

European Union Foreign Affairs Journal

**eQuarterly for European Foreign, Foreign Trade, Development, Security
Policy, EU-Third Country Relations and Regional Integration (EUFAJ)**

N° 2/3 – 2011

LIBERTAS

ISSN 2190-6122

Contents

Editorial	3
Democracy and Human Rights - The View of a Lawyer from Georgia <i>Ioseb Kelenjeridze</i>	5
"Globalisation → More Unity → More Integration ..." - A Remarkable Barroso Speech before the European Parliament: State of the Union 2012 Address	9
What about Human Rights in Azerbaijan? After the European Song Contest in Baku.....	26
EU Integration: The Case for Armenia and its Strategic Orientation – A View from Canada <i>Christine Maydossian</i>	51
The Features of Modern Terrorism as the Form of Conflict Expression <i>Giorgi Bakhholdin</i>	56
Causes and Development of Terrorism in Russia and How It Should Be Fought ? <i>Sergei E. Metelev</i>	67
Metropolisation in the Former Soviet Union: Temptative Measurement through the Method of Hyperlinks Notoriety <i>Uljana Agibetova and Ivan Samson</i>	74
Tibet – Time Is Running Out <i>Wangpo Bashi</i>	79
Call for an EU Special Coordinator for Tibetan Affairs <i>Kelsang Gyaltsen</i>	87
EU Highlights Trade-Led Growth as Central to Modern Development Agenda	92
Most Egyptians Oppose U.S. Economic Aid, Favor Aid from Arab Nations <i>Ahmed Younis and Mohamed Younis</i>	94
The Systematics of Global Failure and Success: Between Theories of Action and International Relations <i>Alec A. Schaerer</i>	97
The Corporate Social Responsibility (CSR) Concept and its Implementation Discussed at Selected International Companies in Serbia <i>Nebojša Vujković</i>	130
Financial and Material Support Obligations in Kyrgyz Family Networks <i>Altyn Kapalov</i>	206
Conferences & Events	212
Reviews	214
Standpoint: Europe – A Model for World-Wide Democracy? <i>Olivier Védrine</i>	224

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

LIBERTAS

European Union Foreign Affairs Journal (abbreviated: EUFAJ)

*eQuarterly for European Foreign, Foreign Trade, Development, Security Policy,
EU-Third Country Relations and Regional Integration*

ISSN 2190-6122

Published by: LIBERTAS – Europaeisches Institut GmbH, Lindenweg 37, 72414 Rangendingen, Germany

Phone: +49 7471 984996-0, fax +49 7471 984996-19, e-mail: eufaj@libertas-institut.com

Managing Director: Ute Hirschburger

Registered at: AG Stuttgart, HRB 243253, USt ID no.: DE811240129, Tax no.: 53 093 05327

Internet: www.eufaj.eu, www.libertas-institut.eu

Subscription rate: Zero. EUFAJ can be downloaded free of charge in the Internet; see www.eufaj.eu.

* * *

Chief Editor: Hans-Jürgen Zahorka

Editor: Olivier Védrine, Kiev/Ukraine

Junior Editor: Ofelya Sargsyan M.A.

Editorial Advisory Board:

Židas Daskalovski, Ph.D., CRPM Skopje, University of Bitola, Macedonia

Sergey Metev, prof., Russian State University for Trade and Economy, Omsk, Russia

Martin Pontzen, Dr. rer. pol., Bundesbank Director, German Federal Bank, Frankfurt/Main, Germany

Viktor Yengibaryan, President of European Movement Armenia, Yerevan, Armenia

Assistant Editors:

Eka Meskhrikadze, Tbilisi, Georgia

Meerim Oboskanova, Bishkek, Kyrgyz Republic

Tamara Vatsadze, Tbilisi, Georgia

All authors are responsible for their published texts. If no author is mentioned, the Chief Editor is responsible. All texts published under a name do not necessarily represent the view of the editors or Advisory Board members. EUFAJ is committed to different views and a public discussion.

* * *

Copyright: Copyright requests are welcome. Reprints of certain contributions are free of charge, for others a license fee may have to be negotiated. Please ask the publisher for copyright permission.

Proposal/example for quotation: EUFAJ, 2-2010, then number of page (e.g. EUFAJ, 2-2010, 32)

Papers, articles, reports, contributions: They should be sent to the Chief Editor by e-mail and as attachment in Word format (not in PDF). EUFAJ follows a generous policy towards authors, who may decide themselves if they write a scientific or more practical article, or with or without footnotes (please no end notes). We reserve the right of adding annotations and commenting shortly. No guarantee for unsolicited articles which, however, may remain in our archive. All contributions are requested in English language; abstracts in other languages are possible.

EUFAJ is published in English.

Editorial

Dear readers,

In this issue, we have, besides many other contributions, a closer look to the South Caucasus; we did this already before, but feel it is important to describe more topical aspects and views. Not all of these aspects may please everybody, but we have already shown for this part of the world, that we are proud to be an independent paper for free discussion.

We also feel that European values should be communicated to Russian scientists, universities, and citizens, while also Europeans and e. g. Americans should get a better comprehension of the way of thinking when reading what and how their Russian colleagues cope with current issues.

*Finally, we have this time an article about Tibet. This may not be liked by many Chinese, but we are committed to the old Roman law principle “*audiatur et altera pars*” - “let us hear the other side, too”, therefore to the freedom of the press, to the interest for minorities – and of course we are open also to Chinese authors who may tell us their views.*

With best regards,



Hans-Jürgen Zahorka

The EUFAJ Blog

- between our issues, for topical announcements and new publications:

<http://libertasblogs.wordpress.com>

With contributions on e.g. Scotland/Catalonia, Human Rights in Azerbaijan, Armenia and the Eurasian Customs/Economic Union, the Eurasian Union, Vladimir Putin, the future of Ukraine, Ukraine's Maidan events, the language policies in the EU, Africa, the Caribbean etc. Your contributions - as a personal view - are welcome; please send them to EUFAJ.

You can of course also subscribe the blogs - then you will be alerted via e-mail.

EUFAJ in Facebook

<https://www.facebook.com/pages/European-Union-Foreign-Affairs-Journal-EUFAJ/564823323568021>

With news on activities, publications, conferences attended, and the contents of the new EUFAJ issues. Complementary to the journal itself and the blog.

If you "Like" the page, you will be alerted via Facebook regularly.

Democracy and Human Rights - The View of a Lawyer from Georgia

Ioseb Kelenjeridze



Ioseb Kelenjeridze from Tbilisi/Georgia is a lawyer who has also a degree in French. He achieved his (French) Master 2 at the University of Grenoble after a legal degree and one at the Pedagogic Institute for Foreign Languages in Tbilisi. After working as a legal representative in Georgia (including mandates of confidence for the French Embassy), he was first Principal Specialist in the Ministry of Reintegration, later in the International Department of the Georgian Ministry of Labour, Health and Social Affairs, while now Deputy Head of the Monitoring Office at the Ministry of Education and Science. Since 2011 he is also teaching international public law at the Georgian-French University and as Assistant Professor at the University of the Caucasus, Tbilisi.

The universal call for mankind which aims at protection of human rights and strengthening of democracy actually originated from 1945 - the year of the establishment of the United Nations Organization. If until that time the principle of sovereignty of states was deemed to be priority, the statutes of San Francisco point out that “human rights” and “fundamental freedoms” represent its main objective, though at the same time it is worth to mention that the principle of sovereignty is not neglected and shaded by bringing forward human rights.

The declaration of 1948 by its importance played a crucial role in the issue of protection of human rights. It has laid down the foundations for initiation of different international conventions and agreements of human rights. An international pact on civil and political rights (1966), an international pact on economic, social and cultural rights (1966), a convention on eradication of all forms of racial discrimination (1969), conventions on prohibition of genocide (1948), human trafficking (1956), forced labor (1957), discrimination in the sphere of education (1960), torture and brutal, abusing dignity attitude or punishment (1987) and many others were adopted.

At the same time regional international organizations developed all efforts towards protection of human rights. But this initiative of regional organizations does not contradict the universal initiative of UNO. In the competitive environment the most advantageous article of the human rights protection will be used.

European system

Among regional organizations European Union has played an advanced part in the issue of protection of human rights and democracy. During the whole period of existence, this organization has never stopped expanding. Nowadays it comprises 48 member countries and develops those important achievements and values of human rights protection and democracy respecting of which is the mandatory condition of contemporary life. European Union stresses two main missions –protection of human rights and development of democracy. These missions are proclaimed in the convention of human rights and basic freedoms protection.

Three basic dimensions of the convention can be spoken about. The first dimension is the general legal basis of human rights, emphasizing democracy. The preamble indicates- “effective democratic regime”, as opposed to “false” democracy. In the text we often come across the term –“in the democratic society” as the issue deals with establishing the frame of human rights. In spite of the fact that only the 3rd article of the first additional protocol takes into account the rights of “free choice”, the whole regime of human rights protection is saturated with liberal democracy, which is based on the supremacy of justice. These principles –democracy, human rights and constitutional state were reflected in Paris charter of 1990 for new Europe, but actually they originate from 1949, the year of developing the convention. This is the premise for being admitted to the European Union, which after the destruction of Berlin wall comprises almost the whole European continent (except Byelorussia). This expansion of European Union which for a long time continued its existence under “old democracy”, but later was remade into “new democracy” is a big brainteaser from the point of view of fulfilment of its obligations and principles. All member states from Iceland to Russia are obliged to be the members of convention and protect rights and obligations stipulated by the convention. It is obvious that it is difficult to monitor the quality of human rights and democracy in such huge area which counts approximately 800 million people. That’s why the work of this organization is immense, which is caused by multiplicity of resolutions and suits in European Union.

The second dimension of the convention is simpler; it represents the list of guaranteed rights. The first list of those rights which was adopted in 1950, is a classical catalogue of public freedoms and legal guarantees, it leaves the door open for new rights, as it happened in 1952 by the first additional protocol, which stipulates three issues politically important for member states – principles of property, education and free choice. But later the area of new developments in the convention for addition of rights appeared to be very weak.

The third dimension comprises existence of small portions of economic and social freedoms in the convention, in spite of the fact that there was an attempt to increase the volume of social rights, this attempt was limited. The projects of some additional protocols, which comprised specific rights, did not establish themselves, but the 12th protocol was successful, it prohibits all kinds of discrimination and represents an important achievement of social rights. Simultaneously with the convention a different system of guarantee of social rights was founded by the social charter of 1961, which was completed and replaced by a new European social charter (1996).

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Legal character of guaranteed rights

The system of assurance of human rights protection is proclaimed in European convention of human rights. According to the initial system the commission, which played the part of a filter, resolved whether the suit was acceptable or not and in case of consent the case was reviewed either by the court or the ministers' committee. For the plaintiff appealing by this system the place was not secured and a non-legal, political body could have the last word without court.

The 11th protocol of the convention has abolished the commission and founded a new permanent and universal court from November 1, 1998. And the ministers' committee was responsible only for execution of the decision of the court. It can be said that from 1998 the convention became a legal system and not a semi-legal system as it used to be.

According to the 34th article the court can receive an appeal from any natural person, as well as from non-governmental organizations or separate groups of people, who think that their rights stipulated by the convention were violated. Nowadays all individuals whether citizens of that country or foreigners, can sue against the member state in the European court of human rights.

During the long-term practice of the court its most controversial issue is its competence-to impose upon the respondent state the obligation of taking measures to refund the damage incurred by it. For a long time the court considered that it is authorized to resolve only the issues of material compensation and it has no right to issue a so called cause-effect instruction, under which the respondent state will be given the exact instructions on the actions to be carried out by it.

Other international judicial authorities issue a cause-effect instruction. For example, the Interamerican court practice of human rights has examples of such resolutions, when the respondent state was imposed the obligation to re-try the victims, or the state had to abolish the law which contradicted the Interamerican convention. Such practice exists in the activities of the international court of UNO.

Gradually it became obvious, that the approach of European Court of Human Rights was groundless and required revision. The first case when the court registered a different position and issued a cause-effect instruction was in relation to Georgia (Asanidze against Georgia, 2004). For several years Asanidze was kept under unlawful arrest and due to this fact the court imposed upon Georgia a considerable compensation. At the same time the court issued a cause-effect instruction and imposed upon the government of Georgia the obligation to release him from the prison.

It was the first case when the European Court for Human Rights issued a cause-effect instruction and changed its earlier approach towards this issue. Here the contrast to early approaches of court is obvious. It is clear that the court has realized that its approach was more or less backward and it had to be changed. At the same time a case when this change could be implemented painlessly was found. Of course, it would have been more difficult to implement it against more powerful states. Strengthening of its competence by the European Court of Human Rights is

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

based on the tendency that it strives for universality which is welcomed and mandatory for effective implementation of rights registered in the convention.

The European system of strengthening human rights protection and democracy is the basic reference point for many other regional systems, as for example the Inter-American system, with its court consulting function, and which promotes progress of international law from the point of view of human rights. Another example is the African system which was adopted with a real jurisdiction by the protocol of 1998, and where with OHADA (*Organisation pour l'harmonisation en Afrique du droit des affaires* = Organisation for the harmonisation of Business Law in Africa) in 1992 at least in now 17 countries a growing number of business law fields is under the auspices of the Rule of Law, which creates a positive climate for other legal fields, like human rights.

Nowadays active movements for the benefits of democracy and human rights can be observed in the whole world. The international democratic order is becoming a reference point for almost all states. Democracy and human rights have become a universal “ideology” of our time, and their dissemination in the whole world has become an irreversible process. The world has become a large united planet, where demands of all peoples must be met and satisfied, and where authoritarian regimes do not have unlimited power when they try to suppress the wish of their people and, namely, rebel against the protectors of human rights.

"Globalisation → More Unity → More Integration ..." - A Remarkable Barroso Speech before the European Parliament: State of the Union 2012 Address

In the plenary session on 12 September 2012 of the European Parliament in Strasbourg the President of the European Commission, José Manuel Durão Barroso held his annual State of the Union Address. The remarkable speech was often named the "beginning of the European strikeback" against nationalism and populism. Indeed, it met with several initiatives, petitions, collection of signatures. Until that speech, the silent majority of Europeans was indeed silent. After the speech, lots of new initiatives, also in some national parliaments could be heard and seen. This speech was only few times analyzed in Non-EU States. Here it is.

Mr President, Honourable Members,

1. Analysis of the situation

It is an honour to stand before you today to deliver this third State of the Union address.

At a time when the European Union continues to be in crisis.

A financial and economic crisis. A social crisis. But also a political crisis, a crisis of confidence.

At its root, the crisis results from:

- Irresponsible practices in the financial sector;
- Unsustainable public debt, and also;
- A lack of competitiveness in some Member States.

On top of that, the Euro faces structural problems of its own. Its architecture has not been up to the job. Imbalances have built up. This is now being corrected. But it is a painful, difficult, effort. Citizens are frustrated. They are anxious. They feel their way of life is at risk.

The sense of fairness and equity between Member States is being eroded. And without equity between Member States, how can there be equity between European citizens?

Over the last four years, we have made many bold decisions to tackle this systemic crisis. But despite all these efforts, our responses have not yet convinced citizens, markets or our international partners.

Why? Because time and again, we have allowed doubts to spread. Doubts over whether some countries are really ready to reform and regain competitiveness. Doubts over whether other countries are really willing to stand by each other so that the Euro and the European project are irreversible.

On too many occasions, we have seen a vicious spiral. First, very important decisions for our future are taken at European summits. But then, the next day, we see some of those very same people who took those decisions undermining them. Saying that either they go too far, or that they don't go far enough. And then we get a problem of credibility. A problem of confidence. It is not acceptable to present these European meetings as if they were boxing events, claiming a knockout victory over a rival. We cannot belong to the same Union and behave as if we don't. We cannot put at risk nine good decisions with one action or statement that raises doubts about all we have achieved.

This, Honourable Members, reveals the essence of Europe's political crisis of confidence. If Europe's political actors do not abide by the rules and the decisions they have set themselves, how can they possibly convince others that they are determined to solve this crisis together?

Mr President, Honourable Members,

2. The challenge – a new thinking for Europe

A crisis of confidence is a political crisis. And, the good thing is that, in a democracy, there is no political problem for which we cannot find a political solution.

That is why, here today, I want to debate with you the fundamental political questions - where we are now and how we must move forward. I want to focus on the political direction and the vision that shall inspire our policy decisions.

I will of course not list all these individual decisions. You are receiving the letter I addressed to the President of the European Parliament, and that sets out the Commission's immediate priorities. We will discuss them with you before adopting the Commission Work Programme later in the autumn.

My message to you today is this: Europe needs a new direction. And, that direction can not be based on old ideas. Europe needs a new thinking.

When we speak about the crisis, and we all speak about the crisis, have we really drawn all the consequences for our action? When we speak about globalisation, and we all speak a lot about globalisation, have we really considered its impact on the role of each of our Member States?

The starting point for a new thinking for Europe is to really draw all the consequences of the challenges that we are facing and that are fundamentally changing our world.

The starting point is to stop trying to answer the questions of the future with the tools of the past. Since the start of the crisis, we have seen time and again that interconnected global markets are quicker and therefore more powerful than fragmented national political systems. This under-

mines the trust of citizens in political decision making. And it is fuelling populism and extremism in Europe and elsewhere.

The reality is that in an interconnected world, Europe's Member States on their own are no longer able to effectively steer the course of events. But at the same time, they have not yet equipped their Union - our Union —with the instruments needed to cope with this new reality. We are now in a transition, in a defining moment. This moment requires decisions and leadership.

Yes, globalisation demands more European unity.

More unity demands more integration.

More integration demands more democracy, European democracy.

In Europe, this means first and foremost accepting that we are all in the same boat.

It means recognising the commonality of our European interests.

It means embracing the interdependence of our destinies.

And it means demanding a true sense of common responsibility and solidarity.

Because when you are on a boat in the middle of the storm, absolute loyalty is the minimum you demand from your fellow crew members.

This is the only way we will keep up with the pace of change. It is the only way we will get the scale and efficiency we need to be a global player. It is the only way to safeguard our values, because it is also a matter of values, in a changing world.

In the 20th century, a country of just 10 or 15 million people could be a global power. In the 21st-century, even the biggest European countries run the risk of irrelevance in between the global giants like the US or China.

History is accelerating. It took 155 years for Britain to double its GDP per capita, 50 years for the US, and just 15 years for China. But if you look at some of our new Member States, the economic transformation going on is no less impressive.

Europe has all the assets it takes. In fact much more so than previous generations faced with similar or even greater challenges.

But we need to act accordingly and mobilize all these resources together.

It is time to match ambitions, decisions, and actions.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

It is time to put a stop to piecemeal responses and muddling through.

It is time to learn the lessons from history and write a better future for our Europe.

Mr President, Honourable Members,

3. Response to the situation – the 'decisive deal for Europe'

What I demand and what I present to you today is a Decisive Deal for Europe.

A decisive deal to project our values, our freedom and our prosperity into the future of a globalized world. A deal that combines the need to keep our social market economies on one hand and the need to reform them on the other. A deal that will stabilise the EMU, boost sustainable growth, and restore competitiveness. A deal that will establish a contract of confidence between our countries, between Member States and the European institutions, between social partners, and between the citizens and the European Union.

The Decisive Deal for Europe means that:

We must leave no doubt about the integrity of the Union or the irreversibility of the Euro. The more vulnerable countries must leave no doubts about their willingness to reform. About their sense of responsibility. But the stronger countries must leave no doubts about their willingness to stick together. About their sense of solidarity. We must all leave no doubts that we are determined to reform. To REFORM TOGETHER.

The idea that we can grow without reform, or that we can prosper alone is simply false. We must recognise that we are in this together and must resolve it together.

This decisive deal requires the completion of a deep and genuine economic union, based on a political union.

a) Economic union:

Let me start with Europe's economy.

Firstly, we need growth. Sustainable growth

Growth is the lifeblood of our European social market model: it creates jobs and supports our standard of living. But we can only maintain growth if we are more competitive.

At the national level it means undertaking structural reforms that have been postponed for decades. Modernising public administration. Reducing wasteful expenditure. Tackling vested inter-

ests and privileges. Reforming the labour market to balance security with flexibility. And ensuring the sustainability of social systems.

At the European level, we need to be more decisive about breaking down barriers, whether physical, economic or digital.

We need to complete the single market.

We need to reduce our energy dependence and tap the renewable energy potential.

Promoting competitiveness in sectors such as energy, transport or telecoms could open up fresh competition, promote innovation and drive down prices for consumers and businesses.

The Commission will shortly present a Single Market Act II. To enable the single market to prosper, the Commission will continue to be firm and intransigent in the defence of its competition and trade rules. Let me tell you frankly, If it was left to the Member States, I can tell you they will not resist pressure from big corporations or large external powers.

We need to create a European labour market, and make it as easy for people to work in another country as it is at home.

We need to explore green growth and be much more efficient in our use of resources.

We have to be much more ambitious about education, research, innovation and science.

Europe is a world leader in key sectors such as aeronautics, automotives, pharmaceuticals and engineering, with global market shares above a third. Industrial productivity increased by 35% over the last decade despite the economic slowdown. And today, some 74 million jobs depend on manufacturing. Every year start-up firms in the EU create over 4 million jobs. We need to build on this by investing in our new industrial policy and creating a business environment that encourages entrepreneurship and supports small businesses.

This means making the taxation environment simpler for businesses and more attractive for investors. Better tax coordination would benefit all Member States.

We also need a pro-active trade policy by opening up new markets.

This is the potential of Europe's economy. This is the goldmine that is yet to be fully explored. Fully implementing the Growth Compact agreed at the June European Council can take us a long way.

And we could go further, with a realistic but yet ambitious European Union budget dedicated to investment, growth and reform. Let's be clear. The European budget is the instrument for in-European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

vestment in Europe and growth in Europe. The Commission and this Parliament, indeed all pro-European forces, because most member States support our proposal, must now stand together in support of the right multi-annual financial framework that will take us to 2020. It will place little burden on Member States, especially with our proposed new own resources system. But it would give a great boost to their economies, their regions, their researchers, their students, their young people who seek employment, or their SMEs.

It is a budget for growth, for economic, social and territorial cohesion between Member States and within Member States.

It is a budget that will help complete the single market by bridging gaps in our energy, transport and telecoms infrastructure through the Connecting Europe Facility.

It is a budget for a modern, growth-oriented agriculture capable of combining food security with sustainable rural development.

It is a budget that will promote a research intensive and innovative Europe through Horizon 2020. Because we need this European scale for research

This will be a real test of credibility for many of our some Member States. I want to see if the same member States who are all the time talking about investment and growth will now support a budget for growth at the European level.

The budget is also the tool to support investment in our growth agenda, Europe 2020, which we need now more than ever before.

Europe 2020 is the way to modernise and preserve the European social market economy.

Honourable Members,

Our agenda of structural reform requires a major adjustment effort. It will only work if it is fair and equitable. Because inequality is not sustainable.

In some parts of Europe we are seeing a real social emergency.

Rising poverty and massive levels of unemployment, especially among our young people.

That is why we must strengthen social cohesion. It is a feature that distinguishes European society from alternative models.

Some say that, because of the crisis, the European Social model is dead. I do not agree.

Yes, we need to reform our economies and modernise our social protection systems. But an effective social protection system that helps those in need is not an obstacle to prosperity. It is indeed an indispensable element of it. Indeed, it is precisely those European countries with the most effective social protection systems and with the most developed social partnerships, that are among the most successful and competitive economies in the world.

Fairness and equity means giving a chance to our young people. We are already doing a lot. And before the end of the year, the Commission will launch a Youth Package that will establish a youth guarantee scheme and a quality framework to facilitate vocational training.

Fairness and equity also means creating better and fairer taxation systems.

