demographic situation for the better. Under these conditions, there is no significant improvement in the dynamics of major social indicators, but also stagnation is observed or a new degradation wave is forming, including such characteristics as life expectancy, health status of the population and crime rate. The situation is exacerbated by the fact that regional and sectoral distribution of human potential caused by the current attractiveness of territories, industries and professions creates distortions of the labor force concentration in individual territorial-economic formations and the technical and economic structures, increases the imbalance in the distribution of labor resources and blocks the implementation of progressive economic and technological transformations in the framework of the territorial space of Russia.

Long-term prospects for economic growth in Russia are dependent on many internal and external factors. In this case they have a significant impact from the possible changes in the spatial distribution of the economic activity. The transition to a market economy is changing the force balance affecting the spatial development, multilaterally transforming goods movement motives in the country, investments, material, financial and human resources. The growth of the domestic market, consumer demand and import substitution industries, the diversification of the sectoral structure of the economy with emphasis on the development of processing industries determine the competitive advantages of the regions of the European part of the country. In these circumstances, it can be expected that most of its eastern regions will be developed on cluster type, limited with point (focal) "oases" of economic activity, with very poorly developed inter-cluster gaps. Already, the main resources of the economy of the eastern regions of the country in ever-increasing scale are concentrated in large and medium-sized cities. Natural processes of the settlement system evolution produce a potential threat to the stability of the region's economic development. "Silent Vote" leads to the destruction of the natural processes of reproduction in the countryside and in small towns and, ultimately, to the degradation of the existing system of settlement. These processes largely affected most regions of Siberia and the Far East and they are increasingly becoming real limitations for prospective economic growth [289, p. 53].

During the twentieth century the dominant trend of settlement was the adjustable, sometimes by very harsh measures, population shift to the north and east, and to a lesser extent to the south [221]. The number of Russians living in the Asian part of the country stably, albeit with a noticeable slowdown in the 60-80-ies., grew from 13.3% in 1926 up to 21.8% in 1989. Steadily increasing population on the territory of modern Ural (from 5.3 to 8.5%), Siberian (from 10.6 to 14.3%), Far East (from 1.7 to 5.4%) and South (from 12.5 to 14.0%) federal districts. The share of the population of the Central and Volga districts, by contrast, was steadily declining (respectively from 34.5 to 25.9% and from 26.2 to 21.5% in 1989.). For the period after the census of 1989 it was the typical reverse trend - the movement of people from the north-eastern regions of the country in the south-west direction.

As a result the population of the Asian part of the country decreased over the years of 1989-2002 by 2095 thousand people, and its share declined to 20.7%. On the contrary, the number of those living in the European part increased by 237 thousand people. The number of inhabitants increased in the South (in 2371 thousand, or 11.5%) and Central (60 thousand, or 0.2%) federal districts, as in the rest districts it declined. The population of the Far Eastern District declined by 15.8% (to 1,257 thousand people), and a significant part of the population decline - 3.9% - was not recorded during the current registration of demographic events. Large losses have been suffered by Northwest (1264 thousand people) and Siberian (1,005 thousand people) Federal Districts. The most important factor contributing to the long-term challenges of socio-economic development of Russia is a significant deterioration of the demographic situation in the country. The population size is now declining by about 800 thousand people annually. Moreover, the number of subjects of the Russian Federation, in which it decreased through natural attrition and migration outflows for 2003-2004 increased from 37 to 44, in 26 regions of the Russian Federation in 2004 there was a surplus of natural loss of the migratory growth (Table 2.2.).

In recent years the external migration gain offsets a tenth of the natural population loss compared with 45% in 1992-2003. According to the Federal State Statistics Service forecast the trend of population concentration in the Central and Volga federal districts will continue till 2025, their share in the population of the country will remain at 46,6% [251, p.9-17]. However, the decline in population in the North West, Siberian and Far Eastern federal districts continues. According to the Federal State Statistics Service forecasts, in 2031 Omsk region will be in the group of 10 subjects of the Russian Federation's eastern and northern regions with the maximum reduction in the number of able-bodied population which is among the areas with sustained and significant scale of the population out flow. During the years 2010-2031 the population of the Omsk region in the able-bodied age may be reduced from 1263.2 thousand people to 1049.4 thousand people, i.e. to 213.8 thousand, or 17%. Migration growth, estimated at the level of 1,701 people only at 18% compensates its natural loss (estimated at 9437 people) [251, p.69-71]. This development is due to a significant reduction of the labor potential can substantially complicate the challenge of economic development and exacerbate social problems. Thus, the scenario inherent in the Federal State Statistics Service forecast for the migration process assumes the persistence of negative trends in population and labor resources location across the country.

Regions situated east to the Urals - Siberia and the Far East - are strategic reserve of Russia's survival and development of its comparative economy advantages. Thus, the territory of the Siberian Federal District is 30% from the territory of Russia, where 19.3 million people live (13.5% of the population of Russia). The following is concentrated in Siberia: 85% of Russian reserves of lead and platinum, 80% of coal and molybdenum, 71% of nickel, 69% of copper, 44% of silver, 40% of gold, Siberia's GRP is 10.6% of Russia's GDP. Foreign countries, both in the West and the East are interested in the joint development of these resources, and they do not exclude the possibilities to use them to their advantage in the event the disintegrated processes in Russia, the emergence of a scenario of its new "half-disintegration." Dissociation of the federal government

from responsibility for the situation in the eastern region in the 1990s, not only contributed to the development of the degradation processes of scientific and industrial potential, but also to the formation of a broad sector of the shadow economy. In this regard, a particularly difficult situation is in the Far Eastern regions, where economy acquired the following characteristics [9, p. 92-93].

*First*, powerful "shadow" trans-regional sectoral complexes began to emerge combining the companies of the main, the most profitable sectors of the regional economy with corporations of related industries in Japan, China and Korea. These complexes are formed primarily in the areas of seafood production, gold mining, timber production and trade of second-hand motor vehicles, as well as, to a lesser extent, gas on Sakhalin Island.

*Second*, the formation of trans-regional complexes occurred out of the federal government control, but in some cases under the informal participation of regional authorities. It took the form of the semi-criminal transnational structures creation consisting of a units system linked directly to the production or extraction of resources and delivery of illegal products abroad. Foreign companies were the original lenders of activity of the Russian parts of conglomerate, the sources of the necessary equipment and technology. Russian parts were directly responsible for the production of non-countable products, its delivery (smuggling) abroad and the administrative and organizational "cover" in all areas of Russian components of this cycle. Large Moscow bank organizations soon joined to finance such undertakings realizing the profitability of such a semi-criminal transnational business.

*Third*, at the beginning of the new century, the new Russian leadership began to gravitate to the restoration of the Far Eastern regions controls, at least in the key areas of development. By the middle of the first decade of the new century, Moscow chose the line of partial subsidization of the Far Eastern regions. It does not seek to regain full control over them, as it was in Soviet times. But it does not want to assume their full funding. Currently, the decision of financial and economic problems is closely related to the effectiveness of the federal government control over the regions, to the fight against transnational crime and the transformation of territorial and economic structures legally.

The territory of Russia is not uniform and is not everywhere suitable for the entire settlement. By the size of the life effective area (one third of the country, with altitudes up to 2000 m and the temperature not below -2 C), Russia takes only the fifth place in the world. But its regions such as Siberia and the Volga region, where residents have to 2-2.5 hectares of land and 1-1.5 hectares of arable land per capita, are comparable only with the countries owning big landed property. According to the A. Treyvish calculations more than two thirds of all favorable for settlement and somehow, populated territory of Russia (3.4 million sq. km.) is now sparsely populated or heavily under populated, with about one third (1.6 million sq. km.) and in rural areas even 465 (2.3 million sq. km.) fall into this latter category. The number of people that are lacking in order to simply raise the density of population in sparsely populated regions at least up to the average Russian level (which is also too low) and to tighten up some quite backward regions to at least the sparsely

populated ones, is 9.7 million and 11.3 million respectively, which 21 million people in total [241, p. 32-35].