Stopping tax fraud and tax evasion could put extra billions into the public purse across Europe. This is why the Commission will fight for an agreement on the revised savings tax directive, and on mandates to negotiate stronger savings tax agreements with third countries. Their completion would be a major source of legitimate tax revenues.

And the Commission will continue to fight for a fair and ambitious Financial Transactions Tax that would ensure that taxpayers benefit from the financial sector, not just that the financial sector benefits from taxpayers. Now that it is clear that agreement on this can only happen through enhanced cooperation, the Commission will do all it can to move this forward rapidly and effectively with those Member States that are willing. Because this is about fairness. And fairness is an essential condition to make the necessary economic reforms socially and politically acceptable. And above all fairness is a question of justice, social justice.

Mr President, Honourable Members,

In the face of the crisis, important decisions have been taken. Across the European Union, reform and consolidation measures are being implemented. Joint financial backstops are being put in place, and the European institutions have consistently shown that they stand by the Euro. The Commission is very aware that in the Member States implementing the most intense reforms, there is hardship and there are – sometimes very painful – difficult adjustments. But it is only through these reforms that we can come to a better future. They were long overdue. Going back to the status quo ante is simply impossible.

The Commission will continue to do all it can to support these Member States and to help them boost growth and employment, for instance through the re-programming of structural funds.

Allow me to say a word on Greece. I truly believe that we have a chance this autumn to come to the turning point. If Greece banishes all doubts about its commitment to reform. But also if all other countries banish all doubts about their determination to keep Greece in the Euro area, we can do it.

I believe that if Greece stands by its commitments it should stay in the Euro area, as a member of the European family.

Securing the stability of the Euro area is our most urgent challenge. This is the joint responsibility of the Member States and the Community Institutions. The ECB cannot and will not finance governments. But when monetary policy channels are not working properly, the Commission believes that it is within the mandate of the ECB to take the necessary actions, for instance in the secondary markets of sovereign debt. Indeed, the ECB has not only the right but also the duty to restore the integrity of monetary policy. It is of course for the ECB, as an independent institution, to determine what actions to carry out and under what conditions. But all actors, and I really mean all actors, should respect the ECB's independence.

Honourable Members,

I have spoken about the economic measures that we must implement as a matter of urgency. This is indispensable. But it is not sufficient. We must go further.

We must complete the economic and monetary union. We must create a banking union and a fiscal union and the corresponding institutional and political mechanisms.

Today, the Commission is presenting legislative proposals for a single European supervisory mechanism. This is the stepping stone to a banking union.

The crisis has shown that while banks became transnational, rules and oversight remained national. And when things went wrong, it was the taxpayers who had to pick up the bill.

Over the past four years the EU has overhauled the rulebook for banks, leading the world in implementing the G20 commitments. But mere coordination is no longer adequate – we need to move to common supervisory decisions, namely within the Euro area.

The single supervisory mechanism proposed today will create a reinforced architecture, with a core role for the European Central Bank, and appropriate articulation with the European Banking Authority, which will restore confidence in the supervision of the banks in the Euro area.

It will be a supervision for all Euro area banks. Supervision must be able to look everywhere because systemic risks can be anywhere, not just in so-called systemically relevant banks. Of course, this in a system that fully engages the national supervisors.

The package comprises two legal texts, one on the ECB and the other on the EBA, which go together. It is clear that this parliament will have a crucial role to play in the adoption of the new mechanism, and after that in its democratic oversight.

This is a crucial first step towards the banking union I proposed before this House in June. Getting the European supervisor in place is the top priority for now, because it is the precondition for the better management of banking crises, from banking resolution to deposit insurance.

In parallel the Commission will continue to work on the reform of the banking sector, to make sure it plays its role in the responsible financing of the real economy. That means improving long term financing for SMEs and other companies. It means rules on reference indices, so we do not again see the manipulation of bank interest rates affecting companies and mortgage holders alike. It means legislation to ensure that banks give a fair deal to consumers and another look at the structure of banking activities to eliminate inherent risks.

In all of this, the role of this Parliament is essential. The Commission endeavours to work in close partnership with you.

But there is a second element of a deeper economic union it is the move towards a fiscal union. The case for it is clear: the economic decisions of one Member State impact the others. So we need stronger economic policy co-ordination.

We need a stronger and more binding framework for the national decision making for key economic policies, as the only way to prevent imbalances. While much has been done here, for instance through the six-pack and the Country-Specific Recommendations, further steps are crucial to combine specific conditions with specific incentives and to really make the economic and monetary union sustainable.

To deliver lasting results, we need to develop a fully equipped Community economic governance together with a genuine, credible Community fiscal capacity.

We do not need to separate institutions or to create new institutions for that. Quite the contrary: for this to be effective and quick, the best way is to work with and through the existing institutions: The European Commission as the independent European authority, and overseen by the European Parliament as the parliamentary representation at the European level.

And it is in such a framework that over time, steps for genuine mutualisation of debt redemption and debt issuance can take their place.

So economic reform coupled with a genuine economic and monetary union: these are the engines to get our boat moving forward.

The Commission will publish a blueprint for deepening the economic and monetary union still this autumn.

This blueprint will be presented to this House. Because these questions must be discussed with and by the representatives of the people

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

At the same time, it will inform the debate at the December European Council that will be prepared by the report that the President of the European Council, myself and the Presidents of the European Central Bank and the Eurogroup have been asked to present.

Our blueprint will identify the tools and instruments, and present options for legal drafting that would give effect to them, from policy coordination to fiscal capacity to debt redemption. And, where necessary – as in the case of jointly and severally guaranteed public debt – it would identify the treaty changes necessary, because some of these changes require modifications to the Treaty. It will present a blue-print for what we need to accomplish not only in the next few weeks and months, but in the next years.

Mr President, Honourable Members,

b) Political union:

Ultimately, the credibility and sustainability of the Economic and Monetary Union depends on the institutions and the political construct behind it.

This is why the Economic and Monetary Union raises the question of a political union and the European democracy that must underpin it.

If we want economic and monetary union to succeed, we need to combine ambition and proper sequencing. We need to take concrete steps now, with a political union as a horizon.

I would like to see the development of a European public space, where European issues are discussed and debated from a European standpoint. We cannot continue trying to solve European problems just with national solutions.

This debate has to take place in our societies and among our citizens. But, today, I would like to make an appeal also to European thinkers. To men and women of culture, to join this debate on the future of Europe. And I make this appeal to you. This is the house of European democracy. We must strengthen the role of the European Parliament at the European level.

And we need to promote a genuine complementarity and cooperation between the European and national parliaments.

This also cannot be done without strengthening European political parties. Indeed, we have very often a real disconnect between political parties in the capitals and the European political parties here in Strasbourg. This is why we have to recognise the political debate is cast all too often as if it were just between national parties. Even in the European elections we do not see the name of the European political parties on the ballot box, we see a national debate between national political parties. This is why we need a reinforced statute for European political parties. I am proud to announce that the Commission has adopted a proposal for this today.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

An important means to deepen the pan-European political debate would be the presentation by European political parties of their candidate for the post of Commission President at the European Parliament elections already in 2014. This can be done without Treaty change. This would be a decisive step to make the possibility of a European choice offered by these elections even clearer. I call on the political parties to commit to this step and thus to further Europeanise these European elections.

Mr President, Honourable Members,

A true political European Union means we must concentrate European action on the real issues that matter and must be dealt with at the European level. Let's be frank about this not everything can be at the same time a priority. Here, some self-criticism can probably be applied

Proper integration is about taking a fresh look at where is the most appropriate level of action. Subsidiarity is an essential democratic concept and should be practiced.

A political union also means that we must strengthen the foundations on which our Union is built: the respect for our fundamental values, for the rule of law and democracy.

In recent months we have seen threats to the legal and democratic fabric in some of our European states. The European Parliament and the Commission were the first to raise the alarm and played the decisive role in seeing these worrying developments brought into check.

But these situations also revealed limits of our institutional arrangements. We need a better developed set of instruments– not just the alternative between the "soft power" of political persuasion and the "nuclear option" of article 7 of the Treaty.

Our commitment to upholding the rule of law is also behind our intention to establish a European Public Prosecutor's Office, as foreseen by the Treaties. We will come with a proposal soon.

Mr President, Honourable Members,

A political union also means doing more to fulfil our global role. Sharing sovereignty in Europe means being more sovereign in a global world.

In today's world, size matters.

And values make the difference.

That is why Europe's message must be one of freedom, democracy, of rule of law and of solidarity. In short, our values European values.

More than ever our citizens and the new world order need an active and influential Europe. This is not just for us, for the rest of the world it is important that we succeed. A Europe that stands by its values. And a Europe that stands up for its belief that human rights are not a luxury for the developed world, they should be seen as universal values

The appalling situation in Syria reminds us that we can not afford to be by-standers. A new and democratic Syria must emerge. We have a joint responsibility to make this happen. And to work with those in the global order who need to give also their co-operation to this goal

The world needs an EU that keeps its leadership at the forefront of development and humanitarian assistance. That stands by open economies and fights protectionism. That leads the fight against climate change.

The world needs a Europe that is capable of deploying military missions to help stabilize the situation in crisis areas. We need to launch a comprehensive review of European capabilities and begin truly collective defense planning. Yes, we need to reinforce our Common Foreign and Security Policy and a common approach to defense matters because together we have the power, and the scale to shape the world into a fairer, rules based and human rights' abiding place.

Mr President, Honourable Members

4. Treaty change, 17/27 dimension and expanding public debate

a) Federation of nation states - Treaty change

A deep and genuine economic and monetary union, a political union, with a coherent foreign and defence policy, means ultimately that the present European Union must evolve.

Let's not be afraid of the words: we will need to move towards a federation of nation states. This is what we need. This is our political horizon.

This is what must guide our work in the years to come.

Today, I call for a federation of nation states. Not a superstate. A democratic federation of nation states that can tackle our common problems, through the sharing of sovereignty in a way that each country and each citizen are better equipped to control their own destiny. This is about the Union with the Member States, not against the Member States. In the age of globalisation pooled sovereignty means more power, not less.

And, I said it on purpose a federation of nation states because in these turbulent times these times of anxiety, we should not leave the defence of the nation just to the nationalists and populists. I believe in a Europe where people are proud of their nations but also proud to be European and proud of our European values.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Creating this federation of nation states will ultimately require a new Treaty.

I do not say this lightly. We are all aware how difficult treaty change has become.

It has to be well prepared.

Discussions on treaty change must not distract or delay us from doing what can and must be done already today.

A deep and genuine economic and monetary union can be started under the current Treaties, but can only be completed with changes in the treaties. So let's start it now but let's have the horizon for the future present in our decisions of today.

We must not begin with treaty change. We must identify the policies we need and the instruments to implement them. Only then can we decide on the tools that we lack and the ways to remedy this.

And then there must be a broad debate all over Europe. A debate that must take place before a convention and an IGC is called. A debate of a truly European dimension.

The times of European integration by implicit consent of citizens are over. Europe can not be technocratic, bureaucratic or even diplomatic. Europe has to be ever more democratic. The role of the European parliament is essential. This is why the European elections of 2014 can be so decisive.

Before the next European Parliament elections in 2014, the Commission will present its outline for the shape of the future European Union. And we will put forward explicit ideas for Treaty change in time for a debate.

We will set out the objectives to be pursued, the way the institutions that can make the European Union more open and democratic, the powers and instruments to make it more effective, and the model to make it a union for the peoples of Europe. I believe we need a real debate and in a democracy the best way to debate is precisely in elections at the European level on our future and our goals;

b) 17/27 dimension

Mr President, Honourable Members

This is not just a debate for the Euro area in its present membership.

While deeper integration is indispensable for the Euro area and its members, this project should remain open to all Member States.

Let me be very clear: in Europe, we need no more walls dividing us!. Because the European Union is stronger as a whole in keeping the integrity of its single market, its membership and in its institutions.

No one will be forced to come along. And no one will be forced to stay out. The speed will not be dictated by the slowest or the most reluctant

This is why our proposals will be based on the existing Union and its institutions, On the Community method. Let's be clear – there is only one European Union. One Commission. One European Parliament. More democracy, more transparency, more accountability, is not created by a proliferation of institutions that would render the EU more complicated, more difficult to read less coherent and less capable to act.

c) Expanding public debate:

This is honourable members the magnitude of the decisions that we will need to make over time. That's why I believe we need a serious discussion between the citizens of Europe about the way forward.

About the possible consequences of fragmentation - because what can happen some times is to have, through unintended consequences, to have fragmentation when we do not want it.

About what we could achieve if leaders avoid national provincialism what we can achieve together.

We must use the 2014 election to mobilise all pro-European forces. We must not allow the populists and the nationalists to set a negative agenda. I expect all those who call themselves Europeans to stand up and to take the initiative in the debate. Because even more dangerous than the scepticism of the anti-Europeans, is the indifference or the pessimism of the pro-Europeans.

Mr President, Honourable Members,

5. Conclusion: is this realistic?

To sum up, what we need is a decisive deal to complete the EMU, based on a political commitment to a stronger European Union.

The sequence I put before you today is clear.

We should start by doing all we can to stabilise the euro area and accelerate growth in the EU as a whole. The Commission will present all the necessary proposals and we have started today with the single supervisor to create a banking union, in line with the current Treaty provisions.

Secondly, we will present our blueprint on a deep and genuine economic and monetary union, including the political instruments, and this will be done still this autumn

We will present here again all proposals in line with the current Treaty provisions.

And thirdly, where we cannot move forward under the existing treaties, we will present explicit proposals for the necessary Treaty changes ahead of the next European Parliamentary election in 2014, including elements for reinforced democracy and accountability

This is our project. A project which is step by step but with a big ambition for the future with a Federation as our horizon for Europe.

Many will say that this is too ambitious, that it is not realistic.

But let me ask you - is it realistic to go on like we have been doing? Is it realistic to see what we are seeing today in many European countries? Is it realistic to see taxpayers paying banks and afterwards being forced to give banks back the houses they have paid for because they can not pay their mortgages? Is it realistic to see more than 50% of our young people without jobs in some of our Member States? Is it realistic to go on trying to muddle through and just to accumulate mistakes with unconvincing responses? Is it realistic to think that we can win the confidence of the markets when we show so little confidence in each other?

To me, it is this reality that is not realistic. This reality cannot go on.

The realistic way forward is the way that makes us stronger and more united. Realism is to put our ambition at the level of our challenges. We can do it! Let's send our young people a message of hope. If there is a bias, let it be a bias for hope. We should be proud to be Europeans. Proud of our rich and diverse culture. In spite of our current problems, our societies are among the most human and free in the world.

We do not have to apologise for our democracy our social market economy and for our values. With high levels of social cohesion. Respect for human rights and human dignity. Equality between men and women and respect for our environment. These European societies, with all its problems, are among the most decent societies in human history and I think we should be proud of that. In our countries two or three girls do not go to prison because they sing and criticise the ruler of their country. In our countries people are free and are proud of that freedom and people understand what it means to have that freedom. In many of our countries, namely the most recent Member States, there is a recent memory of what was dictatorship and totalitarianism.

So, previous generations have overcome bigger challenges. Now it is for this generation to show they are up to the task.

Now is the moment for all pro-Europeans to leave business as usual behind and to embrace the business of the future. The European Union was built to guarantee peace. Today, this means making our Union fit to meet the challenges of globalization.

That is why we need a new thinking for Europe, a decisive deal for Europe. That is why we need to guide ourselves by the values that are at the heart of the European Union. Europe I believe has a soul. This soul can give us the strength and the determination to do what we must do.

You can count on the European Commission. I count on you, the European Parliament. Together, as Community institutions we will build a better, stronger and a more united Europe, a citizens' Union for the future of Europe but also the future of the world.

Thank you for your attention.

European Micro States - Call for Cooperation

Within "European Union Foreign Affairs Journal" there shall be an open research project, with not yet defined life span, on the subject (preliminary wording): "European Micro States - What has to be changed if they want to access the European Union".

Outside of the EU there are in Europe countries like **Andorra, San Marino, Monaco, Liechtenstein and the Vatican (however playing a different role than the others), as well as the Faroe Islands** (which have the biggest population of all of those, with approx. 45.000 people). While all of these countries are at present not likely to join the EU, in each of them (except the Vatican, which should be excluded from doing so) there were voices in favour of an EU accession. If this case became true, *what has to be changed in the EU Treaties, in secondary law and in certain policies of the EU, and also in these countries, if one or several of these Micro States would want to join the European Union?*

EUFAJ wants also to test an open procedure of research and connected research, in the sense that everyone can take part in this project, and it is not bound to any further project leadership. Universities, students, professors, their assistants, think tanks, NGOs, public administrations etc. are possible project partners. We will look also for an external financing, if possible respectively necessary.

Anyone interested in such a kind of project of which the concrete results are not yet defined as well should contact: European Union Foreign Affairs Journal (EUFAJ), LIBERTAS - European Institute GmbH, attn: Hans-Juergen Zahorka, Lindenweg 37, D - 72414 Rangendingen (near Tübingen), Tel. +49 - 7471 - 984996-13 (direct), Fax +49 - 7471 - 984996-19, zahorka@libertas-institut.com, www.eufaj.eu.

We will inform the readers of our Blog <http://libertasblogs.wordpress.com>, like those of EUFAJ, regularly about this project.

What about Human Rights in Azerbaijan? After the European Song Contest in Baku

The editorial office of European Union Foreign Affairs Journal obtained from the Azeri opposition – not even from organized people – the following lines. It has to be taken into account that Azerbaijan is a Member State of the Council of Europe, a Member State of the OSCE and from time to time striving for a closer relationship with the European Union, to which it sells not a small quantity of energy. However, there seem to be heavy deficits with the participation of civil society and human rights in the authoritarian system of President Ilham Aliiev. In the other South Caucasus countries Georgia and Armenia which made in the last years, despite all setbacks, a certain progress in civil liberties and human rights, mainly in the questions of press freedom and freedom to unite, as well in the rule of law, Azerbaijan is considered in the EU as a state which remains rather in the backward-looking Central Asian traditions of an authoritarian rule with only little rule of law (Kyrgyzstan happily has reached a point to leave these traditions, with the democratic and fair elections from 30th October 2011) than on the way to European political culture.

The question is also how the European Union should act – or react – to the fact that in 2011 the Eurovision Song Contest will be held in Azerbaijan. While everyone thinks that the people of the country certainly should not be punished because they have very good musicians, the question remains open how to react to what has been done to this Song Contest by the Azerbaijani authorities expelling citizens from where buildings for the European Song Contest shall be built. It is clear that nobody should ignore this, while being also fully in favour of any Azerbaijani musical or cultural integration into Europe. Here is the text which has reached this paper – and it is perfectly permitted to discuss this among European Song Contest countries, and we can refrain at the moment to add more papers from and on Azerbaijan (e.g. from the OSCE or the Council of Europe, or just from Azerbaijani citizens; we just add some on press and religious freedom):

We would like to alert you about the ongoing violations of human rights in Azerbaijan.

Fourteen activists who attended a peaceful protest on 2nd April, 2011 to enjoy their right of freedom of assembly, were sentenced to jail sentences between 1,5 and 3 years in jail in September and October 2011. Six members of the Islamic community who protested against the hijab ban (ban of the Islamic scarf for women) in secondary schools have also found themselves behind bars. One can be against the hijab ban or in favour of it, but to demonstrate peacefully – especially if there are no big mass demonstrations! – is permitted in all member states of the Council of Europe. Azerbaijan is one of these Council of Europe member states.

Youth activists Bakhtiyar Hajiyev and Jabbar Savalanli sought to exercise their constitutionally enshrined right to freedom of expression, by posting articles that criticized the incumbent regime

on social networking sites (namely Facebook). They are both now in prison, having received sentences of 2 and 2,5 years respectively, under charges widely agreed to be trumped-up: evasion of military service for Hajiyeu; drug possession for Savalanli. For his activity in the political opposition, Shahin Hasanli has been sent to jail for 2 years under false charges. The head of the Azerbaijan Islamic Party and six more religious followers received 10-12 year prison sentences for a You Tube video posted by the party head on 2nd January, 2011, which criticized the government. A government, if there is a dissenting voice, should take up the political fight with arguments and not lock up people because they think or talk differently.

Human rights defenders (Ombudsmen) have not escaped these clampdowns. Rights defender Vidadi Isgandarov was jailed six months after the parliamentary elections of November 2010 following a trial marred by serious and sustained legal violations. He received a three year prison sentence. In August 2011, the offices of the Institute for Peace and Democracy led by human rights defender Leyla Yunus and two more NGOs (Women Crisis Center and Anti-Mine Campaign) were demolished in direct contravention of a court ruling, and without notice. A lack of respect for property rights has seen private housing in the center of Baku knocked down to beautify the city for the Eurovision Song Contest. Houses in the Flag Square were pulled down almost every day, without court rulings or proper compensation¹.

See also here the following You Tube video: <http://www.youtube.com/watch?v=xkAsE98VcCo&feature=related>



This former house in Baku/Azerbaijan has been destroyed – the land is needed for the European Song Contest.

¹ This is regrettable, as the World Bank has financed and implemented several years ago a project for land registration. It is assumed that several legal provisions in this field were violated.

Amnesty International has already recognized the jailed activists as prisoners of conscience, and is currently examining the other cases. In her statement of 12th October, 2011, the European Union High Representative for Foreign Affairs, Catherine Ashton, expressed concern over the imprisonment of attendees of the April 2nd peaceful protest (Statement A 406/11)²:

Catherine Ashton on the Conviction of 14 Peaceful Demonstrators in Azerbaijan

The spokesperson of Catherine Ashton, the High Representative of the European Union for Foreign Affairs and Security Policy and Vice President of the Commission, issued the following statement today:

"The High Representative recalls the previous statements made by the EU on the convictions of several participants in the peaceful demonstration of April 2, 2011 in Azerbaijan (on August 26 and October 8), and the repeated expressions of concern by the EU regarding the human rights situation in Azerbaijan in Spring 2011. In spite of these, four more participants in the peaceful demonstrations of April 2011 were convicted on October 10, bringing the total number of convictions to 14.

The High Representative wishes to reiterate the importance the EU attaches to fundamental freedoms, including freedom of assembly and freedom of expression, in its relations with partner countries. These are core values at the heart of the Eastern Partnership and the ongoing negotiation of an Association Agreement with Azerbaijan. The rule of law in the country must ensure that those principles are respected, that court proceedings are free of political interference and that independent lawyers work with no impediments. The High Representative therefore calls on Azerbaijan to provide for a fair and transparent appeal process.

The EU is ready to assist Azerbaijan in the implementation of democratic reforms guided by the values of OSCE, the Council of Europe and the EU."

We are asking the European Union to call upon the Azerbaijani authorities to release the prisoners detailed above, and to ensure the freedoms of speech, expression and assembly, and of property rights of Azerbaijani citizens in line with the European Convention of Human Rights.

Violence against Azerbaijani journalists

At the same time, repeatedly and quasi permanently, the OSCE media representative condemns violence against Azerbaijani journalists. In an OSCE press release in Vienna from 18 April 2012, the OSCE Representative on Freedom of the Media, Dunja Mijatović, condemned the attack on Idrak Abbasov and other Azerbaijani journalists and urged the authorities to bring those responsible to justice. Abbasov was beaten that day by private security guards while filming the demolition of a house in Baku's Sulu Tepe settlement. He suffered multiple wounds and was taken to hospital.

² Text of the Statement has been added by the editors.
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Abbasov, a reporter with the Zerkalo/Ayna newspaper and the Baku-based Institute for the Freedom and Safety of Reporters, was wearing a yellow reflective vest identifying him as a journalist. Last year, he reported being the target of intimidation attempts, which he linked to his reporting on the demolition of houses in Sulu Tepe.

“Today’s shocking incident is yet more evidence of the climate of violence in which members of the Azerbaijani media community have to perform their professional duties. The authorities must identify and duly prosecute those responsible for this and other attacks on journalists,” Mijatović said.