Table 2.2. Subjects of the Russian Federation grouping on the degree of influence of natural movement and migration on population change [309]

	2004	2011	Subjects of the Russian Federation included in the group in terms of 2011
<b>The number of the Russian Federation subjects where the population dropped</b>			
Total Including through:	<b>76</b>	<b>56</b>	
Natural decline & migration out flow of population	44	25	Republic of Karelia, MariEl, Mordovia, Chuvashia, Altai and Perm Regions; Amur, Arkhangelsk, Bryansk, Vladimir, Volgograd, Kemerovo, Kirov, Kostroma, Kurgan, Lipetsk, Magadan, Murmansk, Orenburg, Penza, Rostov, Saratov, Sakhalin, Ulyanovsk and the Jewish autonomous region
Excess of natural decrease over the migration growth	26	17	Primorsky and Khabarovsk territories; Vologda, Voronezh, Ivanovo, Kaluga, Kursk, Nizhny Novgorod, Novgorod, Orel, Pskov, Ryazan, Samara, Smolensk, Tambov, Tver and Tula regions
Excess of migration outflow over the natural growth	6	14	Republic of Bashkortostan, Buryatia, Kabardino-Balkaria, Kalmykia, Karachay-Cherkessia, Komi, Sakh (Yakutia), North Ossetia - Alania, Khakassia and Udmurtia; Trans-Baikaland Kamchatka territories; Irkutsk, Omsk regions
<b>The number of the Russian Federation subjects, where the population increased</b>			
Total Including through:	<b>13</b>	<b>27</b>	
Natural and migration growth	7	11	Republic of Ingushetia and Tatarstan; Krasnoyarsk Territory; Astrakhan, Tomsk, Tyumen regions; Moscow-city; Nenets, Khanty-Mansi - Yugra Chukchi, and Yamal-Nenets Autonomous districts
Excess of the natural growth over migration outflow	4	4	Altai, Dagestan, Tuva and Chechen Republics
Excess of migration growth over natural decline	2	12	The Republic of Adygea; Krasnodar and Stavropol Territories; Belgorod, Kaliningrad, Leningrad, Moscow, Novosibirsk, Sverdlovsk, Chelyabinsk and Yaroslavl regions; St. Petersburg.

This calculation does not take into account the needs in the urban population clots, no modern country can go without them. Already, the demographic weakness of Russia becomes apparent, particularly, in urban settlement trends. Although the share of urban population in Russia stands at an average European level (73%) and is not too different from such countries as the U.S.A. (75%) or Japan (77%), a network of major cities is relatively poorly developed in Russia. According to the number of cities with populations over one million people, it is more than twice inferior to the United States.

After the disintegration of the Soviet Union, Russia inherited 1 of 24 Soviet cities-millionaires, only two of them were to the east of the Urals. Only two Russian cities have more than 2 million inhabitants (in the U.S.A. 14 cities have more than 2 million people, and 8 of them - more than 3 million). Underdevelopment of large cities is the evidence of regional development deficiency in Russia, which has not given rise to many powerful regional and inter-regional centers. But here appears a feedback: urban population outflow to several large centers did not allow the large regional cities to emerge, which could give impetus to their regions development. A limiting role in terms of large cities settlement development is played by a super-concentration of population in and around Moscow. The important thing is that this is happening against the background of the general population limited resources and competition for them [65, p. 520-521].

Deficiency of human capital makes it difficult to exercise effective institutional and technological transformations of the territorial space in Russia, managing the huge natural resources efficiently. According to the experts assessments, made according to the World Bank procedures, in terms of total national wealth, Russia ranks the 2nd in the world being behind the U.S. on this indicator by 2.2 times, taking into account the value of human potential, natural resources and reproducible assets. Our country has a huge amount of wealth per capita, reaching 400 thousand dollars, which is only 13% less than in the U.S. (Table 2.3). The U.S. now accounts for 23% of the world resources, Russia - 11%, and Japan - 10%, and China - 7%. However, in the structure of wealth in our country a very high proportion is taken by natural resources - 40%, which is 10 times higher than in the U.S., and is 40 times higher than in Japan.

Table 2.3 The national wealth of a number of countries in the late twentieth century (estimates by the World Bank methodology) [225]

Country				
	Trillion dollars	in% to the U.S.	thous. dollars	in% to the U.S.
USA	123,6	100	461,5	100
Russia	58,8	47	400	87
Japan	53,3	48	423,4	92
China	35,5	29	28,5	6
Germany	30,8	25	375,1	81
France	21,1	17	359,6	78
United Kingdom	20,8	17	353	76
Italy	17	14	295,8	64
Brazil	14,2	11	89	19
Indonesia	12,1	10	60	13
India	11,9	10	20	4
Mexico	10,8	9	113	24

The unique position of Russia in the coordinates of world development is related to its qualitative originality. Currently, there are cultural, historical, technical, economic and socio-political differences that do not allow Russia to be attributed neither to any leading countries, nor to the

peripheral countries. Russia competed and continues to compete with the West in a number of areas.

The quantitative and qualitative parameters of human capital are of great importance. The amount of human capital is determined by the demographic parameters (population size, its structure, fertility, mortality, life expectancy, the value of labor resources) and the quality of human capital (population living standard, the population's health, the education system, culture, etc.). First of all, high level of national wealth in the leading countries of the world is defined with the development of human capital at a low availability of natural resources. According to the estimates of the RAS scientists S. Valentey and L. Nesterov in the beginning of the third millennium the national wealth of all the countries of the world was estimated at 550 trillion dollars.

The most developed countries (the U.S.A., the UK, France, Germany, Italy, Canada, Japan) were accounted for 275 trillion dollars, from which about 80% was achieved through human capital. Russian national wealth was estimated at 60 trillion dollars, from which the human capital was accounted for 30 trillion dollars, natural capital - 24 trillion dollars and reproducible –6 trillion dollars. (Table 2.4).

Table 2.4. National wealth in countries of the world at the beginning of the XXI century.

Countries	The volume of national wealth				
	Total	Including percapita			
	Trillion \$	Total	Human potential	Natural resources	Reproducible resources
Group of Seven	275	360	280	10	70
Russia	60	400	200	100	40
Group of Seven in relation to Russia,%	458	90	140	10	175

Source: *Economic Issues*. 2003. № 2, p.11

It is important to note that population outflow from the northern and eastern regions will contribute to the deepening of the regional disparities which have already emerged, dramatically increasing the labor potential shortage in the labor deficient regions (Table 2.5 - 2.6). In this regard, a demographer territorial trap blocking greatly the increase of its productivity will be shaped in the Russian economy.

The deficit of labor potential will create insurmountable barriers to economic growth and rise of population incomes in the eastern and northern regions, their immigration unattractiveness will encourage population outflow and lead to a deterioration of the socio-economic situation, which in its turn will dramatically enhance impulses stimulating the population outflow from this

territory, adding to the critical process of the events. All this will have a very negative impact on the socio-economic development of the country as a whole, forming a powerful geopolitical threat to its interests.

Regional and sectoral distribution of human potential caused by the current attractiveness of territories, industries and professions creates distortions in the concentration of the labor force in the framework of individual territorial-economic formations and the technical and economic structures, increases the imbalance in the allocation of labor resources. Immigration attractiveness of a region is determined by various factors characterizing the working and living conditions of the population.

The most important of these can be classified as such GRP PPC (gross regional product at par of purchasing capacity) per capita, human potential development index (HPDI), the level of natural growth and labor markets situation. Performed studies indicate the following [42, 280].

Table 2.5. The main socio-economic indicators of the federal districts of the Russian Federation in 2010 [265, c. 43-50]

	Territory in thousand km <sup>2</sup>	Population for January 1, 2011, thousands of people	Average annual number of employed in the economy, thousands of people	Average per capita income (per month), rub	The average monthly nominal wage of those working in the economy, in rub.	The gross regional product, in billion rub	Fixed assets in the economy (full carrying value, at the end of 2009.), million rub.	Net financial result (profit minus loss) in the economy, million rub	Consumer price index (December to December of the previous year),%	Investments in capital assets, million rub.
<i>The Russian Federation</i>	17098,2	14905,2	67343,3	18552,6	21193	32072,6	82303	6077666	108,8	9151411
Central Federal District	650,2	38438,6	18567,8	24029,4	26162	11445,2	26834	2675425	108,9	1890966
North-West Federal District	1687,0	13583,8	6733,1	19703,7	23694	3405,7	8041	629584	109,2	1049637
Southern Federal District	420,9	13856,7	6139,3	14929,7	15545	1988,6	5062	193375	109,0	794412
North-Caucasian Federal District	170,4	9496,8	3256,2	13343,2	12759	795,5	2058	25454	110,6	287137
Volga Federal District	1037	29900,4	14378,1	15601,1	15672	4919,9	13202	739621	109,3	1323384
Ural Federal District	1818,5	12082,7	6029,0	21386,6	25028	4396,6	14527	731569	109,8	1431313
Siberian Federal District	5145	19254,3	8948,5	14876,8	18455	3390,2	8289	685765	107,9	889719
Far Eastern Federal District	6169,3	6291,9	3291,3	20729	26066	1730,9	4290	266017	107,7	725659

Table 2.6. The main indicators of socio-economic status regarding the federal districts in relation to All-Russian index numbers, %

	Territory in thousand km <sup>2</sup>	Population for January 1, 2011, thousands of people	Average annual number of employed in the economy, thousands of people	The gross regional product, in billion rub	Fixed assets in the economy (full carrying value, at the end of 2009), million rub.	Net financial result (profit minus loss) in the economy, million rub	Investments in capital assets, million rub.
<b>The Russian Federation</b>	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Central Federal District	3,8	26,9	27,6	35,7	32,6	44,0	20,7
North-West Federal District	9,9	9,5	10,0	10,6	9,8	10,4	11,5
Southern Federal District	2,5	9,7	9,1	6,2	6,2	3,2	8,7
North-Caucasian Federal District	1,0	6,6	4,8	2,5	2,5	0,4	3,1
Volga Federal District	6,1	20,9	21,4	15,3	16,0	12,2	14,5
Ural Federal District	10,6	8,5	9,0	13,7	17,7	12,0	15,6
Siberian Federal District	30,1	13,5	13,3	10,6	10,1	11,3	9,7
Far Eastern Federal District	36,1	4,4	4,9	5,4	5,2	4,4	7,9

Firstly, the criterion of GRP PPC allows to emphasize the regions potentially attractive to economic migrants. The worse the condition of migratory donor countries, the larger is their number. Thus, for many migrants from neighboring countries GRP PPC per capita in the region of the Russian Federation should exceed \$ 4,000. There are over thirty regions with such economic potential in modern Russia. By reducing the regional attractiveness level to \$ 3000 a list of donor countries will change and the amount of regions will be 55.

For the statistically average person in China 68 Russian regions will be attractive, where the GRP is above \$ 2500, for the Vietnamese, the Mongols, the North Koreans, Bangladeshis and many Africans - up to 80 regions, that is, almost the entire territory of Russia. Even with the hardline approach to the regions assessment, there are some among them which have received a lot of migrants in recent years (metropolitan agglomerations, Belgorod, Kaliningrad, Samara, and several areas of Black Earth region, the Krasnodar and Stavropol Territory). These are the 32 regions of the country, accounting for more than half of inhabited territory, 54% of the population and 87% of Russia's production. However, this list includes a lot of the northern and eastern regions, not just the oil ones (e.g. Murmansk and even Arkhangelsk regions), where the balances

of migration are sharply negative. Therefore, the correlation of GRP with the results of total migratory movement is low, even if we exclude from the list such regions as Ingushetia and North Ossetia received relatively large flows of refugees, driven not by economic but safety reasons.

Second, if instead of the GRP PPC per capita criterion we take the human potential development index the level of connection will increase (from -0.3 to -0.4). In the Moscow region, it is close to that of the South and East-European countries (Cyprus, Malta, Portugal, Slovenia, Czech Republic), as well as East Asia (Singapore, Brunei, Republic of Korea). In the ethnic outsider regions it is close to the Mongolian, Indian, African and Central American samples. By adopting a threshold of 0.745 –it is the level of Armenia and it is slightly higher than in Ukraine and Kazakhstan - we get only 10 regions (both capitals (Moscow and St. Petersburg), some northern regions of oil production and the band regions). Lowering the level will cause the rise of more attractive regions. Thus, 32 regions have the HDI higher than the Chinese one (0,718), including a number of South Siberian and Far Eastern Russian regions. And the Tajikistan index (0,662) exceeds 70 regions, except the most "unhealthy" Caucasian and Siberian republics and districts.

About just the way of factors interrelation concerning net migration and natural increase. This relationship (-0.35) means expulsion of the population from the regions of active reproduction and its attraction by "demographic vacuum" epicenters. Statistical relationship of the migration attraction indicators to the regions with a share of the unemployed, the number of official candidates for one declared vacancy or the ratio of employment to working age population is slightly negative (-0.1 to - 0.2). Of course, regions with a high labor demand (such as Moscow, St. Petersburg, Belgorod) attract migrants, but there are many of them in places where labor markets are different, for example in Kaliningrad, Vladimir, Penza, Astrakhan regions, not to mention Dagestan.

There are professional niches for many guest workers in different fields in Russian: construction, trade, services, agriculture, and small business in general. For example, in the Far East, the Chinese are famous for their talented vegetable growers receiving high yields. Such examples are quite a few throughout the southern borderlands of Russia. Surveys in the Volga steppes identify niches occupied by local Kazakhs and, more frequently, by Chechens (pasturable sheep breeding, though the local officials prefer Chechens for the quality and results of their work), and by Koreans (from Kazakhstan, where they were deported by Stalin; their specialization is intensive watermelon cultivation). In these regions Russian peasants are traditionally engaged in grain, dairy and meat cattle production; they also work as farm laborers at the Koreans plantations, not trying to compete with them [226, p. 206-209].

Performed researches point to the fact that each type of potential has its own characteristics. For example, regions having economic potential are noticeably shifted to the north of the country; having social potential are evenly distributed across the territory; having demographic potential are attached to the western borders and are narrowed edge wise to the east. At the same time, there

are cases of high values coincidence of two or all three assessments, for example, in the Moscow region [329].

Structural and territorial disparities of Russian economy led to migration attractiveness of the Central, Volga and Siberian districts, where the overall increase in population in 2010 amounted to more than 60% of the total population increase throughout Russia (Table 2.7) [265, c.90].

Table 2.7. Distribution of migrants aged 14 years and older by the circumstances necessitating a change of residence and territories of the Russian Federation in 2010.

	Number of immigrants aged 14 years and older	Including those who changed their place of residence by reason of									
		<i>Inconnection with studies</i>	<i>Inconnection with work</i>	<i>Return to their former place of residence</i>	<i>because of the aggravation of interethnic relations</i>	<i>because of the crime situation worsening</i>	<i>Ecological trouble</i>	<i>Climatic conditions discrepancy</i>	<i>Personal reasons, family matters</i>	<i>Other reasons</i>	<i>Reasons of specified</i>
The Russian Federation	1 853 632	146549	188 744	165 246	2 610	628	3 591	4 597	1 098 551	219 436	23 680
Central Federal District	484 532	39 842	29 910	19 782	816	140	986	886	287 249	100 854	4 067
North-West Federal District	176 270	23 383	22 473	9 852	423	62	355	444	100 429	16 969	1 880
Southern Federal District	160 771	6 195	11 136	12 415	219	82	452	1 040	112 002	15 460	1 770
North-Caucasian Federal District	112 777	494	4 999	15 117	128	21	35	107	89 197	1 413	1 266
Volga Federal District	350 228	31 317	29 078	46 927	427	87	548	592	192 962	42 673	5 617
Ural Federal District	176 860	11 745	33 156	17 126	188	64	386	364	102 633	9 230	1 968
Kurganregion	11 156	305	1 435	1 605	27	5	22	27	7 104	625	1
Siberian Federal District	308 126	31 624	42 769	34 192	368	139	669	975	164 880	27 946	4 564
Far Eastern Federal District	84 068	1 949	15 223	9 835	41	33	160	189	49 199	4 891	2 548

A powerful wave of international migration transformed Russia into a major center of immigration flows and significantly impeded the development of a migration policy adequate Russian reality. The situation is also complicated by the lack of experience in the field of international migration

management, because in the Soviet Union, this regulation was of hard-limiting and the forbidden nature and as a result, it was concentrated on the development of instruments to influence migration flows within the country.

Significant additional difficulties arose in connection with the implementation of the radical-liberal approaches in the course of socio-economic transformation in the Russian society, contributing to the economic crisis deepening in the 1990s, to living standards decline, to the development of the "shadow" processes and to the criminalization of the economy. In its turn, the lack of an adequate response of public services to the emergence of mass migration flows led to the fact that these natural flows became strong destabilizing factors, significantly decreasing the economic and socio-political situation in the country.

Serious miscalculation in the new international relations formation was the fact that continuity of the basic civil rights for those wishing to move from one of the former Federal Republic to the other was not guaranteed. A good opportunity was missed when it was urgently necessary to conclude bilateral agreements guaranteeing the rights of the ethnic minorities in the territory of the new states. Russia could play the main role here, because more than ten million of ethnic Russians were resettled in the outlying republics of the USSR during the existence of a single state [78, № 2, p. 77].

The rapid increase of problems caused by the advent of powerful natural flow of migrants demanded the implementation of active measures in the field of migration policy. Formed in 1992, the country's Federal Migration Service (FMS) was to play an important role solving these problems. However, it focused its attention particularly on the issues associated with the emergence of refugees and displaced persons, thus underestimating significant differences related to the methods of solving the problems of Russian migrants flows caused by the appearance of "trouble spots" and areas of ethnic conflicts, and international migrants flows formed mainly from the CIS and Baltic states.

In connection with the abolition in 2002 FMS issues of migration policy shifted to the Ministry of Federal Affairs, National and Migration Policy of the Russian Federation, which was abolished at the end of 2001, and its function in the regulation of migration processes have been transferred to the Ministry of Internal Affairs of Russia; the most important goal of the Ministry in the migration sector was the security problems solution of the Russian state on the basis of the struggle against illegal migration.

At present, the existing structure and qualitative composition of migration flows do not meet the urgent strategic needs of the state. The ongoing spontaneous and largely uncontrolled migration has a negative impact on the economic, social, demographic, ethno-cultural and other processes in the Russian Federation as a whole and in its individual regions. The results of such uncontrolled migration are disparities in economic and social development of the state and its regions, including the uneven development of the regional labor market; the growth of crime-centers; border security

threats for the Federation subjects, especially in the Far East of Russia (demographic expansion); strengthening of anti-immigrant sentiment among local population, etc. All of this does not help to ensure the national security of the state.

The inclusion of Russia into the global network of international migration and its transformation into a world center of illegal migrants' mass movement dramatically increases the importance of the development and implementation of special measures aimed to prevent this type of illegal activity. However, it is very important now to revise the existing approaches to solving existing problems, based on the limited conceptions underestimating all the multiplicity and contradictions of the illegal migration dynamic and structural parameters formation, their complex relationship with international migration and socio-economic structure of the society. In order to develop new strategies and mechanisms to combat illegal migration it is necessary to take into account the following circumstances.