Reports say that security guards assaulted other journalists who were covering today’s demolition. Among them were Gunay Musayeva of the Yeni Musavat newspaper and an Obyektiv TV crew.

The Representative said she regretted that last year’s attacks on two other journalists - Seymur Haziyeu and Ramin Deko of the Azadliq newspaper - had not been solved. “The Azerbaijani authorities should take resolute steps to end all forms of violence against journalists,” Mijatović said.

Following is a contribution from April 2012, on the Azerbaijan Religious Freedom Survey, written by Felix Corley, Editor, and John Kinahan, both from Forum 18 News Service, an information service specialised on religious freedom in the world (see also <http://www.forum18.org>).

Ahead of Azerbaijan's hosting of the Eurovision Song Contest in late May, Forum 18 News Service notes that freedom of religion or belief and related human rights such as the freedom of expression and of assembly remain highly restricted. Violations of fundamental human rights are commonplace, officials often insisting that human rights can only be exercised with the specific permission of the state.

Azerbaijan is the largest country in the South Caucasus region and with over 9 million people has the largest population. It includes the exclave of Nakhichevan [Naxçıvan], which borders Iran, Armenia and Turkey, where the human rights situation is worse than in other parts of the country. A bitter territorial dispute continues about the currently Armenian-controlled entity of Nagorno-Karabakh, which led to open war between 1988 and 1994. Well over 90 per cent of Azerbaijan's population are ethnic Azeris (regarded as being of mostly Shia Muslim background), with around 2 per cent of the population being Lezgins (who are regarded as being of Sunni Muslim background). Around 2 per cent of the population are Russians or other Slavs (regarded as being of Russian Orthodox or other Christian background), with smaller percentages of Jews and other ethnic minorities.

President İlham Aliyev has run the country since 2003, taking over on the death of his father Heidar Aliyev who had run the country for the majority of years from 1969. Under both Aliyevs, local

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

and international human rights defenders have documented cases of electoral fraud, corruption, and violations of human rights and the rule of law. Despite massive oil wealth, much of the population remains in poverty.

Among freedom of religion or belief and interlinked human rights issues Forum 18 has documented are:

- state attempts to counter discussion of violations with claims of inter-religious harmony and religious tolerance;
- officials behaving as if the rule of law places no limitations on their actions;
- unfair trials lacking due legal process;
- steadily increasing "legal" restrictions on and punishments for exercising freedom of religion or belief, often prepared in secret, forming a labyrinth of restrictive state controls;
- "legal" denials of international human rights standards Azerbaijan has agreed to implement;
- arbitrary official actions denying fundamental rights to citizens and foreigners;
- a highly restrictive censorship regime, including bookshop, photocopy shop and postal censorship;
- an arbitrary compulsory state registration system, designed to make all exercise of freedom of religion or belief - including the legal right to exist - dependent on state permission;
- enforced closures of places people meet for worship;
- a ban on praying outside mosques;
- jailing of prisoners of conscience exercising the right to conscientious objection to military service;
- arbitrary deportations of foreign citizens exercising the right to freedom of religion or belief;
- and severe denials of human rights in the Nakhichevan exclave.

Tolerance? Dialogue?

Officials have from the late 1990s attempted to counter discussion of violations of freedom of religion or belief and related human rights with claims of inter-religious harmony and religious tolerance. State-favoured religious communities echo such claims.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

President Ilham Aliyev in April 2011, speaking at the official opening in the capital Baku of a government-initiated World Forum on Intercultural Dialogue, claimed that "it is already a fact that there is a high level of ethnic and religious tolerance in Azerbaijan, and it is the source of our strength". "Freedom of religion, freedom of conscience have been fully established in Azerbaijan," the presidential website quoted him as adding. The event was supported by among others the Council of Europe, UNESCO, and the UN Alliance of Civilizations.

As President Aliyev spoke, Sunni Muslim and Protestant Christian religious communities in the second city Gyanja [Gäncä] were banned from meeting for worship, in one case riot police being deployed to ensure that a congregation could not meet in their church. Babek Sadykov of Gyanja Police denied this, claiming to Forum 18 that "no one is being prevented from worshipping". Local people, who wished to remain anonymous for fear of state reprisals, told Forum 18 that one of the communities was warned that "if they met for worship on the following Sunday or at any future date they will all be arrested". Apologists for government policy never explain how it is possible to promote and practice tolerance and dialogue while directly attacking the rule of law and fundamental human rights such as freedom of religion or belief.

A rule of law state?

Officials behave as if the rule of law, including published laws, places no limitations on their actions. Trials for alleged offences have often flagrantly lacked due process, including trials taking place without those accused being aware that the trials are happening. Officials do not allow the international human rights standards to which Azerbaijan is party to limit their actions. These standards include the International Covenant on Civil and Political Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms, and the human dimension commitments of the Organisation for Security and Co-operation in Europe (OSCE).

Officials take full advantage of the unclear or undefined wording of laws. Police and other officials have routinely insisted during raids that unregistered religious activity and religious meetings within private homes are illegal - even before the 2009 legal changes formally introduced such "offences" into published laws. Similarly, officials often ignore other laws and legal procedures. For example in June 2011, police and local officials of the State Committee for Work with Religious Organisations raided a Baptist Sunday morning worship service in Sumgait [Sumqayıt] near Baku. When congregation members asked to see a warrant for the raid and search, the religious affairs official responded: "I'm the permission and the warrant."

Forum 18 is aware of no case where an official, while engaged in preventing people from exercising their right to freedom of religion or belief, has been punished.

Rushed and secret preparation of "legal" restrictions

Azerbaijan has constructed a complex labyrinth of steadily increasing "legal" restrictions on and punishments for exercising freedom of religion or belief, often prepared in secret. The aim ap-

European Union Foreign Affairs Journal – N° 2/3-2011

pears to be to help impose state control of society, including any independent civil society activity, and to make all exercise of human rights dependent on state permission.

The Religion Law - misleadingly called the Law on Freedom of Religion - has been amended 14 times between 1992, when it was first adopted, and the latest July 2011 changes. Every significant change has imposed tighter restrictions on freedom of religion or belief. Many of these amendments - like changes to the Criminal Code and Code of Administrative Offences (see below) - were prepared in secret, with no public consultation, and were rushed through Parliament, the unicameral Milli Mejlis. This is dominated by President Aliiev's New Azerbaijan Party, which after the last 2010 election has 72 out of 125 seats. Ambassador Audrey Glover, head of the OSCE election observation mission, condemned "restrictions of fundamental freedoms, media bias, the dominance of public life by one party, and serious violations on election day".

"Legal" restrictions

Many aspects of the Religion Law are highly problematic, and among the more important serious problems with the latest 2009 version are:

- Implementation of international agreements?

The Religion Law Preamble proclaims that it "provides for the implementation of Freedom of Religion (..) according to the Constitution of the Republic of Azerbaijan and international agreements". Article 2 also states that "legislation on freedom of religion consists of the Constitution, international agreements agreed by Azerbaijan, this Law and other relevant legislation of Azerbaijan." However the Law contradicts international standards on freedom of religion or belief which Azerbaijan has agreed to implement.

For example, Article 1 uses vague and undefined language - leaving much scope for arbitrary official interpretations - to ban "propagating a religion and religious lifestyle by using force or threatening to use force, as well as to cause racial, national, religious, social animosities and hostility. The dissemination and propagation of religions (religious sects) that degrade human dignity or contradict the principles of humanism is banned".

- Ban on conscientious objection?

Article 4 of the Religion Law includes a ban on "refusing or declining to fulfil obligations determined by the law for his/her religious beliefs." It also states, in unclear wording, that "substituting the fulfilment of one responsibility by another may only be allowed in cases provided for by the legislation of the Republic of Azerbaijan". There is no legislation on conscientious objection to military service or alternative civilian service. This Article may be aimed at barring objection to military service on grounds of religious belief, and similar objections based on conscience (see below).

- Religious education restricted

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Article 6 states that religious education of children or adults in institutions can only happen if it is specified in the organisation's charter. It is unclear whether this is the only context in which religious education can happen. Article 10 now states that "religious educational institutions act on the basis of a special permit (licence) issued by the competent executive body as defined by the legislation of the Republic of Azerbaijan". Criminal Code punishments for breaking rules on religious education were also separately introduced (see below). From July 2011, a new Article 6.5 adds a requirement that religious organisations must have permission from their headquarters to run religious education for young people.

Article 6 states that "the state educational system is separate from religion", goes on to state that "religious studies, religious knowledge, religion and philosophy courses, and an overview of the teachings contained in religious texts may be included in the curricula of state educational institutions". However, there is no provision for an opt-out from such teaching if it should be against the beliefs of the child, young person, or their parents or guardians, in contradiction to Article 1's statement that they "have the right to educate their children in accordance with their religion or their attitude towards religion".

- Religious education

Article 6 (since July 2011) also specifies requirements for conducting religious education. "If their statutes allow this, religious organisations may carry out educational and training activities in a specified form for the education of young people and adults, by establishing educational institutions, as specified in legislation."

Article 29 requires the State Committee to both approve and monitor such education.

- Children's freedom of religion and education a potential crime

Article 167-1 of the Criminal Code, added in May 2009, punishes forcing individuals, including children, to take part in religious activity or religious education. The meaning of "forcing" is undefined. Ordinary people who violate this can be punished by a fine or up to two years' imprisonment. Officials who violate this can be punished by a larger fine or between two and five years' imprisonment. This is in addition to the Administrative Code Article 299 changes discussed below. In December 2011 fines under this article were dramatically increased (see below).

- Sale of religious literature and objects censored

The Religion Law reinforces the existing censorship regime, along with Administrative Code Article 300 (see below). Religion Law Article 22 states: "Religious organisations, and other natural and legal persons who are not religious organisations, may produce, import, export and freely disseminate religious literature, items and other information materials". However, it allows

European Union Foreign Affairs Journal – N° 2/3-2011

this only "with the consent of a relevant state body", once again breaking Azerbaijan's international human rights commitments. It also states that: "The sale of literature and objects of religious designation and other informational materials of religious content is carried out only at specialised points of sale created with the agreement of an appropriate state body." The Presidential Decree implementing amendments to the Religion Law and the Criminal and Administrative Code identified the State Committee as the "appropriate state body".

- Unregistered freedom of religion or belief banned

The May 2009 amendments devote much space to restricting legal status, Article 12 stating that: "Religious organisations may function only after state registration by a relevant state body and the state registry of religious organisations". There is no legal possibility for more than one person to manifest freedom of religion or belief without state permission. State officials, as before, use such provisions to try to ban the "illegal" exercise of freedom of religion or belief.

- Doctrinal and other intrusive tests for registration

Article 12 demands: "information on the citizenship, residence, and date of birth of people founding the religious society, a copy of their identity cards, the basis of their religious teachings, information on the date of establishment of the religion and community, the form and methods of its activity, traditions, attitude to the family, marriage and education, information on limitations on rights and duties of the members of the community. Other documents demanded by the Law on State Registration of the Juridical Person shall also be submitted with the application." The Article does not indicate by what authority, standards, or competence state officials decide registration applications or appeals against their decisions.

From July 2011 Article 12 was amended to require 50 adults "or their authorised representatives", not 10 adults as previously, to submit a registration application. This particular provision appears to be being applied retrospectively to communities whose applications were submitted before the end of 2009 but have not been processed, as in the case of the Protestant Cathedral of Praise Church.

- Extra reasons to refuse legal status

If state officials do not find enough grounds in the doctrinal tests or documents demanded to refuse registration, Article 12 provides extra grounds for refusal. Among other reasons, state registration may be refused if "the activity or objectives of the religious organisation, or the nature and foundations of its teachings contradict the Constitution and laws", or if "the presented charter (regulation) or other documents contradict the requirements of legislation or the information is wrong".

There is no independent appeal process against official decisions. Article 12 merely states that: "Religious organisations denied state registration shall be informed of the reasons for this, citing European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

relevant legislative provisions". There is no timescale for officials to make decisions. In stark contrast, only 20 days are allowed by Article 12 for registered religious organisations to notify the state "of any changes to the information or documents required for state registration and submit documents certifying such changes." No definition is given of what constitutes "changes".

- Reasons for banning organisations

Article 12-1 allows officials to apply to a court to ban organisations for, among other reasons:

"propagating a religion and religious lifestyle by using force or threatening to use force, as well as to cause racial, national, religious, social animosities and hostility; the use of force to manifest religious faith; performance or participation in religious ceremonies, or the dissemination and propagation of religions (religious sects) that degrade human dignity or contradict the principles of humanism"; "undermining public order or security"; "inciting people to refuse to execute duties required by the law"; and "not observing the requirements of an executive body on submitting information on changes made in the information or documents necessary for state registration".

- Religious activity restricted to approved venues

Article 12 states that: "The religious organisation can act only at the legal address defined in the information presented for state registration." This appears to indicate that any activity outside such venues is regarded as illegal.

Article 29 requires the State Committee to approve "the suitability of planned new religious prayer sites, and reconstruction of existing religious prayer sites".

Administrative Code Article 196 punishes those who violate procedures for building in towns. From May 2009 a new Article 196.0.3-1 punishes those who build or reconstruct religious buildings without permission from the State Committee.

- Who can lead religious activity?

Article 4-1 of the Religion Law, added in July 2011, defines "Professional religious activity and religious persons". "Professional religious activity is activity directed to religious education, religious training, satisfying the religious needs of believers, spreading religion, performing religious ceremonies, giving sermons (preaching) and administering religious structures. A religious person engaged in religious activity is a person with higher or secondary specialised religious education."

The definition of "religious person" does not specify that only "professional" religious workers can conduct activities such as religious education or leading worship. But officials often interpret

European Union Foreign Affairs Journal – N° 2/3-2011

such definitions as banning people from doing anything they are not in published law specifically authorised to do. There are also particular restrictions on who can lead Islamic activity (see below).

Restrictions targeting Muslims exercising religious freedom

Muslims are subject to specific extra restrictions which do not apply to other faiths. All mosques must belong to the Caucasian Muslim Board.

Article 7 of the Religion Law (since July 2011) requires all Islamic communities to "present a report on their activity" to the Muslim Board. The Article does not state how often such reports must be presented.

Article 8 (since July 2011) specifically states: "Islamic religious communities shall be created in mosques by citizens of Azerbaijan." It remains unclear if this bans Islamic communities which wish to exist outside the framework of a mosque or whether it is targeted at mosques created by foreign citizens.

Article 8 (since July 2009) states: "The appointment of the religious functionaries who lead Islamic places of prayer is by the Caucasian Muslim Board, which informs the relevant organ of executive power."

Article 21 (since July 2009) specifies: "The performance of Islamic religious rituals and ceremonies can be carried out only by citizens of Azerbaijan who have received their education in Azerbaijan."

December 2011 changes

In December 2011 Criminal Code Article 168.1 came into force. This punishes: "Creation of a group carrying out activity under the pretext of spreading a religious faith and carrying out religious activity and by this illegally harming social order, or harming the health of citizens or violating the rights of citizens irrespective of the form of infringement, as well as distracting citizens from performance of duties established by law, as well as leadership of such a group or participation in it".

Fines under this Article were increased to between 7,000 and 9,000 Manats. (Each 1,000 Manats is equivalent to 7,320 Norwegian Kroner, 970 Euros or 1,275 US Dollars.) The maximum prison term under this Article remained two years.

Also increased at least ten-fold were fines under Article 167 for obstructing others from conducting religious rituals. Other penalties of corrective labour remain unchanged. However, Forum 18 knows of no cases when state officials who have broken up religious services or banned them have been brought to court under this Article.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Fines under Article 167-1 for those who force others to conduct religious rituals were increased dramatically. Fines were raised to between 3,000 and 5,000 Manats. For offences against a young person or by an organised group or an official, fines rose to between 7,000 and 9,000 Manats. Terms of imprisonment remained unchanged. The Article was introduced into the Criminal Code in May 2009 (see above).

Article 299

The Religion Law is also backed by Administrative Code Article 299, which punishes "violation of the procedure for creating or running religious organisations":

- Article 299.0.1 punishes "religious leaders who fail to register their communities with the state".
- Article 299.0.2 punishes "violating legislation on holding religious meetings, marches, and other religious ceremonies".
- Article 299.0.3 punishes "clergy and religious associations holding special religious meetings for children and young people, as well as the holding by religious bodies of literature circles or other specialised groups".
- Article 299.0.4 punishes "religious activity not within a religious association's registered address".
- Article 299.0.5 punishes "activity by a religious association that is not in accordance with its statute". The community's statute must be approved by the state for state registration to be given.

The December 2010 fines for all "offences" under Article 299 were raised from those set in 2009:

- for individuals to between 1,500 and 2,000 Manats;
- and for officials to between 7,000 and 8,000 Manats.

These increases are up to 16 times more than the previous penalties. (Each 1,000 Manats is equivalent to 7,320 Norwegian Kroner, 970 Euros or 1,275 US Dollars). Unregistered communities facing possible punishment for exercising freedom of religion or belief without state permission include: all Muslim communities outside the control of the state-backed Caucasian Muslim Board; all communities which were not registered in 2009 including most Baptist, Seventh-day Adventist, Jehovah's Witness, and many Protestant communities (see below). Officials insist that those who had registration before the 2009 Religion Law, and whose re-registration applications have not been decided upon, will not face action unless the State Committee goes to court to liq-

update them. But, as in Gyanja (see below), some such communities have nevertheless been forced to stop meeting.

Article 300

A harsh censorship regime backed by the Criminal Code and Religion Law is in force (see below). This is backed by Administrative Code Article 300, which punishes "violation of legislation on freedom of religion":

- Article 300.0.1 punishes "producing, importing or exporting religious literature, religious objects, and other information material without permission from the State Committee for Work with Religious Organisations".
- Article 300.0.2 punishes "distributing religious literature, religious objects and information material without State Committee permission".
- Article 300.0.3 punishes "selling religious literature, religious objects and information material in places not approved by the State Committee for the sale of such religious material".
- Article 300.0.4 punishes "the conduct of religious propaganda by foreigners or stateless persons". If literature is used, this "offence" is to be punished by an unspecified article of the Criminal Code.

The increased December 2011 fines for Article 300 "offences" are:

- for individuals, whether Azeri citizens or foreigners, to between 2,000 and 2,500 Manats;
- for officials to between 8,000 and 9,000 Manats;
- and for organisations to between 20,000 and 25,000 Manats.

These increases are up to 20 times more than the previous penalties. (Each 1,000 Manats is equivalent to 7,320 Norwegian Kroner, 970 Euros or 1,275 US Dollars). Those found guilty under Article 300 have their religious literature confiscated. Foreigners or stateless persons involved in "religious propaganda" face deportation. This term includes selling religious books and materials which have not passed the compulsory State Committee censorship, or selling them in venues not approved by the State Committee (see below).

"Insanity is only increasing"

It remains unclear why Azerbaijan repeatedly amends its laws and increases fines - usually with little notice or public discussion and secrecy surrounding texts - to restrict the exercise of the right to freedom of religion or belief and other human rights. "Insanity is only increasing," one European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

member of a religious community who asked not to be identified told Forum 18 in November 2011. Another - who also asked not to be identified - agreed: "I don't understand what they are trying to do."

Eldar Zeynalov, head of the Human Rights Centre of Azerbaijan, thought that the government may be motivated to increase fines by a fear of Islamic radicalism. "This danger is in some ways real, but I believe it should be tackled in a different way. Using administrative punishments has not worked in Central Asia and is not going to work here", he stated in January 2011.

Finding a defence lawyer willing to represent individuals accused under these Articles will be difficult, especially in rural areas, Zeynalov warns. "There is often just one lawyer for an entire region with a population of more than 100,000 people."

He also noted that those fined, especially rural residents without access to higher-paid work in Baku will struggle to pay. "If for example, five members of one rural family were each fined 2,000 Manats, that would make a total of 10,000 Manats (73,000 Norwegian Kroner, 9,700 Euros or 12,700 US Dollars). This would represent the entire value of the family's assets, including their home." The minimum monthly wage rose to 93.50 Manats (685 Norwegian Kroner, 90 Euros, or 119 US Dollars) per month from 1 December 2011.

Censorship

Azerbaijan runs a highly restrictive censorship regime, breaking the international human rights standards it has formally committed itself to implement. All religious literature printed in and imported into the country must gain specific approval from the State Committee. The State Committee also specifies the number of copies of each named work that may be printed or imported, checks the contents of shops selling religious literature, and has a list of banned religious literature which the Expertise Department - which is responsible for the list - will not make public.

In August 2008 Aliheidar Zulfikarov of the State Committee's Expertise Department vigorously rejected suggestions that the compulsory prior approval required from the Committee for all religious literature was censorship. Asked how he would describe it, he stated that the Committee "merely checks" to see which books were "not appropriate" for distribution.

Also defending the censorship was Zulfikarov's colleague, Jeyhun Mamedov. "We have people who want to promote radical extremism," he told Forum 18 in May 2008. "If we allowed publications freely there'd be anarchy. Books have influence."

Abolished?

Then President Heidar Aliiev claimed in 1998 that the country had abolished censorship, a claim which Azeri diplomats have also been heard by Forum 18 to make more recently. Censorship of literature violates Azerbaijan's Constitution, yet the Religion Law requires permission from the State Committee before a religious community can publish, import or distribute any religious literature. Also, Article 22.2 allows religious organisations to sell religious literature only at venues approved by the authorities.

In December 2011 a new Criminal Code Article 167-2, banned: "Production, sale and distribution of religious literature, religious items and other informational materials of religious nature with the aim of import, sale and distribution without appropriate authorisation". Such "crimes" - including distributing uncensored religious literature - had previously only been punished under Administrative Code Article 299 (see above).

Punishments for first time offenders acting alone under Criminal Code Article 167-2 are a fine of between 5,000 and 7,000 Manats or up to two years' imprisonment. Such an "offence" by a group of people "according to a prior conspiracy", by an organised group, by an individual for a second time or by an official would attract a fine of between 7,000 and 9,000 Manats or imprisonment of between two and five years.

Article 9.2 of the July 2001 regulation covering the duties of the State Committee clearly spells out its censorship tasks: "Take control of the production, import and distribution of religious literature, items, and other religious informational materials and give its consent on the bases of the appeals of the religious institutions and relevant state bodies in accordance with the established procedure."

The reality of censorship

Mamedov of the State Committee claimed in May 2008 that copies of sacred books, such as the Koran, and the Jewish and Christian Bibles, are not subject to censorship or restriction. "These can be printed without restriction," he claimed to Forum 18. However, religious minorities have insisted to Forum 18 that they cannot freely print or import such sacred books. Similarly they are also confiscated during police raids, police often insisting that they are "banned".

However, many Muslims have told Forum 18 that publishing Islamic literature is not difficult, and that often printers do not ask to see any approval from the State Committee before they print books or other literature.

Religious minorities though, especially those wanting to publish in Azeri, face difficulties. "If a book is connected with religion, the printer will ask to see permission in writing from the State Committee, including the number of copies they are allowing to be printed," one Protestant told Forum 18. "No printing house will print anything without this approval." Religious minorities expressed frustration to Forum 18 not only about denials of permission, a frequent occurrence, but at the way the State Committee often fails to respond to requests for permission. This has

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

resulted, for example, in Catholics receiving lectionary readings (daily excerpts from the Bible for reading at Mass each day) by e-mail from outside Azerbaijan, rather than importing this information in printed form.

The State Committee Expertise Department's main task is censorship of religious literature which individuals or religious communities want to publish or import into Azerbaijan. Not only does the State Committee give or deny approval for specific publications and even their titles, if it approves them it also specifies the number that it approves. Such numbers are often far below the number sought, members of a variety of religious communities have told Forum 18. In November 2011, State Committee Chair Hidayat Orujev had also revealed that 167 manuscripts had been examined. He attributed the growing number of books his Committee had to check to the increased border controls to prevent the import of uncensored books.

Postal censorship

Azerbaijan also imposes a strict censorship regime on literature sent by post - owing to which many religious communities have stopped using the postal system as a way to receive literature. All incoming postal parcels are sent to the International Post Office in Baku, regardless of where the intended recipient lives in Azerbaijan. Wherever they live in the country, the intended recipient has to go - in person - to the International Post Office in Baku.

The intended recipient then has to collect one copy of each title posted to them and - in person - take it to the State Committee. When and if the State Committee grants or withholds permission to receive the title, the intended recipient then has to - once again in person - collect a letter from the State Committee and take it back to the International Post Office. If the State Committee has granted permission, the intended recipient will at last receive the literature they have been sent.

Many members of religious communities have complained of the extraordinary effort needed to try to extract even a handful of books that should rightfully be theirs, which often ends in failure. One Baku-based Muslim complained to Forum 18 in April 2012 that it took about a month to get a parcel of books containing religious books sent from abroad, though another parcel from abroad containing religious books had been delivered uncensored.

Censorship at the borders

Religious literature is also often confiscated from those crossing into Azerbaijan, and is occasionally confiscated also from those leaving the country. No mention is made in Azerbaijan's laws - such as the Religion Law, or the Regulations of the State Committee for Work with Religious Organisations - of censorship of religious literature taken out of the country. Customs regulations are also silent on this point.

Religious books - Muslim, Christian, Jehovah's Witness, Hare Krishna or of other faiths - are frequently seized by the State Customs Committee from travellers entering Azerbaijan through land or sea borders. Seizures also sometimes occur at Baku airport. Confiscated Christian books

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

have on occasion been handed to Azerbaijan's Russian Orthodox diocese, even though many of the books may have been confiscated from people who are not Russian Orthodox. Literature confiscated has included personal copies of the Koran and the Bible.

Some religious communities, such as the Georgian Orthodox Church, have had limited success in appealing directly to the State Committee to allow small quantities of religious literature into the country. Jehovah's Witnesses have repeatedly tried through the courts - even up to the Supreme Court and the Constitutional Court - to challenge the State Committee's right in law to censor religious literature. They have also tried to challenge the State Committee's rejection of some of their literature import applications or reduction in the numbers of copies of a work they are authorised to import. However, they have failed.

Bookshop and photocopy shop censorship

Justifying the restrictions on where religious literature could be sold, Expertise Department head Mamedov claimed in 2009 that sometimes religious literature was being sold in shops selling alcoholic drinks, tobacco, food, clothes, building material and in underground passageways. The compulsory licensing before religious books can be sold is not uniformly applied across the country. Some general bookshops, street traders and places of worship sell religious titles apparently without the necessary permission.

However, some local people noted to Forum 18 that this leaves them vulnerable to officials seeking bribes to turn a blind eye to evasion of the regulations. State Committee delays in processing licences to sell religious literature, as well as approvals of the titles and quantities to be sold, appear common. One such trader in Baku told Forum 18 in April 2011 that they have been waiting for more than one year for the State Committee to respond to their application. Ilgar Ibrahimoglu Allaverdiev, head of the Devamm Muslim religious freedom organisation, noted that traders were reluctant to make official complaints in writing, fearing state reprisals, and preferred to complain verbally.

Religious minorities have also told Forum 18 that some photocopy shops refuse to copy their literature. "If it's 50 or so copies many won't accept it, either because they are Muslims or because they are afraid of the police," one Protestant told Forum 18 in February 2009. "Please don't do it here - it's dangerous, they say." The State Committee pro-actively searches for shops breaking the censorship regulations. For example, in February 2010 the southern representative of the State Committee, Miryahya Badirov, conducted a check of 16 shops selling religious books in seven southern districts bordering Iran, complaining that none had applied for a licence. Vendors in the Baku Metro told Vesti.az news agency in early April 2012 that the head of the metro, Tagi Ahmedov, had ordered them to remove all religious books and other items from sale. State Committee officials backed up the ban several days later, pointing out the legal requirement to have a special licence to sell any religious items.

Registration

Without state registration individual religious communities cannot legally exist or exercise freedom of religion or belief. Police and the NSM secret police have raided many religious communities that have chosen not to register, or have tried to register but have been refused. Azerbaijan completely ignores the fact that requiring registration to exercise freedom of religion or belief and other human rights is against international human rights standards.

Selective denial of legal status also affects NGOs whose activity is linked to religion (including campaigning for religious freedom or discussing religious themes). For example, the International Religious Liberty Association (IRLA) and Devamm are among such organisations denied registration by the Justice Ministry. By contrast, Idrak, a Baku-based organisation which notes on its website its closeness to the State Committee and has published a book on religion in Azerbaijan by State Committee Chair Orujev, was registered with the Justice Ministry shortly after its establishment in September 2006.

"Without registration you can't pray"

The experience of the Baptist Church in Neftechala in south east Azerbaijan is typical of many communities without registration. Registration was lost in 1999, following attempts to re-register the Church during one of the five times since 1992 that communities have been forced to re-register. After 1999, the Church's re-registration attempt was blocked by the State Committee. Following passage of the 2009 Religion Law, the Church applied once again for registration. This was rejected.

While meeting for worship the police raided the Church in December 2011, church members being summoned for police questioning on 23 December, after threats of criminal prosecution were made. The authorities declared the Church "closed" and confiscated all the books they could find. Officials asked Pastor Aliev for the full addresses of all Church members, saying they would ask them how they became Church members and whether they attended voluntarily. They also wanted to know how many ethnic Russians and how many ethnic Azeris there were.

The State Committee for Work with Religious Organisations official responsible for the area, who took part in the raid and would not give his last name, insisted to Forum 18: "Without registration you can't pray. We close any place of worship that isn't registered, including mosques." He then insisted: "We don't ban, we just demand documents." Aliev was subsequently fined under Administrative Code Article 299.0.4, which punishes religious activity at an address other than a religious organisation's registered address. Pastor Aliev told the Judge he did not consider himself guilty of breaking the law and would not sign the document or pay the fine.

Raids on those exercising freedom of religion or belief without state permission individually also continue. For example, on 16 March 2012 Sheki [Shäki] District Police raided the home of Yashar Aliyev in Turan, a village 50 kms (30 miles) from Sheki in northern Azerbaijan. About 10

European Union Foreign Affairs Journal – N° 2/3-2011

police officers took part in the raid, fellow Muslims who read Nursi's works - who asked not to be identified for fear of state reprisals - told Forum 18. The confiscated books were mainly copies of Nursi's collection of sermons *Risale-i Nur* (Messages of Light). Police read out the court order sanctioning the search, but would not give a copy. No prosecution has yet followed, but the books were sent to the State Committee for an "expert analysis".

Registration applications need prior approval from local authorities before they even reach the State Committee, giving much scope to stop communities registering. For many years the former State Notary in Zakatala, Najiba Mamedova, refused, with no legal basis, to notarise the signatures of the founders of a Baptist congregation in nearby Aliabad. The church began applying for registration in 1994, making it the religious community denied registration for the longest period. Two Aliabad Baptist congregations finally managed to get approval from the new State Notary and the local authorities in early 2011 and submitted their applications to the State Committee. However, the State Committee rejected them as containing unspecified "violations". Church members are trying to prepare new applications in 2012.

Arbitrary statute restrictions

Many religious communities have complained to Forum 18 that, when they try to register, the State Committee has imposed on them a model statute. The text of the statute, which Forum 18 has seen, reinforces restrictions included in the Religion Law, as well as using unclear formulations giving scope for arbitrary official actions. Most controversial are the territorial restrictions imposed via the model statute, which reinforce provisions in the Religion Law. Article 1.1 of the "model statute" states that the community is founded for religious activity "on its own property", while Article 1.11 includes the bald statement: "The territory of activity: The community can only function on the territory of its own legal address." The model statute specifies that the community will inform the State Committee when it gives religious education to its young people and adults.

Several Protestant Churches complained that State Committee officials objected to provisions in their proposed charters over inviting foreign fellow-believers to visit communities for religious purposes and over including children in religious activity. "Officials refused to allow us to include these, but we are going to try to fight for them," one told Forum 18.

One community which refused to accept the model statute was the Baha'i community, which has a national centre and a community each in Baku and Sumgait. "They told us to change our current statute to conform to the new Law and we complied," one Baha'i told Forum 18 in December 2009. "Whatever you write in the statute is meaningless anyway, because the Religion Law takes precedence."

Not all non-Muslim communities were given the model statute. State Committee officials told the Catholic Church in Baku that its statute had to conform to the new Religion Law, but did not impose the model statute. Although the Church lodged its application in December 2009, legal status was not granted until after an agreement between Azerbaijan and the Holy See came into European Union Foreign Affairs Journal – N° 2/3-2011

force in July 2011. The agreement specifies that the Catholic Church in Azerbaijan remains subject to local laws. This meant that it had to gain registration of its statutes from the State Committee like other religious communities. Foreign priests and nuns still require visas and work permits.

Arbitrary hostility

Many communities complain that State Committee officials arbitrarily and repeatedly question information in founding documents on the aims and procedures, the identity of office-holders, the territory where the community operates, and the address the community wished to register at. Officials also have questioned the grammar of registration applications, and the completeness of documentation provided.

Several religious communities have told Forum 18 that the State Committee dismisses their complaints about slowness and hostility in processing registration applications. Some have complained of officials telling them: "If you're not happy you can take us to court."

Appeal to courts

Two religious communities who applied for registration in 2009 - the Jehovah's Witnesses and the Baku-based Cathedral of Praise Pentecostal Church - lodged suits in court challenging what they regard as unjust and arbitrary registration denials. On 1 February 2012 the Jehovah's Witness finally lost their case in the Supreme Court and are preparing to take their case to the European Court of Human Rights (ECHR) in Strasbourg. By contrast, Cathedral of Praise on 20 February 2012 finally won its case in the Supreme Court. It instructed the Appeal Court to instruct the State Committee to register the community. No such instruction has yet been issued.

Other religious communities have told Forum 18 they are afraid to challenge the State Committee in court as they believe they cannot win. They state that this is because of the "corrupt nature of this country's courts", and their fear of antagonising the State Committee still further.

Who has acquired legal status?

Prominent among religious communities which have failed to gain legal status are all independent mosques outside the framework of the state-backed Caucasian Muslim Board, as well as some of the Board's own mosques. Also without legal status are almost all Protestant denominations (including Baptists, Seventh-day Adventists and Pentecostals), as well as Jehovah's Witnesses. The Protestant churches allowed to re-register are Baku's Erlösergemeinde Lutheran community, three Molokan communities in Baku, Sumgait and Hilmilli, as well as New Life Church in Baku.

About 2,000 religious communities are thought to currently function in some form, of which 406 had registration with the Ministry of Justice before the State Committee was set up in 2001. As of 17 April 2012, 570 religious communities are listed as registered on the State Committee website. In 2011 the State Committee only registered a further 60 of the religious communities

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

which lodged registration or re-registration applications in 2009. None have been added to the published list since 21 November 2011.

The State Committee insisted to Forum 18 in April 2012 that "All religious communities' re-registration applications have been attended to. A small proportion of them have not yet undergone re-registration because their documents contain several defects, of which they have been informed."

Some religious communities have found that compulsory re-registration has meant deregistration. For example, the Baptist Union had 10 registered congregations in 1992. After compulsory re-registration in 1994 it was six. After compulsory re-registration in 1999 it was two. By 2009 - before the latest round of compulsory re-registration - the Union had been able to register three congregations, in Baku, Sumgait and Gyanja. Now it has no registered congregations.

First "legal" liquidation?

The State Committee in December 2011 started moves to close down Greater Grace Church in Baku for failing to regain the compulsory re-registration. This is thought to be the first attempt to compulsorily close a religious community through the courts since compulsory re-registration was imposed by the 2009 Religion Law. If successful the Church - which registered with the Justice Ministry in April 1993 - would lose the legal right to exist. Church members have noted numerous procedural violations in the conduct of the case, which may be decided as early as 19 April 2012.

Places of worship

As well as preventing religious communities from meeting for worship, Azerbaijan also closes buildings used for this. These have mainly been mosques, most of the mosques closed or demolished by the authorities since 2009 having been Sunni. State officials have denied that the religious affiliation of the mosques was the reason for their closure or demolition.

Among those which remain closed, which local Muslims still hope will be allowed to resume their activity, are the Albanian Mosque in Gyanja, the Martyrs' Mosque near the Milli Mejlis in Baku (built in the 1990s by Turkey's Diyanet, like Nakhichevan's Juma Mosque - see below) and Baku's Abu Bekr Mosque. The Abu-Bekr Mosque was hit by a grenade attack on 17 August 2008 that killed three people, also injuring the imam Gamet Suleymanov. He has insisted that it should be reopened for worship as soon as possible. Police officers of both the 8th and the 9th Police Stations in Baku's Sabail District forcibly shaved off the beards of 20 men in his congregation, Imam Suleymanov said on 26 August 2008. Forum 18 has independently heard complaints about the forced shaving, which the police refused to explain.

The state has refused to re-open the mosque and after court ruling in 2009 that the Mosque should be allowed to reopen was overturned. After this, Suleymanov said, the community lodged European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

a complaint to the United Nations Human Rights Committee. The Committee has sought and received further documentation backing up the complaint, but has not yet issued a ruling. A case against the Azerbaijani government to the European Court of Human Rights (Application No. 16599/09) over its failure to recognise anyone as victims of the 2008 attack. The Court registered the case on 13 March 2009, but no admissibility decision has yet been taken.

Members of the only Sunni mosque in Gyanja, known as the Albanian Mosque, in the city's Shahsevenler district, have seen "no movement" in their campaign to achieve its reopening, community member Vidadi Abbasov told Forum 18 from the city in April 2012. "The only hope we have is what God gives." The Mosque - which opened in 1995 - was suddenly closed by the authorities in 2009 without explanation. Abbasov told Forum 18 that the Mosque building - which the community had restored over many years - was turned into a library.

Mosque members are now forced to pray in groups of no more than five people in private homes, though under often close police surveillance. Police forced one group of former mosque members to sign statements in summer 2011 that they would stop meeting for joint prayers. Another group - which met in Abbasov's home - was raided by police in November 2011. All twelve present for Friday prayers were taken to the police station and forced to sign similar statements. A court handed Abbasov an official warning.

Rufat Nuriev, head of the Cultural Heritage Department at the Culture Ministry, defended the confiscation of the mosque. "The building was used illegally for religious purposes in the 1990s," he insisted to Forum 18 in April 2011. "We don't know who these people were and the community didn't have registration." He said the building is in the hands of the city Administration. Also in Gyanja, riot police have been used to stop Protestants worshipping. They are among three religious communities in the city banned in March 2011 from meeting for worship.

Ban on praying outside mosques

In August 2008 a "temporary" ban on praying outside all mosques in the country was imposed, whose text has apparently never been made public. At Friday prayers on 29 August 2008, several days before the start of the Muslim fasting month of Ramadan, police prevented worshippers from praying outside several Baku mosques, including the Shehidler Mosque (commonly known as the Turkish Mosque) near the Milli Mejlis building, and the Lezgin Mosque in Baku's Old City. Only afterwards was the fact of the ban communicated through the media. It remains unclear how long the ban will last. "With the rise in the number of Muslims performing the namaz [Islamic prayers] the numbers who cannot fit inside mosques and have to pray outside has been rising in Baku," a Muslim who preferred not to be identified told Forum 18.

Zeynalov of the Human Rights Centre of Azerbaijan told Forum 18 in April 2012 that the ban on praying outside mosques appears still to be in force. "You no longer see the crowds around mosques at Friday prayers." He points out that officials try to avoid issuing such bans in their own name, preferring to have the Muslim Board issue them instead.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Communities denied use of their places of worship

Orthodox Christians from among the ethnic Georgian population in the north-western Gakh Region, which borders Georgia, are also banned from meeting in their own places of worship. The Georgian Orthodox Church would like to fully reopen four churches in the region, and establish a monastery. In recent years the authorities have restricted worship to no more than 30 minutes in only three of the churches.

"But our services need at least an hour and a half," Bishop Sergi Chekurishvili of Nekrisi, whose diocese in eastern Georgia includes the churches and has often visited the Region, told Forum 18 in January 2009. He fears that many Georgian Orthodox are deprived of the sacraments, and can die without access to communion. As of April 2012, two Georgian Orthodox communities have state registration.

Other religious communities - such as the Baptists in Baku - are also seeking the return of their historic places of worship.

Closures continue

Such closures of places where people meet for worship continue, and extend even to places without much public visibility. In mid-January 2012 a group of Muslims who used a room for prayers in a building in Baku's Yasamal District owned by the Society for the Deaf, a non-governmental organisation had to close the prayer room. The State Committee accused the Society of allowing the Huseiniya prayer room to function without state registration, State Committee officials told the local media in mid-January.

An official of the Society said those who rented the building told those using the prayer room that they had to stop using it until they gain registration. "It's not a bad thing if people pray - indeed it's good. But they need registration. Government doesn't like it otherwise", they told Forum 18.

Conscientious objection

Azerbaijan marked the tenth anniversary of its accession to the Council of Europe by rejecting a prisoner of conscience's appeal against his conviction. Ahead of its accession in January 2001, Azerbaijan promised "to adopt, within two years of accession, a law on alternative service in compliance with European standards and, in the meantime, to pardon all conscientious objectors presently serving prison terms or serving in disciplinary battalions, allowing them instead to choose (when the law on alternative service has come into force) to perform non-armed military service or alternative civilian service".

On 25 January 2011 the Supreme Court rejected Jehovah's Witness conscientious objector Farid Mammedov's appeal against his nine month jail term, which he completed in June 2011. He is European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

now preparing a case at the European Court of Human Rights. Less than a month beforehand, the Supreme Court also rejected the final appeal against a fine imposed for conscientious objection from fellow Jehovah's Witness Mushfiq Mammedov (no relation of Farid). He and a former Jehovah's Witness prisoner of conscience, conscientious objector Samir Huseynov, lodged a joint application (No. 14604/08) on 7 March 2008 to the ECHR. "This application is pending before the Court and no date has yet been fixed for its examination," an ECHR spokesperson told Forum 18.

Article 76, Part 2 of the Constitution states: "If the beliefs of citizens come into conflict with service in the military then in some cases envisaged by legislation alternative service instead of regular military service is permitted". But Criminal Code Article 321.1 states that: "Evasion without lawful grounds of call-up to military service or of mobilisation, with the purpose of evading serving in the military, is punishable by imprisonment for up to two years [in peacetime]". A similar but not identical "offence" is the June 2009 Article 4 of the Religion Law (see above), which punishes "refusing or declining to fulfil obligations determined by the law for his/her religious beliefs".

Deportations

Religion Law Article 1 and Administrative Code Article 300 break international human rights agreements by banning undefined "religious propaganda by foreigners and stateless persons" (see above). Among those deported for exercising their freedom of religion or belief in recent years - which include Muslims, Protestants and Jehovah's Witnesses - have been a number of long-term residents who like many in the former Soviet states hold foreign passports. For example, Baptist Javid Shingarov (who holds a Russian passport) was cut off from his wife, father and children in his native village near Yalama in northern Azerbaijan when he was deported to Russia in September 2009.

Nakhichevan

The situation in the Nakhichevan exclave is worse than in the rest of the country. Muslim communities are under strict control, and the known non-Muslim communities of Baha'is, a small Adventist congregation and a Hare Krishna community have been banned. The authorities in Nakhichevan warned employees of state enterprises and students not to attend mosques during Ashura in December 2009, and prevented people from entering mosques, local human rights defender Malahat Nasibova told Forum 18. The day after the Ashura commemorations many Muslims were detained, including some in a psychiatric hospital. It is not clear if this was official punishment for their Ashura commemoration or to prevent potential opposition.

In May 2010 four Muslim readers of Nursi's works were held for three days without trial by Nakhichevan's NSM secret police. "There was no administrative trial - they were just held there," Muslims complained to Forum 18. No officials, whether in Nakhichevan or in Baku, were prepared to explain why the four Muslims were held without trial. The NSM denied the incident, European Union Foreign Affairs Journal – N° 2/3-2011

claiming that they "didn't arrest anyone for reading books. That would be absurd." Trouble began for the Nursi readers when one of them was arrested at Nakhichevan airport after Nursi literature was found on him. Five other local Nursi readers were then arrested at home, and eventually late at night two of them were freed. The remaining four were held in the NSM cellars for three days, a Nursi reader told Forum 18. Like Baha'is and Adventists, Nursi readers have also told Forum 18 that a number of them have left Nakhichevan, to live in other parts of Azerbaijan where pressure on them is not so intense.

After the one Turkish-funded imam left Nakhichevan in February 2011, the city's Sunni Juma Mosque was taken over by the Shia community. This left local Sunni Muslims nowhere to pray in the way they wish. While it was still open, those who attended the Juma Mosque were under close state scrutiny.

The Future?

Azerbaijan systematically violates intertwined fundamental rights - such as freedom of religion or belief, of expression and of assembly - it has solemnly undertaken to respect and defend, while loudly proclaiming the governments alleged "religious tolerance". In recent years legislation has been repeatedly changed to harshen the penalties for peacefully exercising the right to freedom of religion or belief. These repeated changes, often with little notice or chance for public discussion, make it likely that the government intends to continue introducing and implementing legislation which violates human rights. Azerbaijan is likely to remain a place where fundamental human rights are violated with impunity, and the state tries to make exercising human rights conditional upon state permission.

A compilation of Organisation for Security and Co-operation in Europe (OSCE) freedom of religion or belief commitments can be found at
http://www.forum18.org/Archive.php?article_id=1351.

For a personal commentary, by an Azeri Protestant, on how the international community can help establish religious freedom in Azerbaijan, see
http://www.forum18.org/Archive.php?article_id=482.

EU Integration: The Case for Armenia and its Strategic Orientation – A View from Canada

Christine Maydossian



Toronto/Canada native Christine Maydossian has worked as an intern at the Mission of Canada to the European Union in Brussels (2009) and at the Mission of Armenia to the United Nations in New York City (2011). She has been highly active in both the Canadian federal and provincial election campaigns in 2011. Over the years, Christine has held operational roles in countless committees and organizations both in the Armenian community as well as in her academic and professional circles. She holds a Bilingual Master's degree in Public and International Affairs (2010) from The Glendon School of Public Affairs at York University, Canada, part of which she completed at Sciences Po Paris.

As a fast-paced developing nation in the midst of institutional modernization and reform, the Republic of Armenia is continuously working towards a closer relationship with the European Union. Through operating with various governmental and non-governmental institutions, particularly the United Nations Development Programme and the EU Advisory Group, efforts to improve political, economic, and social infrastructures are increasingly efficient and effective. The Armenia-EU relationship is systematically advancing through an Association Agreement meant to bring the Republic of Armenia and the EU politically and economically closer together. On March 15, 2011, Armenian Prime Minister, Tigran Sargsyan, and European Commission President, José Manuel Barroso, met in Brussels to discuss development in Armenia, in reference to what policies are further required to be established in order to strengthen ties with the 27 EU Member States.³

The UNDP provides strategic and operational support to the government of Armenia in its work with the EU Advisory Group so as to simplify efforts to implement ministry-specific policies aimed at improving the lives of all Armenian citizens. Projects range from health and human rights awareness to strengthening diplomatic relationships, particularly in reference to attracting trade and foreign direct investment from across the globe. Seventeen advisers from a range of

³ European Commission, 2011, <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/180&format=HTML&aged=1&language=EN&guiLanguage=en>
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

EU Member States are funded 2.8 million Euros by the European Union to provide assistance in the organization and execution of these projects.⁴

The UNDP attempts to contribute to the modernization of the Republic of Armenia, particularly through altering traditional and often outdated cultural practices that may leave a population stagnant. Through encouraging education for youth, new generations are able to have the forward-looking perspective required for the development of society.