To understand the cultural and institutional variables in the modernization of the national economy, the development processes of illegal migration and illegal employment it is important to take into account the fact that their changes are not completely independent. The presence of complex forward and backward linkages among the various structures of economic system leads to the transformation of business culture and economic institutions and acts as a mutually determining process which develops a certain correspondence between the type of cultural values motivations subjects of the national economy and the type of its institutional structure characterizing the conflicting link with the past and the future. Equal economic structures have different elasticity and cultural traditions are usually more inertial than the political and legal institutions. Furthermore, national peculiarities of economic culture and institutional structure of the economy should be taken into account.

Large-scale migration processes require the development of qualitative legal regulation in the sphere of the state migration policy. In recent years legislation in the field of migration, as well as legislation closely connected with the solution of these issues got its development. So, the following federal laws were adopted and entered into force: "On Citizenship of the Russian Federation", "On the Legal Status of Foreign Citizens in the Russian Federation", "On Amendments to the Federal Law", "On the Procedure of Exit from the Russian Federation and Entry into the Russian Federation" They touch upon the issues of the migrants' legal status; they are aimed at establishing the passport and visa requirements, streamlining the system of foreign citizens and stateless persons' registration residing in areas bordering other states.

Regulatory framework in the field of migration on the by-law level was improved. It concerns the regulation of the immigration cards introduction, approval of the rules of federal budget expenditures for deportation or administrative expulsion of foreign citizens and stateless persons outside Russia if it is impossible to establish the inviting party, the approval of the work permits issuance to foreign citizens and stateless persons; issuing permits for temporary residence in the Russian Federation and the definition of the relevant quotas; the residence permit issuance to

foreign citizens and persons without citizenship; guaranteeing the material, health and housing security for a foreign citizen during his stay within the Russian Federation, etc.

In the summer of 2006 new legislative documents were adopted, they radically changed the immigration regime in Russia. First, significant changes were made to the law "On the Legal Status of Foreign Citizens" and a new law "On Migration Registration of Foreign Citizens and Stateless Persons in the Russian Federation." Both Acts came into force on January 15, 2007. The new procedure greatly simplified the registration procedure for temporary stay in the territory of the country, which is important for the most migrants. For this category of migrants permitting registration of residence with a stamp in the passport was canceled. It was replaced by notifying registration at the place of stay. The person or organization receiving the migrant must submit an application in the prescribed form, whereas the migrant's stay he may not necessarily state his home address.

An alternative may be a business address or an intermediary firm address. The statement can be taken not only to the police, but also be sent by mail to the local migration service. Counterfoil of the application with the stamp of its admission is a legal stay certificate of the migrant. At the same time the list of required documents for registration is reduced to a minimum. We need only a passport and a migration card. For the first time a foreign citizen temporarily residing in Russia, does not require a registration stamp in the passport. In addition the period of temporary stay is twice extended- up to 180 days -, and it can be extended up to 1 year. Also the procedure for workers employment is significantly changed. Earlier, a permission to hire foreign workers was issued to the employer. This put migrant workers in a state of dependence on the employer provoking the development of hiring illegal practices, deceptive recruitment, slave labor, human trafficking.

Now a work permit in the form of a labor card is issued to a migrant, not to the employer, as it was used to be done before. A migrant has the right of free job search, and the employer the right of free hiring of foreign citizen with a work permit. Thus, the employee "binding" to the employer was liquidated and the conditions for the foreign labor free movement in the labor market were created. So far the changes affected only the migrants coming to Russia on the visa-free basis from the CIS countries. Russia considers labor force from the CIS countries as a priority for itself, so the preferences in its respect are natural.

Quotas on the procedure for issuing work permits are save, but the requirements for quota system are extended. Now the quotas should be set depending on the occupation, profession, qualifications of migrants, on countries of their origin, as well as on the Russian regions. Besides the quotas are not applied to qualified professionals employed in their field, and this is also an innovation. Since 2007, the two quotas are established: for foreign citizens from visa-free countries and for immigrants arriving according to the visa system for the employment implementation. Currently, it is offered to use a variety of conceptual approaches choosing the methods for migration processes regulation. Thus, in the framework of the active regulation concept the attention is drawn

to the importance of state intervention in the migration process; at the same time a special role is given to legal mechanisms of intervention, based on a combination of domestic and international legal acts and agreements governing (and challenging) the return of migrants.

An alternative definition of non-interference comes from the fact that state regulation of migration and emigration of highly qualified personnel is incompatible with the integral human right of movement freedom in the intern world. Finally, the perspective oriented concept proposes to solve the problem of migration management step by step through government actions within compliance to the interests of an individual and the countries of his origin, based on the norms of international law.

Foreign and domestic practice shows that migration policy should be primarily implemented at the state level and aimed to influence the size, composition, direction of movement, location, integration of labor migrants, taking into account the interests of countries and regions. In this case, migration policy can act in several ways: to play the market role when acting as an instrument of socio-economic policy and having a structural nature when it is linked with the project development of the desired quantity and quality characteristics of the population movement. With the migration policy it is possible to regulate the population of some areas not only directly - through the direction of the required number of manpower to the region, but also indirectly - by attracting workers of specific professional qualification, composition, age and sex to the region, thus creating favorable conditions for the reproduction of the working-age population.

For the overwhelming majority of the migration population the methods of direct impact are impossible. Methods of direct impact on migration processes are effective only when the appropriate conditions have been created under which the migration process can evolve with expediency. To create such an environment the methods of indirect impact on the labor migration process are used. These methods include: the creation of a system of material and moral incentives and benefits, the administration of loans and grants in labor lacking regions, the development of social infrastructure and the creation of better cultural and house hold conditions [135, p. 158-159].

To control the migration a variety of methods can be used: *first*, the economic methods, which involve the vindictive damages application for the established migration order violation, and the impact on the economic conjuncture (remuneration of labor, consumer goods basket, cost of living, etc.); *second*, administrative methods, which include, above all, compliance with passport regulation, registration procedures, attracting and using foreign labor, other rules and regulations, and administrative responsibility for violation of applicable laws and regulations; *third*, social and psychological methods associated with preferences and values of the population impact on the system, forming its migratory behavior; *fourth*, operational methods, which include measures of operational controls over the established migration order protection, including measures to filter immigration flows, expulsion of migrant-offenders, audits conduction etc.

The United States, France and the Federal Republic of Germany regulate labor migration by law. Migration policy of these countries can be called a very pragmatic one: clearly defined lists of occupations for immigrants allowed to come into the United States and Germany, and a number of investors to ensure that they do not compete with the indigenous people (workers and entrepreneurs), but, on the contrary, improve labor market situation.

The absence of official prohibitions on employment in the sphere of trade and services does not prevent the authorities to allow persons wishing to be engaged in petty trade or to work in the service to enter their countries without obtaining the necessary labor certification documents. Comparing these options, it can be concluded that the similarity of migration processes caused Russia's interest to the Germany experience and strict immigration control in France when developing the Russian legislation.