Granted its desire for a closer relationship with the 27 Member States at political, economic, and social levels, the Republic of Armenia is improving its development policies at a swift pace. Nevertheless, an extensive path remains if it desires to be wholly in line with all standardization regulations and Copenhagen criteria for official accession to the European Union. In his article, "How Armenia Could Approach the European Union" (2005), Hans-Juergen Zahorka indicates that Armenian accession is a considerably new initiative both in the EU and in the Republic of Armenia but that it is quickly gaining momentum, particularly when pros such as economic gain for both parties are considered. Six years later, both Armenian and European stakeholders are increasingly demonstrating considerable interest in Armenian accession.

EU Foreign Policy Chief Catherine Ashton, during her recent visit to the Republic of Armenia on November 17, 2011, and following her meeting with Armenian Foreign Minister Edward Nalbandian, made the following statement about Armenia-EU relations: *"The European Union very much wishes to see our relationships get stronger... So we'll now be looking to how much we can do together. This relationship is not just about money it's also about the kind of cooperation and the way in which we can work together. So for example with the free trade agreement it will be the opportunities we offer our businesses to collaborate. It's going to make a huge difference. The opportunities to develop small business, to export and so on."*⁵

In light of current international economic failures, the Republic of Armenia has the opportunity to utilize its reserve and to further develop the nation. Ample natural resources, fertile agriculturally diverse lands, clean air, and the possibility to start from a clean slate are instruments that may be used to build a solid foundation for legitimate and sustainable growth and development. Its fertile lands particularly represent significant agricultural opportunities for local and international investors. In addition, due to its technological progress and vast environmental resources, the country has solid capacity for green development, which may contribute to making it a future environmental leader in the region. Finalizing the Deep and Comprehensive Free Trade Area (DCFTA) between the Republic of Armenia and the European Union may contribute to the economic enrichment of both regions as well as streamline closer Armenian diplomatic relations with each of the 27 Member States.

⁴ Europe and CIS, 2010,

<http://europeandcis.undp.org/home/show/EAEC0870-F203-1EE9-B043C250C90E2E4A>

⁵ "EU and Armenia have made real progress in relations, Ashton says in Yerevan", *European Neighbourhood and Partnership Instrument*, November 18, 2011,

http://enpi-info.eu/maineast.php?id=27094&id_type=1&lang_id=450

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Eliminating tariff and non-tariff barriers to trade, resulting in the simplification of the movement of goods and services between the Republic of Armenia and the EU Member States, may give Armenian businesses greater representation in the international market, as well as offer a greater variety of products and services to Armenian consumers. According to Zahorka, the EU market represents a population of over half a billion.⁶ The Member States may also benefit from the variety of unique goods and services offered by Armenian businesses particularly raw materials and agricultural products. An economically stable Armenian economy will also attract greater foreign direct investment from across the EU and the world. The finalization of the DCFTA agreement may thus lead to economic prosperity for both parties, resulting in the easing of the Republic of Armenia's bid for a possible EU accession.

The many higher academic institutions in the Republic of Armenia are producing educated students, prepared for professional careers but often unable to find work in the country. During his visit to Armenia in November 2011, Apple co-founder Steve Wozniak went so far as to emphasize the significance of hiring young bright minds, regardless of whether or not they have particular degrees or experiences, calling them "innovators".⁷ It is pertinent that these young "innovators" are offered opportunities so that they remain in the country and contribute to long-term economic prosperity. Decentralizing employment and development prospects from Yerevan is instrumental in creating additional opportunities, thus also acquiring the necessary economic development in rural areas.

The Bologna Process has set in motion the exchange of students between the Republic of Armenia and the 27 Member States. This has allowed for Armenian students to gain a larger perspective about the world and for foreign students to learn about *inter alia* the historical and cultural significance of the Republic of Armenia. It is significant to also facilitate the mobility of professors to introduce new perspectives as well as to simplify professional qualification recognition between the Republic of Armenia and the EU. Additional Visa barrier elimination between the two regions continues to progress.

In his article, Zahorka explains that an indirect yet positive consequence of a possible accession to the EU whereby new opportunities may be created for Armenians, would encourage professionals who have emigrated to return to the country for those opportunities. He states: "Accession to the EU might be the best remedy against the drain of qualified but frustrated people."⁸

Resolution of differing views between the Republic of Armenia and Turkey are also preconditions to smoothen the relationship with the European Union. Zahorka goes so far as to emphasize the necessity of the regional integration of Armenia with its neighbours, including that of

⁶ Zahorka, Hans-Juergen, "How Armenia Could Approach the European Union, *European Union Foreign Affairs Journal*, 2005, p. 10

⁷ "Apple Co-Founder Wozniak Visits Armenia", November 10, 2011, *Asbarez*, <http://asbarez.com/99338/sarkisian-honors-apple-co-founder/>

⁸ Zahorka, Hans-Juergen, "How Armenia Could Approach the European Union, *European Union Foreign Affairs Journal*, 2005, p. 9

Nagorno-Karabakh, so as to improve cooperation in the South Caucasus.⁹ The EU stands ready to aid the Armenian and Azerbaijani governments to possibly rehabilitate relations and find a lasting solution for the Nagorno-Karabakh issue in order to further strengthen stability in the region. However, as Abazyan (2007) points out, this is no simple task: “EU integration itself does not guarantee-at least at present-the military security within the frames of its cooperation and obligations”.¹⁰ The Organization for Security and Cooperation in Europe (OSCE) Minsk Group co-chair countries, namely the United States, France, and Russia, work to establish a base for a comprehensive solution to the Nagorno-Karabakh conflict. Nevertheless, the EU could further contribute to this process with various partnerships, humanitarian initiatives, as well as through the implementation of trans-national economic and social development programs in the region.

The Republic of Armenia’s active participation in dialogue and negotiations to improve world matters and to render the international arena more secure for its populations is also significant. This includes the encouragement of anti-corruption measures and political reforms both nationally and internationally. Gaining influence in the decision-making process of international security matters is imperative if the Republic of Armenia wishes to be a part of the EU.

In conclusion, as a nation working towards accession to the European Union, the Republic of Armenia is increasingly multiplying efforts in collaboration with the UNDP and the EU advisory group to meet the necessary criteria. This includes standardization of political, economic, and social policies, as well as strengthening government infrastructures to build a more stable, secure, and efficient nation.

⁹ Ibid, p. 15

¹⁰ Abazyan, Nona, “European Union-Armenia-Russia: A Triangle of Interests in the South Caucasus”, *Libertas*, 2007, p. 37

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Revue Défense Nationale



Lancée en 1939 par le Comité d'études de défense nationale, la Revue Défense Nationale assure depuis lors la diffusion d'idées nouvelles sur les grandes questions nationales et internationales qu'elle aborde sous l'angle de la sécurité et de la défense. Son indépendance éditoriale lui permet de participer activement au renouvellement du débat stratégique français et à sa promotion en Europe et dans le monde (www.defnat.com).

Abonnement (11 numéros) - France : 90 € - UE : 120 € - Autre : 130 €

(tarifs valables jusqu'au 1^{er} mars 2010)

PAPIER OU NUMÉRIQUE (*VIA INTERNET*)

Paiement en ligne (www.defnat.com)

PUBLICATION DU COMITÉ D'ÉTUDES DE DÉFENSE NATIONALE

BP 8607, 75325 Paris cedex 07 - Tél. : 01 44 42 38 23

The Features of Modern Terrorism as the Form of Conflict Expression

Giorgi Bakholdin



The author of this contribution, a citizen of Georgia, has acquired a Master's Degree (MSc) in International Relations and History of Oriental Countries at Tbilisi Institute of Asia and Africa, as well as a Master in Law (MSc) at the Tbilisi State University of Economic Relations. He also got a Diploma in "International Relations and European Integration" at the Estonian School of Diplomacy as well as a Diploma (German Language and Austrian Studies) at the Diplomatic Academy of Vienna. From 09/2010 – 06/2011 he worked as Intern at the Embassy of Georgia to the Republic of Estonia. In 2007-2010 he was Head Specialist at the Ministry of Economy and Sustainable Development of Georgia and at the LEPL "Enterprise Management Agency".

Introduction

Nowadays, in contemporary International Relations regional conflicts have become one of the dominant forms of dialogue between countries. This phenomenon has become an objective reality of social existence. The emergence of new hearths of discord is of no surprise to anyone. To put an end with them sometimes appears to be impossible but to settle a conflict in terms of international law is a duty of the entire world community. Such conflicts as war, terrorism, genocide deteriorate human security and lead to the incapacity of proper human development of the mankind society. The above mentioned conflicts cause death, psychological stress and trauma and also hunger, disease, poverty, environmental and cultural degradation.

According to 2005 UNDP Human Development Report "Nearly three times as many people were killed in conflicts in the 20th century as in the previous four centuries combined". This information was based on three main kinds of conflicts: war between states, violence within states, and poverty, disease and environmental degradation. These three main kinds included such conflicts as civil wars, human rights violations and genocide, nuclear, chemical, radiological and biological weapons. Terrorism and organized crime were of special notice.

The international humanitarian law contains sufficient provisions that are applicable to modern conflicts. The problem is that it is necessary to achieve observance of these provisions and their appliance in practice by all parties.

There is no doubt that conflicts tend to touch each other, and sometimes interflow with such a phenomenon as terrorism that presents a threat to international peace and security. Nowadays there is no clear definition of the term "terrorism". According the 2005 UNDP Human Development Report since 1998 terrorism has resulted in almost 20,000 fatalities globally, although statistics vary according to the definition adopted. In 2005, almost one-third of all terror incidents occurred in Iraq, resulting in more than half of all the terror related deaths worldwide. People who are engaged in "terrorism" rarely define themselves as "terrorists", often preferring to use other terms such as "freedom fighters", "revolutionary" and "jihadi"¹¹.

The concern of international community on growth of terrorist activity is due to a large number of terrorist victims and enormous material damage inflicted by terror. With the development of modern technology and media more and more people can get and use information on creation of the most sophisticated means of destruction and how to use them. From outbreaks of terrorism are not insured neither highly developed nor lagging countries in economic development of different political systems.

Short Overview of History of Terrorism

Terrorism is the specific phenomenon of social and political life that has a rich history. Without knowing it, it is difficult to understand from where terrorism has emerged, and what its practice is. Terrorism - permanent concomitant of mankind. The sect of Sikh (from the word "Sikha" - a short sword, dagger) acted even in I century AD in Judea. It destroyed the part of the Jewish nobility which cooperated with the Romans. Fathers of the Christian Church did not reject the idea of destruction of a ruler who, in their opinion was hostile to the people. In the midlives Muslim sect of Assassins acted, that eliminated the prefects and the caliphs. On the territories of modern Afghanistan, Iran and other countries a powerful and extremely secret sect of the Ismailians provoked panic and fear in the Sunni Muslim nobility.

In XIX the doctrine of the German radical Karl Heinzen, entitled "Philosophy of the Bomb" has been spread. Heinzen was trying to prove that it is impossible to forbid the killing in political struggle and that the destruction of hundreds and thousands of people stroll all over "the highest interests of humanity." In the 70s of the XIX century anarchists pulled out the doctrine "Propaganda by action" The essence of this doctrine is that only terror can force the masses to oppose the government.

It should be noted that up to World War I terrorism was considered as the method of work of the Lefts. However, these methods were applied by figures without political convictions, as well as nationalists of socialist sense. After the ending of military operations terror became a weapon of

¹¹ There is no legal definition on International Terrorism. In spite of many countries have their own definition, still there is no one adopted by International Community on International Terrorism. The reason is that very often it is difficult to differentiate who is a terrorist and who is a real freedom fighter.

the Rights. These were fascist movements and nationalist-separatists in Germany, Hungary and France, the Romanian "Iron Guard".

In Asia, terrorism as political phenomenon appeared at the beginning of XX century and was divided into two branches, such as: social-revolutionary and national-liberation. The first type was developed in the countries which have not been subjects of colonization (Japan, Iran), where the social conflicts were strong. National-liberation terrorism had place in the countries which were striving for independence and has acquired anti-colonial and secessionist form. Anti-colonial terrorism was developed in India (anti-Britain), in Korea (anti-Japan), in Vietnam (anti-French). Secessionists were in Turkey, where Armenian and Macedonian minorities were fighting for independence. It should be noted that before World War I the activity of terrorists was rarely implemented out of their own countries.

Terrorists and rebellions of the Third World¹² countries (countries of Latin America, Asia-Pacific region of Asia and Africa) are of different ideological directions. Here we can find Leninists, Maoists, Trotskyists, Anarchists, and followers of Fidel Castro and Che Guevara. Terroristic activity is used here as a method of conduction of partisan fighting.

Since the beginning of 90s of XX century a new, contemporary stage has emerged in the history of terrorism. The main accent is paid on so called "religious terrorism". Specialists all over the world are quite anxious about this problem. In modern world the bloodiest crimes have been committed by Islamic fundamentalists what allows to consider them as the most dangerous offenders. Islamic fundamentalism emerged in Egypt, before the beginning of World War II and was formulated by Hassan al-Banna¹³ as ethic study. Fundamentalists-Sunnis unite in "Muslim Community", which was spread on the whole Middle East. The fundamentalism has acquired the extremist character in 1950s as the reaction on cultural and political modernization of Arab countries. The second branch was supported and managed by Shiah Iran and is oriented on Ayatollah Khomeini¹⁴ studies. The important role of diffusion and support of terroristic organization of Islamic fundamentalism belongs to Wahabee Saudi Arabia.

Islamic fundamentalists pursue two basic goals: destruction of high-society regimes and establishment of order, according to Sharia; integration of Muslim peoples. Nowadays the most intensive fight is being continued in the countries with Muslim population, such as Algeria, Egypt and Afghanistan. Islamists actively go through India, Philippines, and former Soviet Republics and strive to place themselves at the head of secessionist movement of local Muslims. Fundamentalists strive to organize their own political structures in such non-Muslim regions as Europe and America.

¹² The Third World - the term of the second half of XX century designating the countries, which were not participating in the cold war accompanying arms race

¹³ Hassan al-Banna - the Egyptian political activist and Islamic preacher and reformer

¹⁴ Ruhollah Musavi Khomeini - the ayatollah, the leader, leader of the Islamic Revolution

Basic Psychological Features of Terrorist

Who are they, terrorists, people who accomplish bloody terroristic act?

Studying the biographies of most famous terrorists, it can be noted that among them there is a big number of who grew up in a luxury. The former leader of al-Qaida “terrorist #1” Usama Bin Laden was born in the family of Saudi billionaire. According to estimation of Central Intelligence Agency Usama Bin Laden inherited from his father 250 billion dollars.

By the end of 1970s a special group of German scientists has studied biographies of the most famous terrorists. It turned out that 70% of them are from educated families of the highest of medium layers, two thirds had highest humanitarian education. Executors of terroristic acts are mainly recruited from the social environment which experiences poverty and hunger. The fact that there is a clear connection between poverty and terroristic activity is quite obvious. So, what make them to commit such crimes? At first low social level should be noted, poverty what is characterized for many countries of the World. The psychological factor is also of great importance.

Dr. of medical science D. Zurabashvili thinks that “Terrorism is not only an action ending in act of violence. It is a primarily a mode of thinking leading to an activity of antisocial character” D. Zurabashvili considers over that any criminal act including terrorism happens not only in space but also in time, notably includes the previous psychological phenomena and processes which determine the genes of illicit deed. From three basic components, which include a mechanism of terroristic act - the motivation, planning and execution. The most important is the first link, which includes terrorist’s demands, his plans and interests. Therefore, Dr. D. Zurabashvili, believes that in studying terrorist’s personality should be engaged not only lawyer criminologists, but also specialists working in the field of psychopathology and of other sciences of human personality.

We can consider many representatives of terroristic type as physiologically unsettled, unhappy persons. Many of them grew up orphans. For instance, famous Palestinian terrorist Abu Nidal lost his mother when he was 10 years old, terrorist #1 Usama bin Laden lost his father in the age of 11. Unhappy childhood as a result has an inclination to psychological consequences and forms defective personality, full of complexes, fears of the world surrounding him and perceives it as hostile. Dreaming on authority on others the personality of terroristic type tries to compensate its loneliness, humiliation and pain of childhood.

At the same time authoritarian personality is characterized by inclination to rebellion against weak authority. Violence gives to such personality ability to assert oneself, to feel power and thus to heighten self-appraisal. Feeling of trouble, loneliness experienced in childhood as a consequence appears as rigidity, insensibility to other victims. Discussed in general terms the terroristic type of personality, we can state a fact that it becomes reality with the presence of big num-

ber of social factors. And more, I see the real possibility of prevention tragic acts in the analyses of physiological mechanisms, which lie in the base of terroristic acts.

Causes Generating Terrorism

Terrorism in all its forms has become one of the most dangerous phenomenon in its scale, unpredictability and consequences in socio-political life of mankind, the phenomenon of XXI century. Geography and speed of diffusion of terrorist's network is terrifying. Only al-Qaeda has spread its influence on many countries and continents. Terrorism adherents can be found in Algeria, Indonesia, Iran, Iraq, Lebanon, Libya, Pakistan, Russia (Chechnya), Sudan, Syria, Uzbekistan, on the west bank of Jordan and in Gaza Strip, on Philippines and in other countries, The areal of other, fewer known organization "Hizb ut-Tahrir" touches Uzbekistan's, Kirgizstan's, Kazakhstan's, Afghanistan's territory, but it's headquarters is in London.

The terrorists try to emphasize their universal plans, their aim to overcome "universal evil". The key word often pronounced by terrorists is "injustice". It acquires different guises: poverty, corruption, lawlessness of police, limitations of Human Rights etc. For instance from the point of view of faithful the universalism of Islam contradicts with not leading role of Muslim countries in world policy and economy; it seems that there is no decision on different internationally-political problems, and the central point of which is a Arab-Israeli conflict. In this context the idea of Usama Bin-laden will be easily perceived by the population of Muslim world, in the name of establishment of justice, the idea of reconstruction of universal order.

The globalization of terrorism, its international character - is an indisputable fact, which faced humanity. It occurs in connection with the expansion of international relations and collateral collaboration in various fields. A big number of terrorist groupings are nourished by many different structures that sponsor terrorism. Terrorist organizations receive funds mainly from Arab oil-producing and developed western countries. The Islamic banking network has wrapped Malaysia, Libya, Syria, Saudi Arabia, The United States of America, Philippines, Indonesia, Great Britain, Pakistan, Iran, Iraq, Turkey and Commonwealth of Independent States region. Only Usama Bin Laden possesses several companies including once on the territory of Sypris, Tunis and Switzerland, which help to launder charities and donations receiving from sympathizer Asian countries, countries of North Africa and Muslim communities of Europe.

Terrorism of our time - it is not so much a single subversive, murderers, suicide bombers and hijackers. Modern terrorism represents a powerful structure, with due equipment and armament. Examples of Kosovo, Chechnya, Afghanistan and Tajikistan show that modern terrorism with the help of sponsors and donors can lead subversive and terrorist war, taking part in large-scale armed conflict. Islamic militarized terrorist groupings are active in the Middle East, which are oriented on Hamas and Hezbollah, also the activity of terrorist movements of Sikhs in India, Algeria and other terrorists has increased.

Many reasons and motives for this phenomenon are obvious. The growth of social-economic and contradictions in the world, confrontation between developed and lagging countries exacerbates this situation. Neither achievements in science and technology, nor in the processes of economic globalization and the media are not able to mitigate all of these confrontations and contradictions. Imposing own views by major developed countries to the rest of humanity frequently has opposite effect. The gap between rich and poor countries, the delimitation between the layers of the population and peoples are growing increasingly. The world is becoming more and more marginal and the result is amplification of the same marginal extremism, international terrorism, the fight against "infidels".

This is obvious that the forces are incapable, for whatever reasons, to compete with developed countries, especially in the military sector, and try to compensate their weaknesses by means at their disposal. Frequently method of international terror is chosen to blackmail the political elite. But precisely, the leading world's powers are pushing the situation this way, passing strict politics towards these countries and peoples which are much weaker than they are in the field of economics, finance, and military. Long-term enforcement operations with impunity of economic and political nature of the United States and its allies against Iraq, aggression of NATO at the Balkans, the threats of force influence on the countries of Middle East with its tensions, the creation of the "axis of evil" are not all of the examples of such a diktat. Such an aggressive policy is supposedly aimed against international terrorism; in fact it can be classified as international terrorism.

Nowadays the whole world is experiencing a phase of extreme instability, indeterminacy and weak security. The destruction of established global and regional structures of international security inherent to the former scheme of bipolar world undermines state formations and changes political elites. New powers strive to occupy the spheres of state and international control, who want to use the instability factor for resolving their tasks. As a matter of fact these powers act in destructive way.

External factor which contributes the sharpening of the problem of terrorism is expressed by general growth of its quantity demonstration of terrorism at the international scale. The important feature of modern terrorism is the interest of participants to wide observation of their actions in Media, to receive resonance as much as possible, to influence on substantial part of population and by means of threatening population would influence on governments. With this purpose a publications of different manifests, declarations, communiqués, and leaflets are used. All this becomes an inalienable part of terroristic operations.

By means of terroristic act the mechanism of people's compulsion is started, to do and to behave as claim terrorists; to influence on state structures for practical realization of claim of terrorists and thus the atmosphere of fear and hopelessness is made. The idea of terrorism is not exhausted by accomplishment or encroachment on somebody's life. The main idea is not to accomplish mass murders, elimination of separate persons, to crack material detriment etc. but to achieve social resonance, to threaten people and governments. Thus in comparison with history of this

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

phenomenon when the function of threatening was in shade, now when terrorism has acquired the organized, ideologically well-founded character, this function is being pulled out at the first plan.

Taliban – a Cradle of Terrorists

It is necessary to mention that terrorists find a refuge in a number of countries and sometimes work alongside with local governments. There are countries continuing to attract terrorists for training even do not try to hide their ties to terrorism and their support. For example several Islamic terroristic organizations used Afghanistan as their training base. Despite their diverging strategic objectives, terrorists, criminals, and insurgents appear increasingly to collaborate. There is a deep connection among terrorism, drug production, and insurgency in Afghanistan.

The Taliban ¹⁵ regime faced international scrutiny and condemnation for its policies. Saudi Arabia, Pakistan and the United Arab Emirates recognized the Taliban as Afghanistan's legitimate government, but after the September 11, 2001 terrorist attack on the United States the diplomatic relations with the Taliban were cut by Saudi Arabia and the United Arab Emirates (UAE). Besides, the Taliban allowed terrorist organizations to form training camps ¹⁶ in their territory and from 1994 to 2001 provided asylum for Usama bin Laden and his al-Qaeda organization. The relationship between the Taliban and bin Laden is close, even familial. The fact that bin Laden fought with the mujahedeen, financed the Taliban, and married one of his daughters to Mullah Muhammad Omar. ¹⁷

There were two resolutions 1267 (1999) and 1333 (2000) passed by The United Nations Security Council (UNSCR), demanding that the Taliban desist their support for terrorism and hand over bin Laden for trial.

Islamist radical groups threaten to destabilize neighbouring countries in the region, such as Iran, China, Uzbekistan and Pakistan. A special alarm is caused by the Taliban's relationship with Pakistan; because of a high percentage of the Afghanistan is ethnic Pashtuns ¹⁸, which are sizable part of the population and especially in the Pakistani military. Public support in some regions of the country is very high.

The Taliban's influence has been consolidated in Afghanistan. Soon the movement will be too strong to turn away from rogue behavior. With the help of insurgents, terrorists, and narcotics traffickers it will gain more influence and spread its ideology throughout the region. Afghanistan

¹⁵ Taliban - the Islamic movement of Sunnis was revived in Afghanistan among the Pashtuns in 1994, and ruled Afghanistan from 1996 to 2001

¹⁶ The major part of training camps for terrorists is located on the territory of Waziristan, northwestern Pakistan. on the border with Afghanistan

¹⁷ Mullah Mohammed Omar is the spiritual leader of the Taliban movement that operates in parts of Afghanistan and Pakistan, was Afghanistan's de facto head of state from 1996 to late 2001

¹⁸ Pashtuns, also called Pathans or ethnic Afghans, are an Eastern Iranian ethno-linguistic group with populations primarily in Afghanistan and north-western Pakistan

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

is a haven for some of the world's most lethal anti-U.S. terrorists and their supporters. Bin Laden was the most famous of a large and skilled network of radicals based in Afghanistan. By virtue of Taliban's support, terrorists have a place to train. Instability in Afghanistan has spread outside its borders. Many terrorists in Saudi Arabia and Muslim extremists in the West were trained in Afghanistan. These extremists were the reason of violence and unsteadiness in Lebanon, the Balkans, and the Persian Gulf. Most of efforts undertaken by the United States are limited to ad hoc measures to appease domestic critics concerned with terrorism or the treatment of women. Although limited involvement reduces exposure of the United States and represents a serious dangers.

To stop Bin Laden's network Washington must gain the support of the governments that host it. Obviously, so far the Taliban's radical leadership remains in power, the support from it should not be considered, It is clear that Afghanistan may become an even more grievous source of regional instability. The Taliban has already hosted training camps for fighters who have spread radicalism to Tajikistan, Uzbekistan, Xinjiang, Pakistan, Saudi Arabia and in other countries. A lack of United States involvement may allow the Taliban to spread its extremist interpretation of Islam to other countries. There is suspicion on the Taliban's further increase of considerable influence on Pakistan that will make this country hostile towards the United States. Because of its dominance in the country, it is possible to consider the cooperation with the Taliban using a pragmatic approach. It seems rational, as the Taliban is a dominant force in Afghanistan today. Working with them more closely Washington could lead them to renounce from support of terrorism and improvement of Human Rights.

Peace initiatives being component parts of a peace-building process lead to optimism as well as the emergence of stability to conflict prone-nations. The same can be said about post-conflict nations too. Three main objectives of peace building process can be identified. They are, first off all the assurance of security of civilians, long-term and short-term economic support and the third one is a "peace making" itself. Physical security for civilians can be achieved with the help of peace-keeping forces, compliance with law and public ordering.

Light and Shades of International Struggle Against Terrorism

The conflicts as it was mentioned above, including violence occur very often and usually are characterized as "terrorism" - "a phenomenon without borders" in South Asia and in other regions of the world. These conflicts are internationalized and the whole world order is affected. At the same time as instability in South Asia is becoming a security threat beyond the region itself.

Western European countries and the United States of America are considering counteraction to terrorism as one of the most important national tasks. The principle direction of action in this area is improvement of legal framework, strengthening interaction between the relevant federal agencies, improvement of technical availability of relevant institutions and special service units. The policies of most countries fighting against terrorism are based on the following principles:

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

no concessions to terrorists, to provide maximum pressure on countries supporting terrorism, use fully all available forces and means including military to punish terrorists, providing assistance to other countries and interact with them.

It should be noted that the specialized structures, at the disposal of state, are oriented on conducting military operations when the crime has already been committed. Meanwhile, the fight against terrorism is beforehand operational work, which allows to expose terrorist organizations in the initial stage and prevent terrorist attacks in the stage of planning and training. Psychological analysis of the mechanisms underlying the attacks could be of a great help, in that I see real opportunity of prevention tragic events.

It is known that at the boundary of terrorist activities and attempts to suppress it by brutal suppression a special kind of dynamics arises. Deployment of state-organized military force entails new, more elaborate acts of terrorists and after this analogous retribution. A flow of violence emerges that threatens to engulf the world. Perhaps in conjunction with physical destruction of concrete people involved in terrorist activities, international efforts should be aimed at overcoming the root that causes terrorism. The faster the program will be developed to eliminate the causes of terrorism, as there are more hopes for the future of mankind. Violence breeds counter-violence. Fighting terrorism is necessary, but we must overcome and the reasons that cause this phenomenon, but it is harder. Public emotion must also be hold. Terror - yes, it is horrible, the victim of civilians - is a tragedy, and of course the terrorists are criminals. But firstly, the terror is imposed by concrete individuals, rather than a particular ethnicity or religion. Secondly, it is not war, but a special kind of crime. Third, overly long discussion on terrorist attacks within the society is capable to induce a similar mood. At last, struggle of State against terrorism must not acquire the form of state terrorism, which represents open violence from the authority elite supported by strength of state institutions. Non-state terrorism is violence and threats used by groupings which compare themselves to subjects of state authority. The main weapon of state terrorism is repressions. Of course the quantity of victims of state terrorism will exceed than the number of nongovernmental terror that causes similar reaction from the side of terroristic groupings.

Qualitative change in terroristic activity starts with the involvement of State and its transformation in the method of state policy realization. Due to strength, means and possibilities terror grows into terrorism. The usage of terrorism as a means of global politics generates international terrorism.

Conclusion

In the face of terrorism, humanity has a vitally important problem, threatening its existence. In its decision the law is far from a major role. At first place - economic, social, domestic practical steps, the proper legislation, then – intergovernmental and international agreements. States and international community more and more frequently than before resort to signing conventions and agreements which contain both as norms of International Law as calls upon States to use domestic law. The most important prerequisite to overcome terrorism I see in stabilization of economic

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

and political situation in countries, strengthening democratic principles in social and political life. It is necessary that authorities ensure the rights of minorities. To extrude terrorism from life it is necessary to work out political and legal culture in society, the clear establishment of legal sanctions for terroristic acts.

Mankind will be in prospect to apply to understanding of the phenomenon of terrorism to try to find effective ways to suppress it. It is clear that humankind must consolidate its activities in combating terrorism, to try to find in this struggle an issue that unites rather than divides us, regardless of colour of skin, religion, political beliefs. Only in this case, humanity can stand up to terrorism as a global threat of XXI century.

Bibliography

Гаврилин Ю.В.,Смирнов Л.В. Современный терроризм:Сущность, типология, проблемы противодействия. Москва, ЮИ МВД России, Книжный мир, 2003г;

Жариков К.В. Терроризм и террористы. Справочник. Харвест.1999г;

Кожушко Е.П. Современный терроризм: Анализ основных направлений. Минск.Харвест 2000г;

Устинов В. Международный опыт борьбы с терроризмом. Стандарты и практика; Юрлитинформ, 2002г;

Устинов В., Обвиняется терроризм, Олма-пресс, 2002г;

Ben Saul, Defining terrorism in International Law, Oxford University Press, 2006;

Brenda J.Lutz, James M.Lutz, Global Terrorism Volume I /Sage Library of International Relations, 2008;

Brynjar Lia, Globalization the future of terrorism: patterns and predictions, London; Routledge, 2005;

Brjon Hettne, South Asian Conflicts Comparative Perspectives, 2003;

David Zurabashvili, Terrorism: a mode of thinking, 2002;

Huseyin Durmaz, Understanding and responding to terrorism, Amsterdam IOS Press, 2007;

Jeff Victoroff and Arie W. Kruglanski, Psychology of terrorism; classic and contemporary insights, New York, Psychology Press, 2009;

Nicola Henry, Peace, armed conflict and violence, The Australian Collaboration, 2010;

William A. Donohue, Terrorism and conflict resolution, The SAGE handbook of Conflict Resolution, 2009.

Find Names & Key Words!

Permanent Index of European Union Foreign Affairs Journal

You can download the Permanent Index via www.eufaj.eu.

The Index is regularly updated and structured as following:

1. Articles & Authors
2. Book Reviews & Reviewers
3. Documentation
4. Key words (without key words from bibliographies and book reviews)
5. Names (without names from bibliographies, footnotes and [most] book reviews)

Causes and Development of Terrorism in Russia and How It Should Be Fought



The author, who lives in Omsk/Russian Federation, is part of the Editorial Advisory Board of EUFAJ since 2011. The doctor of economy is since 2005 Rector and professor for the Chair for Finance and Credit with the Omsk Institute of Russian State University of Trade and Economics. Starting his professional life as legal advisor and economist in the agricultural sector he was – for the Russian Federation in after-Soviet time - active for the Department of Internal Affairs in the Omsk region e.g. fighting economic crimes, in the passport & visa section, but also as Chief of Department on the struggle against crimes of terrorist and extremist character at the Ministry of Internal Affairs of Hanty Mansijsk Autonomous Region. He is a former teacher at the Omsk Academy of the Ministry of Internal Affairs of Russia where he had been nominated professor for the Chair of Legal Disciplines.

The word "terror" is derived from Latin "terror" - fear, horror ("terrorist" is a person or a subject inspiring horror). The English word "terror" and the French word "terreur" have similar meanings. Aristotle used the concept of terror to denote a special type of horror which seized the spectators of a tragedy in the Greek Theatre.

At the end of the 18th century French Jacobins used the concepts of "terrorist" and "terrorism" in relation to themselves, but as a positive idea. During the French Revolution the word "terrorist" acquired an insulting meaning having become a synonym for the word "offender". Later the term has got a more extended interpretation and began to mean any system of government based on fear. Until very recently, the word "terrorism" was used very widely denoting the whole range of all kinds of violence. By the 70s of the Twentieth Century this term has acquired universal meaning and is now used to denote motivated violence on the part of "the weak", the opposition acting with political ends. The Twentieth Century will go down in history not only for the outstanding scientific and technological discoveries and achievements, but also as the century which has written a number of dark pages into the history of mankind with terrorism being among the ugliest and most tragic ones.

The historical experience shows that terrorism is caused by an aggravation of social internal and external contradictions, especially during public crises, wars, revolutions. The specific historical situations of each country, national character and traditions, historical memory of people inevitably affect the scales of terrorism and its destructive consequences.

The complexity of the struggle with any crime involves acting upon all or major underlying causes and conditions generating it. A number of circumstances impede this impact in case of terrorism [1.93 = ref. #1, p. 93]. First, the terrorist's personality today is rather peculiar. It reflects social and cultural environment of a future terrorist. Typically, it is the situation of religious fanaticism, national narrow-mindedness, neglect of modern civilization and culture, contempt for heterodoxies and people of different religious beliefs. A mature terrorist readily sacrifices himself in the struggle with "the unfaithful". To influence such a person is extremely difficult. To re-habilitate him is practically impossible. Individual prevention of terrorism is possible only as a planned and purposeful formation of a person from childhood in an atmosphere of acceptance of modern humanistic values. And this is possible only in an open secular society, in a democratic country, under influence of all cultural ideas and values accumulated by mankind.

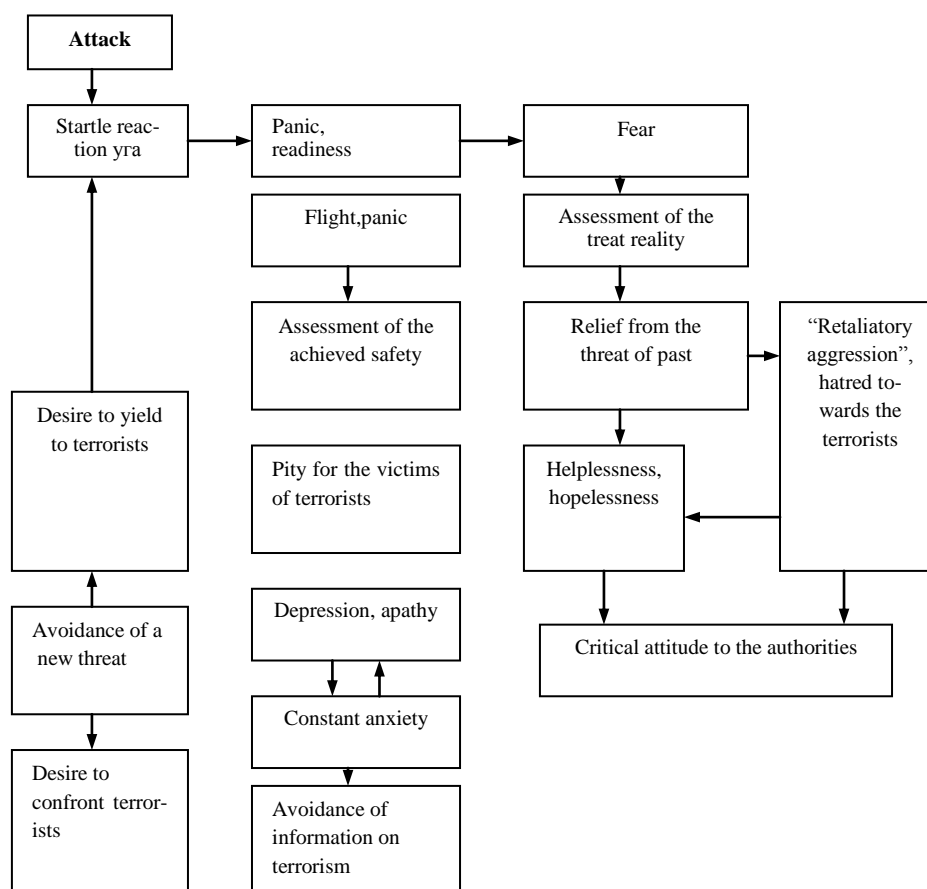
Secondly, no person, no matter how fanatically minded, can act irrespective of the real conditions or without considering them: any specific criminal act generally requires more or less significant reason. It can be a particular life situation crucial for the person or general situation in the region, the country, or the world. Terrorism arises and is implemented with a combination of those and other occasions and situations. On a personal level (with fanaticism upbringing background) death or arrest of the militant - husband, brother, or father -; destruction of dwelling and loss of property during military actions (as was the case in the Chechen Republic); ill-treatment by local authorities (especially if they are people of other nationalities or beliefs, etc.) can become the reason.

Thirdly, the specific life situations promoting the formation of a person inclined to terrorism and provoking intention to make an act of terrorism at any cost would be rare or even impossible if they were not created by general adversity in the world associated with major social processes. According to B. Netanjahu, an "act of terrorism impresses and affects ... due to the absence of any logical connection: it is complete innocence of people who have become the victims of terror that causes fear » [2. 40].

Acts of terrorism are perceived by people as frightening and traumatic events. The following factors influencing the level of «traumatization» by terrorism acts are the following: unexpectedness of the event; number of victims; the degree of cruelty of terrorists' behaviour "before", "during" and « after" an act of terrorism; the degree of social and physical vulnerability of victims; unexpectedness in the choice of victims and objects; information coverage of the event, its character and consequences; the degree of identification of oneself (the family) with the victims; conformity of terrorists' demands and motives of their conduct to social norms of a human perceiving information about an attack. (Scheme 1. shows a "standard » reaction of a "typical» respondent to an act of terrorism and terrorist threat [3.71]).

The state of constant anxiety has three behavioural outputs. Psychologically stable people mobilize and feel able to confront terrorism. Psychologically weak, but stable people find protection in "fencing" themselves off the information on terrorist threat, acts of terrorism and their aftermath. Psychological weak and unstable individuals show tendency to yield to the demands of

terrorists. And here is the most remarkable thing in terms of the terrorists' aims: a certain psychological mechanism which can be called "a loop of fear" switches on. Concession to terrorists strengthens the reaction of fear from act of terrorism.



Scheme 1. A typical reaction to the terrorist act

An individual is emotionally going through all stages of reaction to an act of terrorism. His wish to yield to the terrorists' demands becomes stronger which, in turn, increases the reaction of fear and the person falls into « a loop of fear » getting more and more demoralized and « surrendering to terrorists ». If the number of "the demoralized" reaches a critical level, the community starts to give in to terrorists' demands that lead to the destruction of its cultural and institutional arrangements.

Russia's history knows a number of bursts of terrorism, especially in XIX. and XX. centuries (socialist-revolutionary terrorism, "white and red" terror during the Revolution and the Civil War).

Terrorism in modern Russia and in the near abroad is largely the consequence of a collapse of the USSR and the subsequent deep crisis in the society. Islamic terrorism in the Middle East and in several other countries in Asia and Africa has now a significant impact on the rise of terrorism in the world.

To develop the system of measures to combat terrorism in modern Russia it is important to take

into account the factors contributing to its spread. Priority here belongs to the social factors reflecting present day economic, social, political, ethno-national conflicts and crisis conditions of the country. These factors are the following - mass redistribution of the property in very sharp forms; intensification of the struggle for the political power based on the group, politico-ideological, ethno-nationalist interests stimulating political and nationalist extremism; exacerbation of ethnic conflicts on the basis of various territorial disputes, actual or alleged infringement of the rights of some nations contributing to the development of national extremism; the spread of separatist, anti-federal and anti-Russian moods. Social and economic, political, spiritual and moral environment and crime situations in Russia contribute to the preservation of social tension in various areas of public life (ethnic, labour, and other social and political relations) and high crime rates. The country has an increase in crimes that infringe on the lives and health of government, finance, banking and industry representatives, community leaders, media workers.

Particularly adverse effects on the situation in the area of terrorism have tendencies to an increase in illicit trafficking in weapons and other items and substances - the possible means of crime, terrorist activity, illegal armed groups in different regions of the country, especially in the Chechen Republic and some other areas of Northern Caucasus, the increased interference of certain foreign political forces in the internal affairs of Russia, the revitalization of international terrorist and other extremist organizations on the territory of the country. There appear special centers on terrorists' training; mercenary recruitment is being practiced in Afghanistan, Abkhazia, and the Chechen Republic. Merging of terrorist structures with criminal networks, and integrated use of terrorist methods and forms in relation to other forms and methods of political and social extremism are taking place there.

Besides the internal factors the development of terrorism in Russia is significantly affected by the world affairs. At the end of the twentieth century the problem of terrorism has acquired particular importance: terrorism has become multifaceted in nature.

Terrorist acts are committed not only by extremist organizations and individual criminals, but in some totalitarian states by their intelligence agencies as well. The greatest threat to the world community is international terrorism, which rapid growth has brought suffering and death to large numbers of people. According to «Economist», the number of victims of the international terrorism from 1968 to 1995 (27 years) made 9 thousand people. Nearly all armed conflicts which have taken place lately in Africa, Asia, in the Middle East, in the CIS were followed by a surge of subversive and terrorist activity which primarily affected the civilians.

Social inequality in the society, national and sectarian conflicts and lack of effective legal regulation of social and religious activities contributed to the significant number of extremist nationalist organizations and sects of fanatics. They have militarized groups and consider terrorism as one of the main means of struggle with the opponents. The most notorious international terrorist organizations are: "the Irish Republican Army", "Red brigades", World Front of Jihad (WFJ) founded by Ben Laden, radical Islamic sect of Wahabites which had the armed gangs in Dagestan and Chechnya.

Thus, terrorism has become one of the most dangerous international security challenges and a global problem. It represents conscious use of violence or a threat of violence to achieve, in most cases, political and ideological goals. Terrorism is a criminal offence which is usually aimed at influencing not only immediate victims, but other people and, above all, executive or legislative bodies of the state. Acts of terrorism lead to mass casualties, to large-scale damages, bring about mistrust, enmity and hatred between social and national groups. Intensification of terrorist activity is connected with internal and external factors which activate the growth of terrorism in Russia.

Among the internal factors experts typically name: large illegal "market" of weapons in the country; poor use of legal and other mechanisms to effectively control and suppress criminal activity; inadequate efficiency of law enforcement, social, governmental and public authorities on protection of the citizens' rights and, as consequence, fall in prestige of the government and the law; loss by a considerable part of the population of life guidelines as well as the consequent aggravation of feeling of social disorder and insecurity; low level of social adaptation of Russian citizens who took part in the hostilities in Afghanistan, Chechnya, Tajikistan, Serbia, Pridnestrovje and other « hot spots »; unrestricted propaganda of cruelty and violence in mass-media.

Among the external factors contributing to the spread of terrorism are the following: strategic plans of certain foreign intelligence services and international terrorist organizations; sociopolitical and economic instability in the neighboring former Soviet states, as well as in a number of European and Asian countries, the open forms of the armed conflicts in some of them; growing number of terrorist acts in the countries of near and far abroad; «transparency» of the Russian borders in some spots, as well as the lack of a reliable mode of entry control; relative ease of acquisition (legal or on "black market") of weapons (including large parties) in some neighboring states.

The purpose of terrorism is to threaten social security and to influence decision-making of the authorities. Terrorism is accompanied by the commission of dangerous including state crimes that infringe on the sovereignty, territorial integrity, state security and national defense, political and economic system. It often jeopardizes peace and peaceful coexistence among nations. To achieve its goals terrorism can be used by both individuals and groups. It is a means of professionals to ensure wide publicity of their activity or demands. In most cases terrorism is resorted to when other actions (political negotiation, mass demonstrations) are to no avail. It became apparent that an effective struggle against it requires joint efforts of the entire world community.

History of the struggle against terrorism at the international level started in the second half of the 20s of XX century. According to the decision of the First International Criminal Law Congress (Brussels, 1926) held under the auspices of the International Association of Criminal Law several conferences devoted to terrorism were held at that time.

Key areas of cooperation to combat terrorism at the state level were determined in the course of these international forums. The efforts of international lawyers were directed at the development and coordination of regulations governing such aspects of terrorism as:

- general principles of struggle against terrorism and the content of certain terms used in official documents regulating the interaction of the countries within the framework of this kind of international activity;
- specifics of the struggle against terrorism on air transport;
- the struggle against international terrorism at the highest international level;
- the conventional mechanism for combating international terrorism;
- international cooperation to combat specific terrorist attacks and normalization of relations as a result of their commitment.

The first such conference, held in 1927, adopted the document in which an attempt to define the concept of an international crime and to give this phenomenon criminal and legal assessment was made. The necessity of criminal prosecution and punishment for the committing of the most dangerous crimes threatening social security was also emphasized.

One of the first steps in the international cooperation against terrorism was the adoption of the draft of International Convention for the prevention and punishment of acts of terrorism by the Assembly of League of Nations in 1937. This convention was not ratified and has not come into force. But an impressive package of documents on terrorism adopted by the United Nations, its specialized agencies and regional organizations in fact only details the positions of Article 1 of the named Convention.

They concern the duty of "every State... to refrain from any actions designed to foster terrorist activity directed against other States and to impede the actions in which this activity can be expressed... and to render mutual assistance".

Declaration on Measures to Eliminate International Terrorism adopted by UN General Assembly in 1994, almost 60 years later reiterated the need to strengthen cooperation in the struggle against terrorism and reaffirmed the obligation of States to take all possible measures to eliminate it. But by the beginning of XXI century it became clear that the threat of terrorism has grown up to a global level and the international community fails to cope with it so far.

The international community has come to the opinion on the necessity, in addition to the existing international UN instruments and in order to create a uniform legal framework for the international cooperation in the struggle against terrorism, to develop a comprehensive convention against international terrorism.

The relevant initiative was put forward in 1996 by India at the 51st UN General Assembly. The resolution "Measures to Eliminate International Terrorism" adopted by the 53rd session of UN General Assembly in 1998[4] gave the mandate to priority elaboration of a convention draft, European Union Foreign Affairs Journal – N° 2/3-2011

alongside with continuing work on the Conventions against nuclear terrorism (initiated by Russia) and financing of terrorist activity.

Thus, research-based results allow the following conclusions and suggest some direction-for practice.

1. The beginning of the XXI century was marked by the emergence of new, compared with the bipolar world, faults in the world community. Transnational terrorist acts in this case as common protest against an existing model of world order.
2. Terrorism undermines the essential function of the state – to ensure the safety of its citizens. State and interstate anti-terrorism policies, inevitably refracted through the prism of the interests of national elites and encountering the trends shaping the unipolar world, hinder the progress toward the creation of an effective global system of counteraction of transnational terror.
3. The war against terrorism with the methods that were used in conflicts in the Middle East (e.g. Chechnya) is not sufficient for an acceptable mitigating of this threat. The system of international security will be born during the long, interspersed with positional conflicts, struggle caused, alongside with other factors, by the consequences of the multi-polar world creating.
4. Global system for confrontation of transnational terrorism should be focused not so much on direct suppression of terrorism, which can be carried out at lower levels by special professional groups, but on creating fundamentally new structures, designed to compensate the political, economic and social stratification of the world on the background and under the influence of globalization.