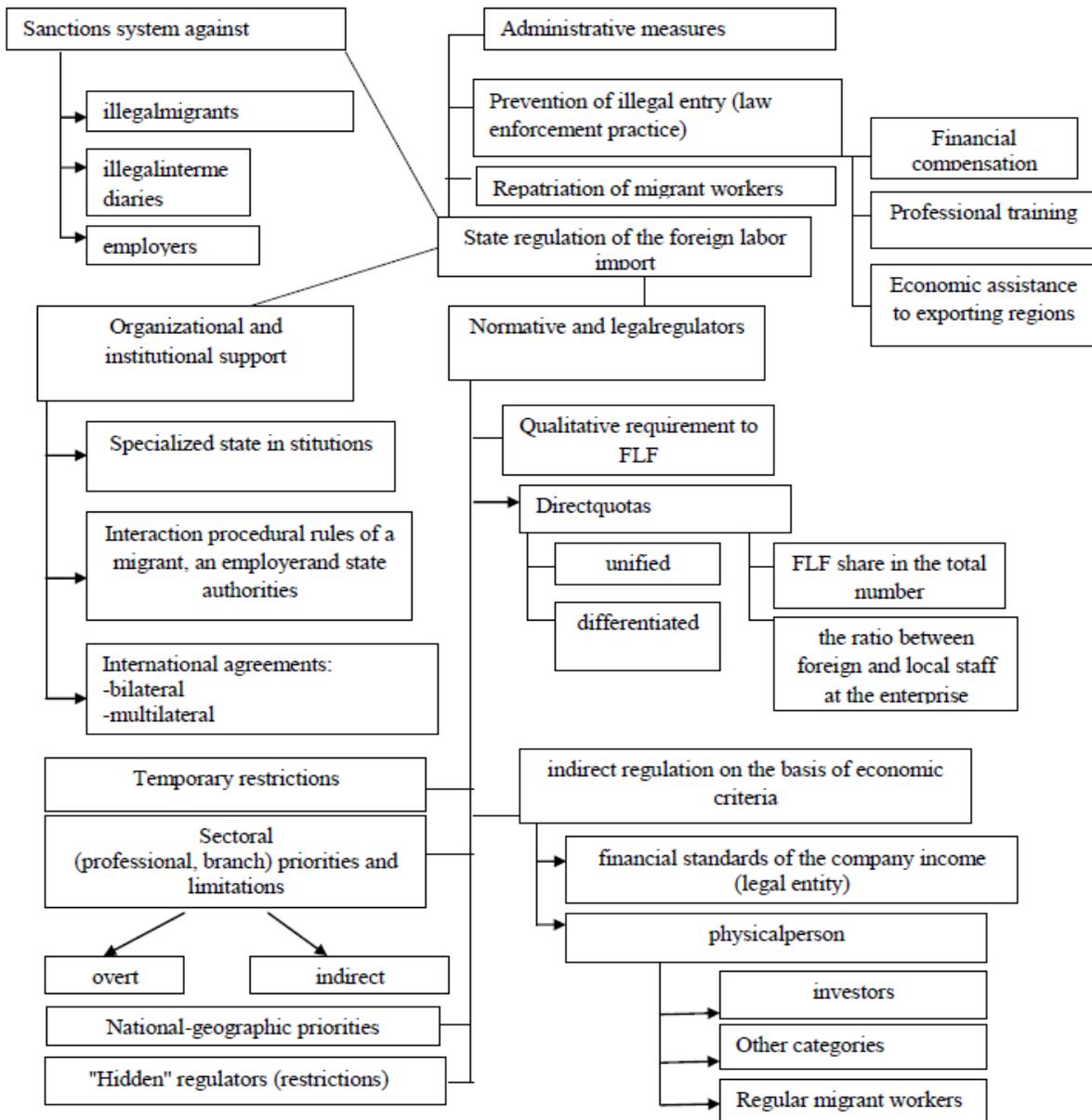
A great place in the field of migration policy is given to the external labor migration regulation. The system of government measures to regulate immigration includes:

- a) the law on legal, political and professional status of immigrants;
- b) institutional services on labor immigration;
- c) international agreements on labor force immigration.

Regulatory activities of immigration countries determine the number of immigrants allowed into the country, including immigrant workers; establish professional, qualification, drawback structure of labor immigration and duration of stay in the country. Direct implementation of immigration policy should be entrusted to special organizations - National Immigration Services organized under the Ministry of Labor and Home Affairs. Immigration Services control and issue the entry of immigrants, give permission for residence and work permits in accordance with the issued laws. Assignment to a job in certain economy sectors and regions of the country is to be agreed with the business applications specifying the required number of labor force and its qualitative characteristics [135, p. 164-165].

Taking into account the need to protect national interests, as well as the need to solve urgent problems of social and economic development of the country, almost all countries in the world regulate the flows of international migrants, using a complex system of administrative, organizational, legal and economic measures, thereby limiting the penetration of the foreign workers to its the territory. Restrictive and prohibitive approach is combined with a selective one (Fig. 2.2).

Figure 2.2.State Regulations of FLF Import



Receiving countries Labor Protectionist measures generally apply to their individual categories, among them, we can usually distinguish the following groups: 1) low-skilled workers who are ready to carry out unpromising heavy and dangerous work (construction, seasonal work on the harvest, the work in repair shops, etc.); 2) experts in quickly emerging and priority areas of economic activity (employees of the new high-tech industries, commerce, banks, etc.); 3) representatives of the rare professions; 4) recognized experts, and representatives of the liberal professions (outstanding scholars, athletes, musicians, highly qualified doctors, experts, consultants, etc.); 5) key management personnel of companies and their divisions, as well as entrepreneurs who transferred investments to the host country and create new jobs. In

consideration of the diversity of migration, their ambiguity to achieve the goals and objectives of the socio-economic development, it is necessary to pursue a policy basing on multiple principles of migration management, the most important of which are [135, p.167]:

*restrictive* - to deter the flow of forced internal and external migration, taking into account the actual (currently very limited) resource potential of the region;

*selective* - to receive (registered) migrants, in consideration of their professional and other opportunities for adaptation to the largest metropolis conditions, as well as other grounds for their stay (residence) in the region (the presence of direct relatives, acquired property, etc.);

*liberal* - to attract foreign workers to labor shortage sectors of the city (construction, transportation, utilities, industry, etc.), where the natives are reluctant to work, as well as for commutation, which ensures the development of the city economy;

*replacement* - for the foreign labor substitution (where it is economically and technologically possible) temporary labor force of the region;

*stimulating* - to attract foreign labor force, associated with the creation of additional jobs for the residents of the city;

*deterrent* - to prevent large-scale outflow of highly qualified personnel to work abroad (the "brain drain") to reduce the fictitious (e.g., marriage), migration, etc.;

*prohibitive* - to oppose the registration conditions violation of the stay in the region by migrants; unlawful recruitment and use of foreign labor force, the illegal export of labor force abroad;

*indemnifying* - for free (unforced) migration connected with the acquisition of living property only for commercial (market) prices, taking into account the rent of land, and a full refund of city expenses for the development of social and engineering infrastructure.

Currently, the effectiveness of the migration control, active opposition to negative tendencies in the development of the migration situation in the interests of legal migrants and the resident population are becoming more and more important. The following key issues are to be settled to create favorable conditions for socio-economic development in the area of labor migration [135, p. 172-174]:

- 1) clear allocation and long-term consolidation of government bodies functions, their competence includes issues relating to the management of foreign labor migration and to strengthen the coordination and cooperation between them;
- 2) implementation of policy focused on foreign labor force attraction, mainly from the CIS countries, who are the most adapted to life in Russia, and the maintenance of highly

qualified professionals, differentiated integration in the international labor market not at the expense of own economic, military and political interests;

- 3) creation of public awareness system on the issues of foreign labor migration;
- 4) formation in the public consciousness of Russians understand the importance and role of the legal foreign labor migration in the matter of early adaptation of labor and intellectual potential of Russia to the requirements of the international labor market, contributing to the entrepreneurs class increase in the regions, investment inflow, utilization and implementation of the know-how, currency remittances revenues by migrant workers families, etc.;
- 5) increase of responsibility for compliance with the established procedure for the use of foreign labor with the introduction of differentiated levels of penalties: from a warning to a prohibitive ones;
- 6) development of promising methods of economic and administrative regulation processes to attract foreign labor;
- 7) precise regulation of intermediary organizations activities and close cooperation of government agencies with those of them who have proven themselves positively;
- 8) activity coordination between the Ministries of Labour and Education in the sphere of training and re-training organization for various categories of professionals, including areas of foreign employment, working in commercial, public and government agencies in order to avoid training of unnecessary specialists by one ministry and the payment of unemployment benefits by another ministry;
- 9) licensing system improvement;
- 10) carrying liability insurance of Russian legal entities that are licensed to carry out activities related to the employment of Russian citizens abroad;
- 11) maximum assistance to young people in the official registration (along with citizens of other countries) to participate on the same basis in the international youth programs "Work, Study" (as a school of the market economy and personnel training at the international level), assistance in the documentation procedures simplification, their value reduction.

Currently, there is an urgent need to improve the efficiency of migration processes management and illegal immigration reduction, a significant increase in the level of constitutional and legal guarantees of the rights of nationals and other foreigners willing to live and work in Russia; elimination of unnecessary administrative barriers for those professionals in the flow of which our country is the most interested. As for the criminal elements, we need to deliver reliable obstacles for their entry into Russia. Migration policy needs to become more effective by providing a rational

combination of administrative, legal, financial, economic and socio-psychological methods of influence. Among the most important areas of the new model of migration policy meeting the requirements of transition to a post-industrial economy and being adequate to threats and challenges of the XXI century it is necessary to include the following [76, 90, 91].

*First*, legislation changes in the field of labor migration concerning Russian citizens migration abroad and foreign citizens to our country through the adoption of the Migration Code of the Russian Federation, national legal framework improvement, introduction of visa regime for the CIS countries and the conclusion of bilateral intergovernmental agreements to ensure the social rights of citizens working in the two countries and the preparation for the Russia accession to the international legal acts on the migrants' rights protection; facilitation of citizenship access for certain categories of citizens.

*Second*, development of the effective mechanisms for the protection of the Russian labor market and the priority right of citizens to be engaged in the employment through more effective cooperation between the federal and regional authorities, strengthen of immigration controls at the state borders and throughout the country territory, the use of harsh sanctions to transportation organizations that have brought illegal migrants in, increasing the responsibility of employers for using illegal labor force and foreign nationals for staying illegally in the country, effective control formation over the use of foreign labor force by the employers and their compliance with the legislation. Lack of proper migrant workers legal protection, social security, health service and professional training drives them to a criminal environment, under the patronage of ethnic diasporas.

*Third*, creation of a common information space, which enables clients to interact effectively with the various federal, regional and local governments, implementing timely exchange of information.

*Fourth*, creation of incentives for the migrants return home, previously went abroad, particularly highly skilled workers.