References

Kuklina I. Mirovoj terrorizm i mezhdunarodnye struktury obespechenija bezopasnosti/Mirovye jekonomicheskie i mezhdunarodnye otnoshenija, 2005 #1 – s. 23.

Natan'jahu B. Vojna s terrorizmom. Kak demokraty mogut nanesti porazhenie seti mezhdunarodnogo terrorizma/Per. s angl. – M.: Al'pina. Pabliher, 2002. – s. 40.

Ivanov P., Holosha B. Rossija – NATO: Evropejskaja bezopasnost' na rubezhe stoletij/Mirovaja jekonomika i mezhdunarodnye otnoshenija, 2001. #4.

Rezoljucija A/RES/53/108, prinjataja 08.12.1998.

Metropolisation in the Former Soviet Union: Temptative Measurement through the Method of Hyperlinks Notoriety

Uljana Agibetova and Ivan Samson



This text is based on a contribution of the authors to ERSa 2008 «Culture, Cohesion and Competitiveness: Regional Perspectives», 48th Congress of the European Regional Science Association, 27 – 31 August 2008 University of Liverpool, UK. Ivan Samson is the chair of the Espace Europe Institute - CREPPEM at Pierre Mendès France University in Grenoble/France, and a seasoned expert for governments world-wide, with particular experience in Russia and many other CIS states. In Russia he was the European director of the EU-Russia economic think tank in the time when the theory of the "Four Spaces" has been created. Now teaching at the Russian Presidential Academy of National Economy and Public Administration, he is professor of economy and social sciences at UPMF University in Grenoble. Uljana Agibetova has been a student and collaborator of prof. Samson, to become a researcher in France. She author of the book « La Metropolisation Dans L'Ex-Urss A L'Ere de L'Information » (Metropolisation in ex-USSR in the Information Era), Editions Universitaires Europeenne.



Abstract

It was written that with the collapse of the USSR, the space of Russia, like all the CIS, does not enter the logic of metropolisation in terms of spatial organization. Historically, the Soviet urban world has been built on other spatial principles than the occidental ones, and its legacy is reflected by existence of large industrial cities networks. The advanced services were considered as unproductive as shown by their absence. But today FSU still manifests itself as a space of monopolar territorial organization, where Moscow is the only one to be qualified as a global city. However, this territory, being the largest in the world, can no longer operate from a single global city.

The measurement of cities' metropolisation is not a simple task, especially in the post-Soviet context. On the basis of Brunn (2003) we set up a new method of measuring the metropolisation through the number of hyperlinks in Internet search engines. The general issue of this paper tackles with the question: Does the Former Soviet Union (FSU) run patterns of Western metropolisation or it is a specific model marked by the historical legacy that emerges in the post-communist world? To answer this question the paper starts with the presentation of our tools of observation and the measurement of studied processes, and then it develops the analysis and the interpretation of results.

Key Words

Metropolisation, Hyperlinks, Global Economy, Integration Process, FSU
JEL: D830, D850, F020, F150, F230, O180, R000, R110, R280, Y100

Introuction

For years the global economic activity has been controlled by the global cities whose geographic distribution by continents is unbalanced. These global cities, concentrating advanced services of international level, have also decision-making abilities and represent, jointly with the MNF and the States, a dimension of global economic command. It has been even written that the power of a State is measured today by the influence of its cities (Claval, 1997; Scott, 1998, 2001).

Despite countless works on the phenomena of metropolisation, the agreement is far from being unanimous among economists on the definition of this word, on the implications of the processes that underlie it and on the precise content of the concepts (Derycke, 1999). Nevertheless, the existing consensus admits that city in order to become a global city must meet four conditions: the dominance of advanced services; the function of internal command which organize its territory – the hinterland; the hub function – commuter of flows with other global cities and the global economy; the function of the concentration pole of activities (Veltz, 1996; Lacour, 1999; Marchand, Samson, 2003). In addition, the international scientific community is almost unanimous in considering metropolisation as a global movement, including a set of dynamic processes that transforms city in a global city. These processes blend with strengthened dynamic processes of agglomeration, proximity and interaction between agents gathered in a dense area: men, firms, organizations. Metropolisation requires the networking of activities and territories and seeks to organize better the complexity through coordination, regulation and social cohesion (Derycke, 1999). At the same time, the metropolisation is a process of insertion into the world economy, which is accompanied by forms of specific urban development: differentiation of functions and suburban sprawl (Puissant, 1999)¹⁹.

One of the geopolitical lessons of the world cities hierarchy conducted by the GaWC (Beaverstock, 1999, 2000; Taylor, 2001; Fossaert, 2001) is that under equal dimension, countries with multipolar urban network are much better represented than countries with monopolar network and tradition (P. Marchand, 2008). The Former Soviet Union (FSU) places only Moscow in this ranking (Saint Petersburg, Almaty and Tashkent are considered as potential world cities), while Germany places 5 cities and the USA, 11. Undoubtedly, it was after 1992 that the CIS has begun to integrate into the process of globalisation. But today it still manifests itself as a space of monopolar territorial organization, where Moscow is the only one to be qualified as a global city. However, this territory, being the largest in the world, can no longer operate from a single global city. In other words, structurally, the CIS is not a territorial configuration adapted to the current phase of globalisation. In fact, the entire space of the CIS has not yet been inserted to the eco-

¹⁹ The concept of metropolisation is quite strongly European-centred and even, it seems to be used more widespread in France than anywhere else (Derycke, 1999). In Europe, one assimilates global cities to the cities of international class. This is much less clear in the United States and Japan, where the emphasis is made on the urban success in regional and national context (Bailly, 1999).

nomic logic of metropolisation. As shown by P. Marchand (2007) for Russia, so far at the regional level, the CIS is still organised by politico-administrative capitals with “vampire” behaviour towards their environment (Marchand, 2007).

Historically, the Soviet urban world has been built on other spatial principles than the Western ones, and its legacy is reflected by the existence of large industrial cities networks. These cities during the Soviet era were intended primarily to gather material production capacities. On the contrary, they had neither intellectual skills nor decision-making abilities. The advanced services were considered as unproductive as shown by their absence (Brender, 1977), while their presence is regarded in Western literature as the first sign of metropolisation. Moreover, these large industrial cities, being only a mediocre nodal point, could hardly be this place of intermediation such as global cities (Bensahel L., P. Marchand, 2005, p.217-222). The measurement of cities’ metropolisation is not a simple task, especially in the post-Soviet context. A number of studies have been devoted to the western cities and those in the CEECs (Friedman, 1986; Samson, 1996; Sassen, 2001; GaWC, 1999, 2000, 2001; Cicille and Rozenblat, 2003; Bourdeau - Lepage, 2003; Brunn, 2003; Duféal, 2004; Agibetova, 2008). However, measurement methodologies are still rather vague. As for major cities of the FSU, they are white spot in the global analysis of the metropolisation²⁰.

Raised Questions

The paper focuses on the evaluation of metropolisation through the entire space of the FSU (twelve republics of the CIS, plus three Baltic States)²¹ represented by a sample of 58²² large observed cities. The general issue takes with following question: Can we say that this region runs patterns of Western-like metropolisation or is it a specific model marked by the historical legacy that emerges in the post-communism? Indeed, with the collapse of the USSR, the space of Russia as well as of the whole CIS did not enter the logic of metropolisation in terms of spatial organization (Marchand, Samson, 2008). There are five characteristics that deprive the post-Soviet cities from any metropolitan function (Marchand, 2007; Marchand, Samson, 2003).

²⁰ Let us not forget that among the international studies devoted to the hierarchy of world cities no one is devoted to the FSU space. The exception is the recent work of Marchand P. (2007) "The geopolitics of Russia", where the author raises for the first time the issue of metropolisation in major Russian cities. Among others, there has been an ambitious project given up to the “Big Cities and Metropolisation in Russia and Western Europe: similarities of processes, convergence of paths?”, funded by CNRS (2003-2005), led by the team CIRUS-Cieu (Interdisciplinary Centre of Urban and Sociological Research - Interdisciplinary Centre of Urban Studies), University of Toulouse, under the coordination of D. Eckert and V. Kolossov, but no result has emerged.

²¹ Armenia, Azerbaijan, Byelorussia, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldavia, Tajikistan, Turkmenistan, Uzbekistan, Russia, Ukraine.

²² Ashgabat, Almaty, Astana, Astrakhan, Baku, Barnaul, Bishkek, Chisinau, Dnepropetrovsk, Donetsk, Douchanbe, Yekaterinburg, Yerevan, Irkutsk, Izhevsk, Karaganda, Kazan, Khabarovsk, Kharkov, Kiev, Krasnodar, Krasnoyarsk, Krivoy Rog, Lipetsk, Lvov, Mariupol, Minsk, Moscow, Naberezhnye Chelny, Nizhny Novgorod, Nikolaev, Novokuznetsk, Novosibirsk, Odessa, Omsk, Orenburg, Ufa, Ulyanovsk, Penza, Perm, Riga, Rostov on the Done, Ryazan, Saint-Petersbourg, Samara, Saratov, Tallinn, Tashkent, Tbilisi, Chelyabinsk, Tyumen, Tolyatti, Vilnius, Vladivostok, Volgograd, Voronezh, Yaroslavl, Zaporozhye.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Firstly, any city was conceived as a cluster of factories. In this system all services such as accounting, catering, recruitment, etc. have been internalized within each firm. Thus, on the scale of a city there was no place for services enterprises. Regarding business services, they were concentrated in Moscow ministries.

Secondly, since economic regulation was directly implemented by the state in communist economy and that money played no active role (Pierson, Von Mises, Hayeck et al., 1939), there was no power of financial command in large post-Soviet cities. This means that there was no stock exchange, no insurance nor banks with the exception of the state bank.

Thirdly, research and technology were under the tight control of the political and security services. Hence, innovation has never been able to fertilize economic activity, like this happens in the Western metropolisation processes, because of the containment of research (Andreff, 2003; Brunat, 1995). The spatial dispersion of units for strategic reasons, limiting and monitoring close contacts between researchers, has prevented the phenomenon of technology clustering.

Another issue is that large Soviet cities had only a few services that could generate an area of influence: hospital services and universities. The latter were reduced according to their academic higher education.

Finally, the split into regions of Russian space and the CIS as a whole deserves to be mentioned. This territorial organisation specific to the post-Soviet transition has as a result blocked of economic effects of metropolisation (Samson, Greffe, 2002; Marchand, Samson, 2008).

Taking into consideration these spacial particularities, can we say that after seventeen years of transition the post-Soviet space is moving towards a logic of integration into the global world through metropolitan patterns conditioned by the opening towards the world space, where global cities act as a node of interconnection? Or are we witnessing the formation of a new hybrid model in the stage of gestation, caused by many obstacles faced by metropolisation that requires voluntary acts of political power? The general issue outlined includes six sub-issues which will serve as reference in the interpretation of observations.

1) Are we witnessing a **unipolar or multipolar metropolisation** across the FSU? It is known that the post-Soviet Central and Eastern Europe (in its transitional period between the fall of the Soviet Union and accession to the EU) has been strongly influenced by the “global city-effect” over regional disparities (Samson, 1996). This effect specific to the transition is the presence of the capital-effect where flows of finance, Western experts and FDI arrive first in the capitals, which thus increase their gap with the rest of the country. The logic of unilateral concentration fades then more or less rapidly in the long term by a diffusion effect leading to the convergence process. Hence, it is interesting to know whether the space of the CIS, where Moscow is a regional “capital”, with twelve capitals of Independent States (plus three Baltic capitals), may move towards a multipolar metropolisation or not.

2) Meanwhile, since there is pre-eminence of Moscow, **does the Moscow polarization strengthen or fade?** It was noted that the Russian urban network lost its dynamics when Moscow keeps expanding without control. Its weight in advanced services is overwhelming (Marchand, 2007). Are we facing a beginning of decentralization? The tools we created will enable us to answer this question.

3) **Is there a dynamics of metropolisation converging towards certain privileged centres?** As Carluer and Sharipova revealed (2001), the existence of a regional divergence process in terms of per capita incomes and productivities is a reality in Russia (Carluer, Sharipova, 2001). However this *regional divergence, measured by beta and sigma convergence, may reveal both the increasing weight of Moscow and the gestation of alternative metropolitan centres in Russia*. The method of hyperlinks will allow identifying if other cities start the process of metropolisation both as centres that control their territory and as hubs for interconnection with the world space in the direction of the archipelago economy (Veltz, 1996).

4) **Is the metropolisation we can observe driven by economic or political forces?** In other words, the cities that emerge are they capitals or not? The issue considers the possibility of a specific post-Soviet metropolisation which is driven “from the top” and will initially involve some capital-cities. In fact, the space of the CIS is extremely divided with a very pronounced space discontinuity which hampers the metropolisation forces driven by the market (Marchand, Samson 2008).

5) **What are the metropolisation areas appearing in the FSU?** In this regard, taking into consideration the vast space and heterogeneity of the regional territory of the CIS, it would be useful to define the logics by identifying areas of metropolisation. Are there internal logics such as the domination of Russia (Linn, 2006)? Or there are some external logics which prevail as the attractiveness of Europe on the one hand and Asia on the other (Locatelli, 2004; Samson, 2004)? What is the reality of Central Asia (Samson, Tsoy, 2004) or the South Caucasus (Frichova, 2007) as sub-regions of the CIS? Do these regions escape of the Russian centrality or the processes of integration are in action?

6) **What global areas are associated with FSU sub-spaces?** The question of the geopolitics of the CIS anchoring into the global world is gaining its importance. In particular, we will try to identify areas that help large post-Soviet space to open up to the world. The Eurasian integration comes on the agenda, benefiting to Russia but also to the entire CIS (Mikami, 2005). However, the issues of CIS integration with Western and Eastern Europe, with Asia (China, Korea, Japan) and South (India, Gulf), through energy policies, outsourcing operations and transportation seem to have an impact on the Eurasian hypothesis (Linn, Tiomkin, 2005; Samaganova, 2008).

Tibet – Time Is Running Out

Wangpo Bashi



Mr Wangpo BASHI was born in 1960 in Northeast India, following the Chinese invasion of Tibet. He completed his Bachelor's degree in Buddhist philosophy, Asian history and languages at the Central Institute of Higher Tibetan Studies in Varanasi, India in 1983. In the same year, he came to France and worked as interpreter to the Tibetan scholar, late Venerable Khenpo Yeshe Choedar and began studying French. In 1989, he obtained his Advanced Diploma (DSEF) in French language, literature and civilisation from the University of Nice, France. In March 1993, he joined the newly-opened Office of Tibet (Bureau du Tibet) in Paris as the Assistant to the Representative of His Holiness the Dalai Lama. In September 1995, he was appointed as the Secretary at the same Office by the Public Service Commission of the Central Tibetan Administration. In September 2011, he was promoted to the rank of Joint Secretary at Central Tibetan Administration's headquarters in Dharamshala, India.

The Website of the exile Tibetan Administration is: www.tibet.net. European Union Foreign Affairs Journal (EUFAJ) publishes often texts of exiled governments or of regional separatist leaders - but also from other views. If we obtain an adequate Chinese article, this would also be published. This text represents realities, with which the European Union has to cope. This is our contribution to an intellectual argument on minorities in China.

Tibet is a country with an independent history for at least 2000 years. On February 2012, Tibetans will celebrate their new year (Losar) marking the 2139th year of their calendar. Known as the "Roof of the World", the terrain is predominantly a high plateau ringed by high mountains. This unique geographical feature has left Tibet more or less isolated from the wider world. Although backward in terms of material progress, its people were content and led a relatively happy life devoting significant part of their life in spiritual matters. Following the Chinese communist incursion into Tibet in 1949, a violent change was introduced to cast this traditional society into a Chinese communist mould. The national uprising against the Chinese occupation forces that broke out in Lhasa on the 10th of March 1959 resulted in the death of thousands of Tibetans. According to a confidential Chinese official document, 87 000 people were killed in central Tibet alone around that period. The invasion and subsequent occupation of Tibet constitute an open act of aggression and a grave violation of international law.

China claims to have peacefully "liberated" Tibet from its feudalism and Anglo-American imperialism. Tibetan people and international community however, see this as forcible and illegal

occupation of Tibet. Following the national uprising, His Holiness the 14th Dalai Lama and over 100 000 Tibetans fled to neighbouring countries of Nepal, Bhutan and India. Over 40 000 Chinese occupying troops remained in Lhasa, the capital of Tibet and a city of about 30 000 inhabitants. The UNO adopted three resolutions concerning Tibet in 1959, 1961 and 1965, that denounced the deprivation of the fundamental rights and freedom of the Tibetan people, in particular their right to self-determination. However, to date, these resolutions have not been acted upon.

Since its invasion, the history of Tibet has become a major international tragedy. To this day all forms of violation of human rights persists in Tibet.

An arbitrary dismemberment of Tibetan state

Historically, Tibet comprised of three provinces - U Tsang, Kham and Amdo with a total area of 3.8 million km². Today Tibet is truncated to only half its former area. The entire province of Amdo was renamed Qinghai in 1955 and a large part of Kham was incorporated into the neighbouring Chinese provinces of Gansu, Sichuan and Yunnan thus arbitrarily absorbing over half of Tibetan territory and population into China proper. The original province of U Tsang and a small portion of Kham was renamed "Tibet Autonomous Region" (TAR) since September 1965 and is referred to as 'Tibet' by China today. The Tibetan exile administration asserts Tibet as constituting the three original provinces despite false and vehement Chinese accusation of Tibetan and the Dalai Lama's claim on "Greater Tibet" constituting a quarter of China's territory.

Genocide & Population transfer

The late Panchen Lama denounced the Chinese atrocities before the meeting of the sub-commission of the National People's Congress on 28th March 1987 with this quote: "If any film should portray the Chinese atrocities in Amdo province, the viewers will be shocked. In Golok area area of Amdo alone, many people were massacred and their corpses rolled down the hills to fill up an entire valley. The soldiers ordered the relatives of the dead to celebrate the murder to proclaim the extermination of the "rebels". But soon afterward, the relatives too were gunned down." The truth is that, there is not a single Tibetan whose relative or family member was not killed or imprisoned by the Chinese invaders. A research by the Tibetan exile administration puts the figure of Tibetan death as a consequence of Chinese occupation at 1.2 million i.e., one sixth of the total population.

The ongoing massive transfer of Chinese population into Tibet constitutes a direct and most serious threat to the survival of the Tibetan people. It is an official and deliberate policy to implement this "final solution" to resolve the Tibetan issue. Today, the Tibetans are already a minority in their own country. There are 5.8 million Tibetans as opposed to 7.5 million Chinese settlers in Tibet. Unfortunately, with an opening of railway line to Lhasa in 2006, the population movement from Mainland China into the heart of the Tibetan plateau has increased significantly.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

There is no legal barrier for the majority Han Chinese population to permanently settle in the ethnic regions of the Tibetan areas. In fact, the Han Chinese are encouraged to populate the Tibetan region via official and unofficial incentives.

Political imprisonment

It is well known that any kind of political expression or activity in China is a punishable crime under the harsh law. But what is less well known is that political expression or a faintest suspicion thereof in the ethnic minority area like Tibet and Xinjiang and adjacent provinces are particularly dealt with in severest manner. In ethnic Tibetan areas and Tibet Autonomous Region, punishable crimes include but are not limited to possession of the picture of the Dalai Lama, displaying the Tibetan national flag, or shouting independence slogan, engaging in poster campaigns, translating and disseminating the text of the Universal Declaration of Human Rights, or expressing any political opinion to foreign tourist and foreign journalist. The punishment can range from prolonged imprisonment to a life sentence to capital punishment. In 2010, there were 831 known Tibetan political prisoners in Tibet, many of whom have already spent many years in prisons.

Torture is widely used during interrogations and routinely applied in prisons, the most severe punishments and tortures being inflicted upon prisoners of conscience. The most common forms of tortures are the use of electric cattle prod, searing the body, unleashing attack dogs, exposure to extreme temperatures, sleep and food deprivation, sexual violence, threat of execution, etc.

The widespread demonstrations across all Tibetan areas preceding the 2008 Beijing Olympic Game was ruthlessly suppressed resulting in 220 death (only 22 according to official Chinese pronouncement), over 1290 wounded, and 6700 arrest. To this day the entire region is effectively under Martial Law with total ban on all forms of travel.

Cultural destruction

Before the Chinese invasion, there were 6000 monasteries and historical monuments in Tibet. After the end of Cultural Revolution, only thirteen monasteries remained partially intact. Monks and nuns were killed, imprisoned or simply forced to give up their vows. Since 1979, the Tibetans were allowed to rebuild some monasteries and nunneries. However, teaching and transmission of Buddhism are strictly controlled. A strict quota has been set as to the number of monks a monastery can admit. The monasteries are kept under close surveillance and are managed through Chinese directed "democratic committees". The party cadres are regularly sent to the monasteries to conduct "political re-education" sessions. Monks and nuns are forced to denounce the Dalai Lama and study the official Chinese version of Tibetan history. The "Strike Hard" campaign launched in 1997 worsened the religious freedom throughout the ethnic Tibet. In 2001, the authorities razed Serthar monastery and expelled its 6000 community members.

On September 2007, China's Administration of Religious Affairs issued "Order no. 5" containing 14 articles on Management Measures for the Reincarnation of 'Living Buddhas' in Tibetan

European Union Foreign Affairs Journal – N° 2/3-2011

Buddhism whereby the communist central government authorized itself to meddle in the religious affairs of the Tibetans and control its entire organizational structures.

Human genocide which saw the death of 1.2 million Tibetans is followed today by an aggressive drive to assimilate Tibetans into Han Chinese majority, which the Dalai Lama has rightly denounced as “cultural genocide”.

Environmental concern

Before the Chinese invasion, Tibet had a total forest area of 221,000 km² of which nearly half is decimated after the Chinese occupation. With over 35,000 km² of lakes and numerous glaciers, Tibet is the chief source of all the major rivers of Asia supporting almost half the world population. Rivers such as Indus, Sutlej, Karnali, Brahmaputra, Salween, Mekong, Yangtse and Hwang Ho originate in Tibet. The massive flood that hit China in 1998 confirmed the long-held environmental concern expressed by the Tibetans with respect to massive scale of deforestation in Tibet. At last China belatedly recognised the deforestation in Tibet along the upper part of Drichu river (Yangtse) as the chief cause of the flooding. Yet at the same time, China is expanding its mining activities in Tibet with little or no regard to environmental impact in this ecologically sensitive region. China has militarised the entire Tibet, stationing around 300,000 troops and a quarter of its nuclear weapons there, which puts a severe strain on the environment and scarce local resources.

China's irresponsible and arrogant behaviour at the UN Climate Summit in Copenhagen in December 2009 clearly shows its lack of sincerity on environmental matters despite of it being the world's second largest polluter and despite its frequent show of concern for global environmental health.

Discrimination in education and absence of medical care

Eighty percent of the Tibetans in Tibet are illiterate. In rural areas, there are no schools worth even a name. In urban areas, discrimination and corruption are rife that ensure higher studies accessible mostly to the Chinese settlers in Tibet. The same holds true in the field of employment. Through official education policies, the learning of Tibetan language is discouraged. For instance, to qualify for admission into University or higher secondary studies, the only mandatory language is Chinese, and not Tibetan; whereas in exile, Tibetan students learn their language in addition to other languages and modern subjects. Every year, over 2000 Tibetans, mostly young children, risk their lives to escape from Tibet in order to receive proper education and seek freedom in exile.