*Fifth*, development of international cooperation in order to improve the regulation of the process of attracting and using foreign labor force, because the problems of illegal migration prevention have significant regional peculiarities.

In general, the Russian Federation is in dire need of an integrated, multi-purpose, efficient migration policy development for the next decade, which would be fully consistent with its geopolitical, economic, demographic, regional interests, would contribute to the socio-economic and ethnic renewal of the system, and would restore the historical status of Russia as a great world power. First of all, the foundation of this policy should be based on economic priorities and strategic goals of Russia development - the effective management of migration flows is not possible without a sound economic basis. Recently prevailing in the country favorable socio-legal

background greatly increases the chances that, at present gaining migration policy framework of the Russian Federation can be successfully implemented in the future.

## **Conclusion**

Model features of the foreign workers use in the country established at the turn of the XX-XXI centuries were determined by the interaction originality of the Russian institutional and technological environment with international flows of migrants. The system of socio-economic institutions appeared on the basis of the implemented project of radical liberal reforms of Russian society in the 1990s turned out to be rather controversial. This has led to widespread illegal social markets and illegal forms of employment, especially among immigrants. In this regard, dangerous transformation processes of a conflict model of workers and employers interaction are forming and threats for socio-economic development of the country are emerging. The role of business established in the present which members want to get the most of immediate benefits from hiring illegal workers cannot suit Russian society, which sees its main task in fulfilling the employer functions - creation of modern jobs, staff training, pay rise for honest work, growth of the economic management effectiveness. This requires to carry out institutional reforms aimed at improvement of the business environment functioning and reduction of the "shadow" economy and investment climate, but these reforms require considerable time. However, it is important to consider that in a situation of imperfect market mechanisms the risks of innovation become very high, so it is necessary to develop further government measures aimed at reducing the cost of innovative projects risks and new markets exploration. Thus there appear some threats of industrial policy "failures", but the practice of new industrialized countries suggests the possibility of achieving significant results if the state provides the adequate model formation of "development institutions".

Appearing territorial and demographic changes have a negative impact on the spatial development of the Russian economy, and form barriers impeding to the implementation of effective institutional and technological changes due to the shortage of human capital. The need to change the migration policy model on the basis of realistic activities implementation related to governmental regulation of international migrants flows and the reduction of illegal immigrants. The study shows convincingly that the development of new integrated complex criteria of the state migration policy efficiency estimate, both at the federal and regional levels. Criteria that can measure not only economic but also social, ethnic, political, cultural and other consequences of the migratory flows development. Without reliable information basis the effective state regulation of labor migration flows is unrealizable. An important element of migration state regulation could be the creation of state-controlled channels of the migrants organized recruitment capable of performing of the migrant workers interests protection, to press the spontaneously developed shadow markets of their recruitment, transportation, necessary documentation supply, training and medical examination.

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## Appendix

Table 1: Migration of regions of the Russian Federation due to migration from the CIS countries, the Baltic States and Georgia in 2010

	Migration growth - only	Including through the exchange of populations with:													
		Azerbaijan	Armenia	Belarus	Georgia	Kazakhstan	Kyrgyzstan	Latvia	Lithuania	Moldova	Tajikistan	Turkmenistan	Uzbekistan	Ukraine	Estonia
The Russian Federation	156 903	13389	19192	1 995	4786	20 533	20 260	672	280	11 197	17494	2178	23 266	21230	431
The Central Federal District	56 707	3 315	6 626	1 486	1937	5 001	5 593	282	107	7 192	3 935	1114	7 581	12348	190
North-West Federal District	14 618	1 612	1 172	527	205	2 418	1 777	222	93	1 363	841	191	1 792	2 261	144
Southern Federal District	10 384	834	2 151	134	637	1 402	1 112	47	11	416	482	233	1 212	1 686	27
North-Caucasian Federal District	4 872	669	1 841	17	901	246	138	16	8	88	128	71	411	338	-
Volga Federal District	28 655	2 895	3 842	151	617	2 601	2 775	85	48	961	4 735	411	7 433	2 061	40
The Ural Federal District	17 028	1 792	1 139	43	236	3 155	2 811	10	11	785	3 724	88	1 495	1 728	11
The Siberian Federal District	21 751	1 965	2 025	-135	227	5 562	5 350	9	8	245	3 238	53	2 528	661	15
The Far Eastern Federal District	2 888	307	396	-228	26	148	704	1	-6	147	411	17	814	147	4

Table 2. Migration of the population of the Russian Federation with foreign countries in 2010 (with the exception of the CIS countries, the Baltic States and Georgia)

	Migration growth - only	Including due to the movement:													
		Australia	Afghanistan	Bulgaria	Germany	Greece	Israel	Canada	China	Cuba	Poland	USA	Finland	Sweden	Other
The Russian Federation	1 175	-135	222	104	-1 104	206	-133	-387	1132	32	24	-808	-339	-84	2 445
The Central Federal District	798	-19	135	52	-261	13	85	-143	107	24	24	-254	-	-7	1 042
North-West Federal District	-653	-18	12	4	-124	6	13	-25	7	2	-	-72	-318	-45	-95
Southern Federal District	631	-13	19	1	-71	119	2	-33	52	2	-2	-54	-2	-5	616
North-Caucasian Federal District	198	-	45	14	-11	66	17	-5	14	1	-12	-7	-1	-1	78
Volga Federal District	811	-9	10	14	-205	-1	-39	-33	109	4	8	-115	-12	-4	1 084
The Ural Federal District	-49	-6	-	23	-138	6	-52	-35	328	-1	-3	-67	-	-5	-99
The Siberian Federal District	-668	-32	1	1	-272	1	-99	-59	182	-	6	-201	-3	-15	-178



## Présentation

Multipol est un réseau international et interdisciplinaire de chercheurs et d'experts en droit international et relations internationales, provenant de milieux professionnels tels que la justice internationale, la diplomatie multilatérale et bilatérale, la recherche et la formation, la fonction publique internationale.

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# *The Democratic Peace Theory*

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## **Grisha Aghajanyan**

*Grisha studied at Yerevan State University, Faculty of International Relations Department of Political Science from 2008-2012. Afterwards he continued his studies at University College of London, doing an MSc in Security Studies.*

An impressive literature has developed in years dealing with the topic of the democratic peace theory. In brief, the democratic peace theory means that democracies are less likely to fight against one another, than non-democracies, due to various reasons. There are three versions of the democratic peace theory (Monadic, Dyadic and Systemic).

The first version states that democracies in general are peaceful, less war-prone and are less likely to engage in war with any state, but those support this version examine conflict in the 1960's and 1970's. The Dyadic is the most widely accepted among democratic peace theorists. The Dyadic version- explains, that democratic states are peaceful only in pairs, they do not fight each other, but are very much likely to fight with non-democratic states. The third version of the democratic peace theory states that as democratic states grow in number, the international system turns to become more peaceful, hence less war-prone.

The Democratic Peace Theory is controversial and is a ground of debate among many scholars. One of the main purposes of the controversy is the fact that although democracy is the main feature of democratic peace literature it is not well defined and the second reason is if the contemporary definition of democracy can be projected back to the past, as the empirical data is mostly from the past.

Proponents of democratic peace theory, such as Owen (1994), explain how liberalism creates democratic peace. According to him liberal states will trust other states that they consider liberal, and on the other hand not trust those they consider not liberal. Russett (1993), in his turn argues that there are two models in which democracy may fact the existence of the democratic peace. The first model is the normative model. Russett and Maoz (1993:625) state that “those who make decisions in democratic countries follow a pattern of peaceful conflict solution which reflects domestic experiences and norms”. The second model is the structural/institutional model. Russett (1993), states that institutional restraints include checks and balances in separation of powers (Legislative, Executive, Judiciary), and the necessity for social debate and international challenges require leaders to mobilize domestic support to their outlined policies. It also implies that national

mobilization for war in democratic states is very complicated and difficult. A counter argument to this is that if domestic/structural restraints prevented democracies from going to war, then in this case it should not matter whether the counterpart is a democracy or a non-democracy.

When distinguishing between these models, Russett (1993:626) states that “often normative and structural explanations of the democratic peace are not well differentiated, thus enhancing the difficulties of testing them as alternative hypotheses”.

I think that if institutions in democracies have had an effect on leaders via legal restraints, public debate, or the eagerness to be in power again—they would have peaceful relations in contact with almost all states, and not only with the democratic ones. Second, normative arguments have several drawbacks. The idea that democratic countries bring to their foreign policy agenda peaceful means of behavior Russett and Maoz (1993), is argued by the fact that they can still get into competition with other democratic countries for many political and economic reasons.

Another supporter of the democratic peace theory Doyle (1983), states that democracies states are less likely to get in war with one another, because the concept of liberalism includes the rights of the individual which caused these countries to respect each other’s political independence. Doyle (1983), also argues that there is a peaceful union among democratic countries. It consists of liberal states, which have fought for three sets of rights: freedom from arbitrary, protection of freedom, and free participation.

Rummel (1997) shows there have been 198 wars between non-democracies and 155 between democracies against non-democracies, but there were no wars among democracies.

In democratic peace literature some scholars express disagreement with the concept of the democratic peace and argue that the democratic peace theory has inherent limitations. There are also some concerns regarding the policy implication of the theory and according to Chan (1997), the democratic peace theory seems to be a dogma that rules out many past instances of force used by democracies. Democratic Peace Theory is often criticized for the inadequacy of the data. A critic of the democratic peace theory Layne (1994:6) states that, “the statistical evidence which supports the idea democratic states do not fight each other seems impressive but in fact, it is inconclusive”. Layne (1994:39) explains “the large number of interactions with little or no conflict between democracies is because of the facts that between 1815 and 1945 there were very few democracies, second wars are relatively rare occurrence, third dyads are not created equal to represent a case where there is a real possibility of two states going to war. Spiro (1994:52) argues that “the absence of wars among liberal democracies is not a significant pattern for most of the past two centuries because the possibility to go to war among democracies is random”.

Farber and Gowa (1995) argue that there is not a statistically significant difference between the possibility of war between dyads of democratic states and between pairs of other polities except in the years before 1945. They argue that the empirical findings are suspect because much of the data

is from the post-World War 2 era, when most scholars agreed that factors other than the regime type worked to produce peace and harmony between democratic states.

To conclude, as stated above I think that there are still no clear definitions of the democracy, whereas in my opinion it is the cornerstone required for research on the democratic peace theory. This brings us to problems.

Firstly, were the countries being examined and the empirical data being collected from the wars they fought really democracies? This remains a question to be addressed. Secondly what do we mean by war? War also needs to have clear definition, as a democratic state can “absorb”, “occupy” a non-democracy or even a democracy without engaging in military action, instead do it economically or culturally.

I also want to emphasize the fact that many wars fought by democracies were not for “promoting” democracy or fought for self-defense, instead they were fought for different resources and geopolitical reasons. In this context some countries are classified as non-democracies, by world powers, in order to somewhat legitimize their invasion of those particular states. Modern examples supporting this argument are the wars in Iraq and Afghanistan, where democracy still remains an unfulfilled dream.

I assume that as long as a state, whether democracy or a non-democracy, is linked to another state, with strong economic ties and is largely “dependent” on that state, even if that state is a non-democracy, the likelihood of war decreases, as in this case promoting democracy is not a priority for the democratic state, and its aim is just to have good ties with the other state considering its own economic interests.

In my opinion autocratic regimes who lose wars, are almost as likely to be removed from power as democratic governments, because in both cases the leaderships are accountable whether to the public (democratic states) or to the governing elite or pressure groups within the autocratic regime. In both the cases the leadership whether a democratic government or an autocratic regime has to answer the public regarding the outcome of the war, in other words is accountable for the outcome of the war. Even if an autocratic regime does not move away from power, its foundations are shaken if it engages in a war and loses it.

Being a democracy, from my point of view, only reduces the risk of engaging into a conflict, and here I agree with Russett, that the normative and structural constraints play significant role in reducing this risk, but this does not rule out the chance of a democracy getting into a conflict or war with any state, as in my opinion shared interests define relations between countries, whether democratic or non-democratic.

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## *From Rapporteur to Coordinator: The Different Roles Taken on by MEPs*

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*Members of European Parliament (MEPs) hold sometimes particular names for their functions. This is often declared to be "Euro-speak", indeed partly coming from different languages of which the EU has 24 official ones. This should be understood also outside of the EU; we hereafter publish an article by the European Parliament's press service enlarged by EUFAJ and underline that often to be an MEP involves more than just debating and voting on legislative proposals. MEPs can be tasked with drawing up a report to represent the Parliament's position on a legislative proposal or any other matter. They can also act as group coordinators in a committee, follow the progress of a legislative report or be in charge of preparing an opinion on a proposal. Here are some of the different responsibilities MEPs are able to take on in the European Parliament.*

### ***Rapporteur***

*Whenever a new legislative proposal arrives, a committee that deals with the issue involved is charged with drawing up a recommendation for all MEPs to vote on. For example, if it is something to do with the transport of livestock, then the agriculture committee would deal with it, whereas if it is about a trade treaty with Canada, it would go to the international trade committee.*

*The committee appoints a MEP to prepare the report. This person, known as the rapporteur, often consults with the political groups and with experts, sometimes during specially organised hearings. Based on the information received, he or she drafts a text, including amendments, which the committee then votes on. All MEPs then vote on the report during a plenary session.*

### ***Shadow rapporteur***

*To follow the progress of a report, political groups have the option of appointing shadow rapporteurs. They represent the views of their political group on the subject and play an important role by facilitating the search for a compromise on the legislative proposal in talks with the other political groups. It is also due to them that most of the reports of the European Parliament are adopted between a large majority across all or most of the political groups.*

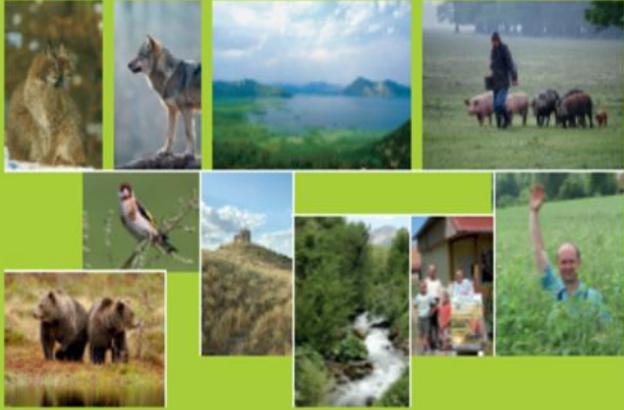
## **Coordinator**

*Political groups can also appoint someone as coordinator in every committee to act as the group's main spokesperson in that committee and together with the other coordinators prepare decisions to be taken by the committee, especially on the procedure and the appointment of rapporteurs. They can also mobilise group members during important votes (who are not members of the said committee) and can appoint shadow rapporteurs.*

*If a committee is asked for an opinion on a report prepared by another committee, it has the option of appointing a rapporteur, who would be responsible for drafting this opinion.*



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### **Simone Tagliapietra**



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On 21 September 2015, Gazprom sent proposals to the European Commission to settle the claims of the antitrust case launched in April. If read in parallel to other ongoing international gas dynamics (from China to Nord Stream), this move can be considered as part of a wider strategy of Gazprom aimed at a rapprochement with the EU.

Gazprom announced on 21 September 2015, that it had sent proposals to the European Commission (EC) to settle 'in the near future' the claims formally brought against the Russian company by the EC itself in April this year.

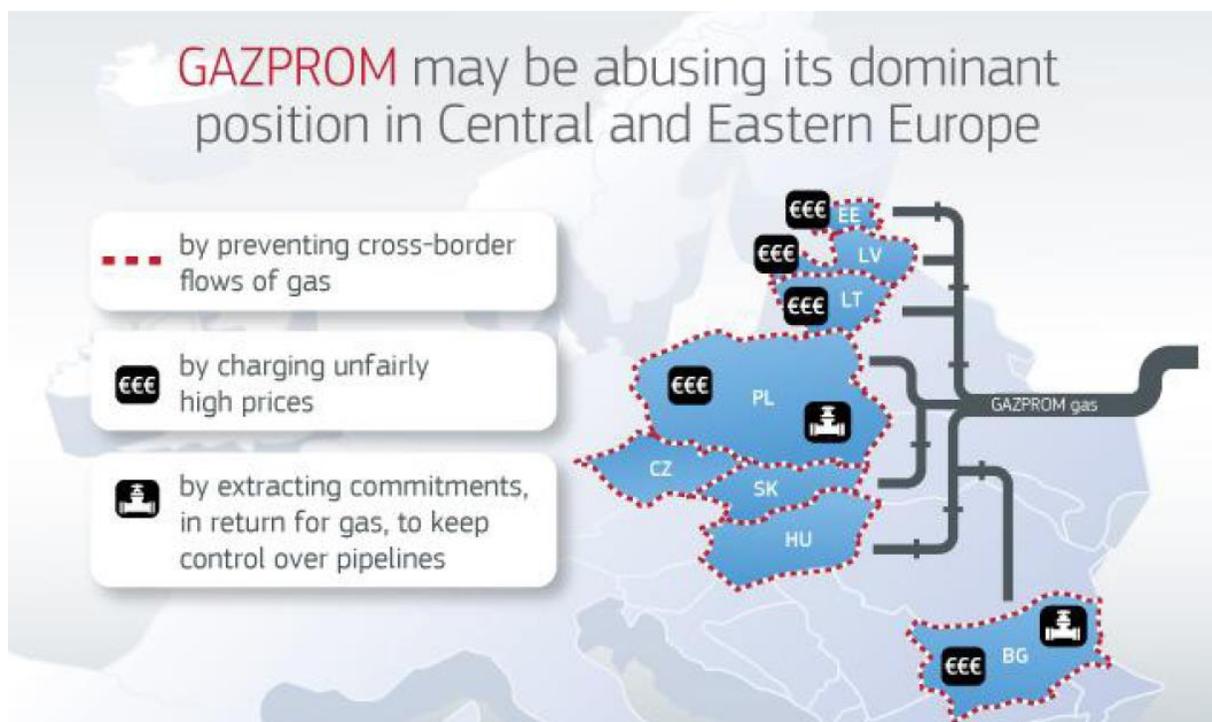
As outlined in a blog, the EC alleged in its statement of objections that in the Baltic countries, Bulgaria and Poland Gazprom is:

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<sup>136</sup>The article was originally published by Bruegel, September 23, 2015. See under: <http://bruegel.org/2015/09/gazprom-seeking-a-rapprochement-with-the-eu/>. The author would like to thank Georg Zachmann for helpful comments.

1. *Hindering cross-border gas sales*, through certain clauses in the contracts with its customers allowing Gazprom to charge higher prices in countries that are more dependent on Russian gas;
2. *Charging unfair prices* through pricing formulae that largely favoured Gazprom over its customers;
3. *Making gas supplies conditional on obtaining unrelated commitments from wholesalers concerning gas transport infrastructure*. Specifically, the Commission's preliminary view is that Gazprom made wholesale gas supplies in Bulgaria conditional on the country's participation in the South Stream pipeline project, and in Poland conditional on the company's control over investment decisions concerning the Yamal pipeline.

### The EU antitrust case against Gazprom



Source: [European Commission](#).

There are two possible ways forward for this antitrust case.

If Gazprom cooperates with the EC and conforms to legally binding commitments addressing its concerns, it would be able to settle the charges and to avoid a fine.

However, if Gazprom decides not to cooperate, the EC might decide to issue an infringement decision and ultimately fine the company up to 10 percent of its global annual turnover (the fine could amount to up to approximately US\$ 8 billion). In addition to this, the EC might also impose measures to stop the harmful behaviour, restore competition and also reduce the risk of future

violations. For instance, as Mariniello (2014) points out, “in some past cases in the energy sector, the EC required the dominant company to divest significant assets for capacity generation and favour competitors’ new investment”.

Gazprom’s new proposals to the EC represent the first step along the path of a potential way forward. In doing so, the Russian company could be motivated primarily by the hope to avoid a fine that would represent a serious burden in its already difficult current financial position.

However, considering some recent evolutions of international gas markets, Gazprom’s move might also be read in a much more strategic, and sophisticated, way.

In the aftermath of the Ukraine crisis, gas diversification became a mantra for both the EU and Russia. While the EU formulated its Energy Union concept primarily on the basis of gas security of supply concerns, Russia quickly brought forward previously established old gas cooperation projects with China.

In particular, after a decade of talks, Russia and China signed a contract in May 2014 to open-up the so-called ‘Eastern route’, a project for the delivery of 38 billion cubic meters (bcm/y) of Russian gas per year to China via the Power of Siberia gas pipeline. In November 2014 another framework agreement was signed by Russia and China, this time for the launch of the so-called ‘Western route’, a project for the delivery of 30 bcm/y of Russian gas to China via the Altai gas pipeline.

Following the recent economic slowdown in China, the development of these projects, based on bullish assumptions of prospects for Chinese gas demand, has been substantially decelerated, if not even put into question.

In addition to this, the second diversification tool that Russia might have had at its disposal, liquefied natural gas (LNG), was also taken off the table due to international sanctions that, among other things, also target specific technological components needed to develop LNG facilities.

In short, during almost two years of unprecedented political standoffs with the EU over Ukraine, the diversification of gas destination markets has proved to be an extremely difficult exercise for Russia. Against this background, Gazprom could have done a reality check and reassessed its strategy towards a rapprochement with the EU for purely commercial reasons: Russia needs the EU gas market as much as (if not more than) the EU market needs Russian gas. Gazprom’s new overture *vis-à-vis* the EC might be read in parallel to other dynamics currently under development:

***i) The quick advancement of the Nord Stream II project.***

On September 4, 2015 Gazprom and its European partners (E.ON, Shell, OMV, BASF and ENGIE) signed a shareholders agreement to construct the 55 bcm/y Nord Stream II pipeline, designed to substantially diminish Russian gas exports to Europe through Ukraine. Considering

the engagement of major European companies, this move seems to conclude the 'Russian pipeline waltz' that started with the demise of South Stream. It appears to show Russia's renewed commitment to be linked to the European market by bypassing Ukraine and the related transit issues;

***ii) The recent auctions of gas supplies on the spot market.***

In September 2015, Gazprom conducted a series of gas sales auctions in order to introduce a new pricing mechanism in its key export market: Germany. With this move Gazprom appears to have taken further steps towards the adoption of a new market model in Europe, fundamentally based on spot pricing.

However, the recent auctions might also have been a tool used by Gazprom to acquire further evidence to support its claims *to* the EC about the full access of the Opal pipeline capacity, an issue that represents a key bottleneck preventing the full utilization of Nord Stream I, and thus the feasibility of the Nord Stream II project.

While the auctions showed the interest of buyers to purchase lots at other delivery points, they also showed basically no demand for alternative supplies via Opal. On the basis of this auction, Gazprom could argue that the EC should allow it to use the full pipeline, instead of leaving half of it empty while waiting for potential customers that might never materialize.

***iii) The Gazprom asset swap deals with BASF and OMV.***

In early September 2015 Gazprom finalized key asset swap deals with Germany's BASF and Austria's OMV. Under the deal with BASF, Gazprom takes control of jointly operated gas trading and storage businesses, including the biggest gas storage facility in Western Europe. It also receives a 50 percent stake in Wintershall's North Sea operations.

In exchange, Wintershall will receive stakes in two fields in Western Siberia, to be jointly developed with Gazprom. Under the deal with OMV, Gazprom has conceded stakes in a field in Western Siberia in exchange for the participating interest in OMV. These moves signal a U-turn in Gazprom's strategy towards Europe. After the demise of South Stream, Gazprom claimed to be reluctant to be involved in the European market any more (for example in downstream and midstream activities) due to its complex regulations. It preferred to deliver supplies at the European border, as shown by the structure of the Turkish Stream project.

Taken together, Gazprom's proposal to settle the claims of the EC's antitrust case and these three dynamics seem to point to a new rapprochement strategy *towards* the EU. Considering the wider dynamics of energy markets, and most notably the constraints on oil producers generated by the new US\$50/barrel world, such a strategy would make commercial sense for Gazprom. After all, a strong partnership with the EU gas market might be one of the few elements of certainty for Gazprom (and therefore Russia) in a very uncertain and volatile international energy landscape.

## *Council of Europe's Vaclav Havel Human Rights Prize 2015 for Ludmilla Alexeeva*

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The third Václav Havel Human Rights Prize – which honours outstanding civil society action in defence of human rights – was awarded at the end of September 2015, to veteran Russian human rights defender Ludmilla Alexeeva<sup>137</sup>. The €60 000 prize was presented at a special ceremony today at the Palais de l'Europe in Strasbourg, on the opening day of the autumn plenary session of the Parliamentary Assembly of the Council of Europe (PACE).

Presenting the trophy, PACE President Anne Brasseur, chair of the selection panel, said: “Ludmilla Alexeeva has inspired many generations of activists in Russia, but also abroad, to commit themselves to the struggle for justice. During the decades of her work, Ms Alexeeva was persecuted and threatened, she lost her employment and she had to leave her country in order to continue to speak out about human rights violations in the Soviet Union. Today she chairs the Moscow Helsinki Group, an organisation that often faces a hostile environment as a free-thinking NGO, but nonetheless continues to denounce human rights violations and offers help to victims. I am honoured to see Ms Alexeeva in this hemicycle today, and I applaud her life-long commitment.”



Lyudmila Alexeeva, now aged 88, is a veteran human rights defender in her native Russia. In her youth, she gave up a promising academic career to join the Soviet dissident movement, going on to become a founding member of the Moscow Helsinki Group. Forced to emigrate to the US in 1977, she returned to Russia in 1989 to continue her work, becoming President of the International Helsinki Foundation.

In December 2004, Alexeyeva co-founded and co-chaired, with Garry Kasparov and Georgy Satarov, the All-Russian Civic Congress, which Alexeyeva and Satarov left due to disagreement with Kasparov in January 2008. Subsequently, she co-founded the All-Russia Civic Network with Satarov. On February 10, 2009, Alexeyeva joined the Council for Promoting the Institutions of Civil Society and Human Rights under the President of the Russian Federation. Since August 31, 2009, Lyudmila Alexeyeva has been an active participant in Strategy-31 – the regular protest rallies of citizens on Moscow's Triumphalnaya Square in defense of the 31st Article (On the Freedom of Assembly) of the Russian

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<sup>137</sup>Council of Europe Parliamentary Assembly, Press release (see under: <http://assembly.coe.int/nw/xml/News/News-View-EN.asp?newsid=5785&lang=2&cat=8> )

Constitution. Since October 31, 2009, she has been one of the regular organizers of these rallies. She has worked relentlessly for the protection and promotion of the rule of law.

Representatives of the two other shortlisted nominees – Women for Afghan Women and The Youth Initiative for Human Rights – also received diplomas during the ceremony. “All three nominees merit our highest consideration,” the President said.

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