In 2010, thousands of Tibetan students and teachers staged demonstrations in Amdo province to protest against China's decision to introduce Chinese language as the medium of instruction. The language issue is the key in China's long term policy to eradicate Tibetan culture and identity.

Despite official Chinese proclamation of “free medical coverage” in Tibet, in reality medical facilities are almost none-existent or inaccessible due to high cost that most Tibetans can rarely afford. Medical services are denied to those who cannot pay regardless of the condition of the patient.

Peaceful struggle

Soon after his arrival in exile in India in April 1959, His Holiness the Dalai Lama reconstituted the Tibetan administration along the line of modern democratic principles. His Holiness consistently strove to develop and strengthen democratic framework of the administration in exile. Democracy, non-violence and truth are held as the guiding principles of the exile administration. The Tibetan Constitutional Charter forbids violence as a means of achieving political end. In 2011, His Holiness undertook yet another step in strengthening the democratic set up of the exile administration by devolving his political and administrative authority to the elected Tibetan leadership, which His Holiness had long sought. This only reconfirms the fact that the Tibet issue has nothing to do with the Dalai Lama’s personal power or interest as accused by the Chinese. The process of devolution of power is now complete with the relevant amendment to the Constitutional charter in May 2011, before opening the Tibetan parliamentary session in June 2011, and the assumption of office by a newly-elected executive head (Kalon Tripa) Dr Lobsang Sangay in August 2011. In his first statement, Dr Sangay made it clear that, the central task of the Tibetan movement of restoring basic freedoms and dignity of the Tibetan people shall remain unchanged. He also reaffirmed his commitment to the Middle Way approach in resolving Tibet issue with China.

The exile administration oversees the welfare of the Tibetan refugee community with an emphasis on education. The administration has been successful in implementing projects of rehabilitating refugees, cultural regeneration, establishing and strengthening democracy and most importantly, acting as the ambassador to the world of the oppressed Tibetan nation. The Tibetan leadership has been working towards the freedom of the Tibetan people through peaceful means and is actively seeking to resolve the Tibetan issue through direct negotiations with Beijing. His Holiness the Dalai Lama has always believed that most human conflicts can be resolved through dialogue and reconciliation. His Holiness’s tireless effort was well recognized with the award of the Nobel Peace prize in 1989. In the same spirit, His Holiness presented a formal proposal for negotiations with the Chinese for mutual benefit at the European Parliament in June 1988. His Holiness proposed true autonomy for Tibet within China. This Middle Way approach does not call for Tibet’s separation from China, rather it seeks a self-rule with single administration for all Tibetans which would guarantee the “regional ethnic autonomy” as laid out in the constitution of the People’s Republic of China. The choice of the European Parliament as the venue to present his thoughts was to highlight the point that a genuine unity in diversity can only be achieved when there are mutual respect and benefits to all the parties involved in the union.

Unfortunately, despite the resumption of dialogue process since 2002, the Chinese government has failed to come up with meaningful proposals and continues its repressive policy in Tibet. In European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

2008, at the behest of their Chinese counterparts, the Tibetan side presented “Memorandum on Genuine Autonomy for the Tibetan people” which specified the modalities of the regional autonomy in line with the law on regional ethnic autonomy and the Constitution of China. On 29th November 2011, Mr Kelsang Gyaltzen, one of the two envoys of His Holiness the Dalai Lama in charge of negotiations with China and who has been involved in nine rounds of discussion since 2002, declared at the European Parliament in Brussels: “To our deep disappointment, none of our suggestions and proposals were taken up or accepted by the Chinese side. Nor has the Chinese side reciprocated any of our confidence-building initiatives or presented their own suggestions or proposals for a way forward. Since the start of this dialogue in 2002, the Chinese side has been adopting a position of no recognition, no reciprocity, no commitment, no concession and no compromise.”

It must be reiterated that the so-called “Tibet Autonomous Region” (TAR) carved up artificially in 1965, which represents only half of the Tibetan people and its original territory, has no autonomy whatsoever. The executive head who is the man in power in TAR is the First Secretary of the Chinese Communist Party, and since 1959, this position has been exclusively held by Han Chinese whereas an ethnic Tibetan is always appointed as the Chairman who only serves as the ceremonial head of TAR

Theoretically, according to the Chinese government's own interpretation of its law on regional ethnic autonomy, the Tibetan people are entitled to amongst others, full political right of autonomy; full power in economic and social matters including exclusive control over its natural resources and education; freedom to preserve and develop their culture and to practice their religious belief. Since the Chinese law makes extensive commitment to *regional national autonomy*, there shouldn't be any legal hindrance to bringing the issues related to autonomy for spirited discussion and lawful settlement. However, the current system lacks legal assurance of the provisions of autonomy. China needs safeguard mechanism that ensures regional autonomy in actual practice which is non-existent in the current set up of autonomy. His Holiness the Dalai Lama insists on “genuine” and “meaningful” autonomy to *all Tibetans living in contiguous Tibetan areas* under single administrative unit.

The tragic events in Tibet on March 2008 clearly demonstrate that although Tibetans have been theoretically separated among different provincial administrations, they remain united in their identity and aspirations. It should be clear from the past experience that a piecemeal solution for the future of Tibet that takes into account only the Tibetans in the so-called Tibet Autonomous Region will not resolve the Tibet problem.

Despite China's repeated attempts to mislead the international community, it is clear that Tibet's issue has nothing to do with ideology or power politics, rather, it is an issue of legitimacy of the indigenous Tibetan people against the illegitimacy of the Chinese occupants, justice against the injustice, non-violence against state perpetrated violence, and an invasion of a peaceful nation by its powerful neighbor.

Future challenges

As history of the world in the past century and this century (as in the case of the Arab Revolution) shows, the time has come for the last surviving autocratic regimes to realize that they cannot silence people's voice indefinitely. The Tibetans have been struggling for the justice for over half a century with certain confidence in the support for its ideal of self determination from international community. In 2011 alone, 12 Tibetans, mostly young, have set themselves on fire to protest against China's ongoing repression in Tibet. This desperate but brave act contradicts sharply the picture of "happy Tibet" that Chinese propaganda tirelessly expounds. The Chinese President Hu Jintao has coined "Three Harmonies" as China's national goal but there is no evidence of any sincere effort being made to achieve these at any level – within its border, between it and its neighbors, or with the international community at large. If China is sincerely willing to gain international stature, it should abide by certain international norms and become a responsible member rather than exerting its economic and military might for short-term gains. China has been a UN member for 40 years; it is a member of WTO, has strategic relations with major powers and has initiated permanent dialogues with major regional bodies and institutions including the EU. Unfortunately China is consistently shown to be taking unfair advantage of these associations without reciprocal exchange in all areas of international affairs such as good governance and democracy, free and fair trade, peace and stability, weapons non-proliferation, human rights, religious freedom, freedom of the press etc. China consistently resorts to blackmail, threat and economic retaliation as tools of international 'diplomacy'.

As the very purpose and ideals of the major international organisations such as the UNO are constantly put into test on issue like Tibetan freedom, resolving Tibetan issue peaceably will only help to bolster the strength of these ideals over those of brute economic and military might. Therefore, on the part of the international community and free world, it is extremely important to at least condemn China for its repression, abuse of human rights, and denial of self determination of Tibetan people. Every single act of support given to the voiceless yet peaceful struggle of the Tibetan people at this crucial moment in history will help advance democracy and peace.

In conclusion, I invite the readers to give a thought to what His Holiness the Dalai Lama declared on 4th December 2008 before the European Parliament in Brussels: "The issue of Tibet has dimensions and implications that go well beyond the fate of six million Tibetans. Tibet is situated between India and China. For centuries, Tibet acted as a peaceful buffer zone separating the two most populated countries on earth. However, in 1962, only a few years after the so-called "peaceful liberation of Tibet" the world witnessed the first ever war between the two Asian giants. This clearly shows the importance of a just and peaceful resolution of the Tibet question in ensuring lasting and genuine trust and friendship between the two most powerful nations of Asia. The Tibetan issue is also related to Tibet's fragile environment, which scientists have concluded, has an impact on much of Asia involving billions of people. The Tibetan plateau is the source of many of Asia's greatest rivers. Tibet's glaciers are the earth's largest ice mass outside the Poles. Some environmentalists today refer to Tibet as the Third Pole. And, if the present warming trend continues the Indus River might dry up within the next 15-20 years. Furthermore, Tibet's cul-

European Union Foreign Affairs Journal – N° 2/3-2011

tural heritage is based on Buddhism's principle of compassion and non-violence. Thus, it concerns not just the six million Tibetans, but also over 13 million people across the Himalayas, Mongolia and in the Republics of Kalmykia and Buryat in Russia, including a growing number of Chinese brothers and sisters who share this culture, which has the potential to contribute to a peaceful and harmonious world.”

Call for an EU Special Coordinator for Tibetan Affairs

Kelsang Gyaltsen

Kelsang Gyaltsen is Envoy of H. H. the Dalai Lama, February 2012

The Tibetan struggle: A case of exemplary non-violent struggle for freedom

For over five decades, under the leadership of His Holiness the Dalai Lama, the Tibetan freedom struggle has remained strictly non-violent. After the devolution of his political authority to the democratically elected leaders of the Central Tibetan Administration, the Tibetan political leadership in exile has made clear that it will continue to abide by the path of non-violence and not seek separation from China or independence for Tibet. The Central Tibetan Administration will continue to strive for genuine autonomy for the Tibetan people within the framework of the People's Republic of China (PRC) through dialogue and negotiations. Thus, the Tibetan freedom struggle is not only an exemplary non-violent movement but is also a model for political moderation, democracy and the spirit of dialogue and reconciliation.

Tibetan resistance in Tibet remains strong

In March 2008, the third generation of Tibetans, born and grown up under Chinese Communist rule, rose up against the oppressive Chinese rule. Tibetans from all walks of life and across the entire Tibetan plateau demonstrated against the oppressive and discriminatory policies of the Chinese authorities in Tibet. With full awareness of the imminent danger to their lives, young and old, men and women, monastic and lay people, believer and non-believers, including students, came together to spontaneously express their anguish, dissatisfaction and genuine grievances at the policies of the Chinese government.

Brutal crack-down of demonstrations in Tibet

Sadly, the Chinese authorities have resorted to brutal methods to deal with the situation in Tibet, despite appeals by many world leaders, NGOs and personalities of international standing to avoid violence and show restraint. Today, in many parts of Tibet, there is a huge presence of armed police and military. In many areas Tibetans continue to suffer under a state of de-facto martial law. There is an atmosphere of angst and intimidation. With no international observers, journalists or even tourists allowed into many parts of Tibet, the Chinese authorities have a completely free hand in Tibet.

A culture facing the threat of destruction

The effect of present policy in Tibet – whether deliberately or unintentionally – amounts to a cultural genocide. The marginalization of the Tibetans and Tibetan way of life is taking place at an alarming pace. “Development” is designed to assimilate Tibet into the Chinese society and culture and to overwhelm Tibetans demographically by transferring large number of Chinese to Tibet and reducing the local Tibetan population to an insignificant minority. The Tibetan Buddhist religion, culture, language, identity and way of life are under threat of total destruction in Tibet. There is, therefore, an urgent need for a strong signal by the international community to protect Tibet from this threat of cultural genocide.

Despair and frustration leading to self-immolations

The deteriorating situation in Tibet and the lack of any progress in the dialogue process with the Chinese government are deepening the sense of frustration and alienation among Tibetans. Tension, restlessness and bitterness are on the increase among Tibetans. The intransigence of the Chinese government on the issue of Tibet on the one hand and the absence of strong, visible and concrete support for Tibet by the international community on the other hand are causing despair and radicalism among Tibetans compelling them to acts of self-immolations.

Since February 2009, there have been 30 cases of self-immolations. Alone in the past 12 months, 29 Tibetans resorted to this drastic act of political protest and 22 of them are believed to have died (updated as of 26 March 2012).

The Tibetan leadership in exile will continue to discourage such drastic acts of protest. However, there is an urgent need for members of the international community to send a strong message of hope and solidarity to the Tibetans inside Tibet. This will give them hope and inspiration in a situation of deep sense of frustration and despair and will help in persuading them to refrain from such acts of despair.

The European Union’s human rights dialogue with China

The European Parliament consistently expresses deep concern about the plight of the Tibetan people and encourages negotiations between the government of the PRC and His Holiness the Dalai Lama or his representatives to resolve the issue of Tibet and it has adopted a number of significant resolutions to that effect. However, despite the strong support for Tibet within the European Parliament, so far the initiatives on Tibet taken by the EU Council and Commission have been few and seem to lack a clear and sustained policy. Today, it is clear and undeniable that raising the Tibet issue within the framework of the EU-China human rights dialogue alone has failed to bring any tangible results. It is obvious that this approach is inadequate and does not do justice to the complexity of the Tibetan problem. The human rights dialogue with China has failed to improve the human rights of the Tibetan people and has failed to achieve a constructive dialogue between His Holiness the Dalai Lama or his representatives and the Chinese

European Union Foreign Affairs Journal – N° 2/3-2011

leadership. Indeed, after the Olympic Games in Beijing in August 2008, the Chinese government's repression in and attitude on Tibet has hardened significantly.

Time for a concerted international effort on Tibet

Against this background it is high time to act on Tibet. It is of crucial importance to increase efforts to bring about a positive change in the situation of Tibet.

In this context it has been a tremendous encouragement for the Tibetan people, when in 1997 US Secretary of State Madeleine Albright announced the appointment of the first US Special Coordinator for Tibetan Affairs. The creation of this position has provided a focus for engaging with the US Administration on a breath of issues – humanitarian assistance, diplomatic support, multilateral strategies, sharing information and, ultimately, shaping policy. It has ensured a significant level of attention to Tibet at the highest level of political interaction between the US and China. Most importantly, the Office of the Tibet Coordinator provides the necessary impetus with the US Administration for a consistent US policy in promoting dialogue between His Holiness the Dalai Lama and the Chinese government.

A firm and consistent policy on Tibet makes progress

As a result President Obama and Secretary of State, Hillary Clinton, have met with His Holiness the Dalai Lama in February 2010 and July 2011. President Obama expressed his strong support for the preservation of Tibet's unique religious, cultural, and linguistic identity, and the protection of human rights for the Tibetans in China. He commended the Dalai Lama's "Middle-Way" approach, commitment to non-violence, and the pursuit of dialogue with the Chinese government. Moreover, President Obama has called both publicly and privately for substantive dialogue between the Dalai Lama's representatives and the Chinese government. Similarly, Secretary Clinton and Deputy Secretary of State James Steinberg have raised the issue of human rights in Tibet and the "need for China to have a deeper engagement with the Dalai Lama over Tibet within the framework of one-China-policy [...]" on multiple occasions.

Since assuming her position as Special Coordinator for Tibetan Issues in October 2009, Under Secretary for Civilian Security, Democracy, and Human Rights, Maria Otero, has met His Holiness the Dalai Lama five times. She travelled two times to India to meet and consult with His Holiness the Dalai Lama and members of the democratically elected Tibetan political leadership, and to visit Tibetan refugee settlements in order to assess the humanitarian needs of the refugee community as well as the requirements for the preservation of Tibetan culture, religion and language. She also visited Nepal and inspected the Tibetan Refugee Reception Centre in Kathmandu, where new Tibetan refugees from Tibet are being registered and taken care. Moreover, Under Secretary Otero maintains close contact with the Special Envoy of His Holiness the Dalai Lama based in Washington D.C. on all issues concerning Tibet and the Tibetans.

Under Secretary Otero in her capacity as the US Special Coordinator for Tibetan Issues has
European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

been holding regular joint sessions with Assistant Secretary of State for East Asian and Pacific Affairs, Kurt M. Campbell and with the White House National Security Council Senior Director for Asian Affairs, Jeffrey A. Bader and his successor Daniel R. Russel, and the Special Envoy of His Holiness the Dalai Lama, Lodi G. Gyari to discuss and coordinate all aspects of the US policy on Tibet. Moreover, the US Special Coordinator for Tibetan Issues in cooperation with the Special Envoy of His Holiness the Dalai Lama has taken the initiative to invite the ambassadors of those governments interested in the issue of Tibet to working luncheons in order to share information and opinions, and discuss common efforts and approaches.

The appointment of a US Special Coordinator for Tibetan Issues and the adoption of the Tibetan Policy Act by the US Congress in 2002 and signed into law by President George W. Bush on September 30, 2002 have created a strong basis for a coherent, consistent and sustained US policy on Tibet. This sends the right signal to the Chinese leadership that this issue will continue to remain an important agenda in the US-China relations unless and until China addresses it seriously and realistically.

This robust US policy on Tibet did not affect the Sino-US relation in any tangible way. In contrast to Europe the regular meetings of the US President and the Secretary of State with His Holiness the Dalai Lama result only in routine diplomatic protests. This is a clear indication that the firm and consistent policy of US Administrations in succession on the issue of Tibet has led to the recognition and acceptance by Beijing that Tibet has high status in US-China bilateral relations and cannot be avoided.

A mandate from the citizens of Europe to act on Tibet

There is a need for a coordinated multilateral effort to bring about a change in the position and attitude of the Chinese leadership on the issue of Tibet. The European Union is ideally suited to champion the peaceful resolution of the Tibetan problem through dialogue and negotiations. The Union has political weight and enjoys high international standing. The European Parliament has called in numerous resolutions for strong and effective actions by the Union to ensure respect for the fundamental rights and freedoms of the Tibetan people and to promote negotiations between His Holiness the Dalai Lama and the Chinese government. In 1998, the European Parliament adopted a resolution calling on the Council to appoint an EU Special Representative for Tibet. The European Parliament has reiterated this call for the appointment of an EU Special Representative for Tibet in successive resolutions adopted in 2002, 2007, 2008 and 2011.

The Tibetan cause has a strong base of support in Europe. In almost every European country there exist Tibet support groups. People throughout Europe feel deeply committed to the Tibetan cause as a matter of moral principle. They welcome their governments taking initiatives to promote a just and peaceful solution to the Tibetan problem. The widespread sympathy for Tibet among Europeans and the large number of resolutions on Tibet by the European Parliament present a clear mandate for the EU Council and Commission to take the initiative on Tibet and to appoint an EU Special Coordinator for Tibetan Affairs.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

An EU Special Coordinator for Tibetan Affairs

The central objective of the EU Special Coordinator for Tibetan Affairs should be to promote substantive dialogue and negotiations between the Government of the PRC and His Holiness the Dalai Lama or his representatives. Towards this aim he or she should develop a new and more effective and consistent policy. The EU Special Coordinator should maintain close contact with leaders of the Tibetan people and make efforts to travel to India, Tibet and to China. The Special Coordinator should promote the EU policy pressing for respect for human rights and encouraging the preservation of and respect for the distinct culture, religion, language and identity of Tibet. The Office of the EU Special Coordinator for Tibetan Affairs should also provide a focus for engaging with the Council, Commission, Parliament and the member states of the European Union on wide range of issues concerning the Tibetan people – from humanitarian and educational assistance, cultural preservation to information sharing, diplomatic support and multilateral strategies to shaping policy.

Concluding remarks

The appointment of an EU Special Coordinator for Tibetan Affairs is a crucial step for a sustained and effective role for the European Union to help to resolve the Tibetan problem peacefully. This appointment will send a strong message of hope and solidarity to the Tibetans inside Tibet. It demonstrates that the European Union has not forgotten the plight of the Tibetan people and that it has not abandoned them. It will reflect the strong commitment of the EU to play a crucial and constructive role in resolving the issue of Tibet peacefully.

This appointment will be a great source of hope and inspiration and will go a long way in persuading Tibetans not to despair and not to resort to drastic acts of protest. It is a strong gesture of concern, commitment and solidarity that will help in strengthening and sustaining the spirit and hope of the oppressed and persecuted Tibetans.

A peaceful resolution of the Tibetan issue will not only bring great benefit to Tibet and China and enhance stability and peace in the region but will have great consequences for the global political culture, too. The Tibetan freedom struggle has gained international fame in championing non-violence and democracy. Consequently, the success or failure of the non-violent freedom struggle of the Tibetan people will directly impact the outcome of the international effort to promote and cultivate a global political culture based on non-violence, dialogue and democracy.

EU Highlights Trade-Led Growth as Central to Modern Development Agenda

A range of proposals to make trade and development instruments work hand-in-hand to ensure real poverty reduction across the world were presented by the European Commission end of January 2012. The proposals aim at reinforcing the trade capacities of developing countries by making trade part of their development strategy. And to ensure to hit the target, the EU is currently looking into better ways of differentiating between developing countries to ensure the world's poorest countries receive the biggest help. The role of trade is underlined in the proposal as one of the key drivers to support development, stimulate growth and to lift people out of poverty. Furthermore, the EU calls for all developed economies to match its significant levels of market access to developing countries.

While the EU already provides more trade-related development assistance than the rest of the world put together, the Communication "Trade, growth and development" assesses the main next steps. For example: the traditional group of "developing countries" is outdated amid the rise of emerging economies. More tailor-made trade and development policies are needed that go beyond reducing customs duties at borders (tariff reductions), and tackle the major problem of improving the 'business environment'. To achieve this goal, the proposal underlines that developing countries' leadership must also face up to their responsibilities. Developing countries need to undertake domestic reforms to ensure that the poor do indeed benefit from trade-led growth.

European Commissioner for Trade, Karel De Gucht said "The rise of emerging economies like India, China and Brazil shows that trade-driven development is possible and that open markets can play a major role in generating growth. Yet those trailing behind need help. World tariffs have never been this low and the EU already offers very favourable market access to poor countries. What will make a difference are non-tariff issues - such as standards, services, intellectual property rights, public procurement, infrastructure and packaging facilities. None of this can work without political governance." European Commissioner for Development, Andris Piebalgs, said: "The integration of developing countries in global trade is a powerful lever for growth and the fight against poverty. It has helped to lift millions of people out of poverty in the last decade and will remain key to our development work." He added: "We now need to make sure that our aid for trade focuses on those most in need even more - concentrating our support on our least developed partners, helping them to reinforce their capacities, and adapt their economies to be able to join the global and regional economy."

The Commission proposes a number of ways to improve the effectiveness of EU trade and development policy including:

- reforming the EU's preferential trade schemes to focus more on the poorest countries,
- stepping up negotiations on free trade agreements with our developing country partners.

These must look beyond tariffs to tackle the real barriers to trade,

- increasing the use of EU instruments to promote foreign direct investment, including relevant provisions in free trade agreements to enhance legal certainty and combining EU grants with loans or risk capital to support the financial viability of strategic investments,
- facilitating developing country exporters, especially small operators, to enter the EU,
- assisting developing countries to improve their domestic business environment, meet international quality, labour and environmental standards and take better advantage of trade opportunities offered by open and integrated markets,
- using trade measures to help mitigate the effects of natural disasters and tackle conflict catalysts, including in mining activities.

It also calls on emerging economies to assume more responsibility for opening their markets to LDCs through preferential schemes but also on a non-discriminatory basis towards the rest of the WTO membership, of which four-fifths are developing countries. At the same time, the EU offers emerging economies a more mature partnership that includes regulatory cooperation and engagement on global issues which are essential for development such as food security, sustainable use of natural resources, green growth and climate change.

Background

The EU leads the way in providing trade support to the developing countries:

- The EU imports more goods from developing countries than any other market. It is also the biggest market for developing world agricultural exports. Almost 70% of all agricultural imports to the EU comes from developing countries;
- developing countries benefit from EU preferences in the form of eliminated or significantly reduced tariffs for their goods (under the “General System of Preferences”);
- the Everything But Arms initiative offers duty free and quota free access to our markets for all Least Developed Countries (LDCs) and for all products except arms and is the most generous preferential import regime in the world;
- the EU is leading world efforts for a package for LDCs in the multilateral trade talks;
- the EU supports the domestic reforms in developing countries needed for trade to fully contribute to development;
- The EU and its Member States are the world's largest provider of Aid for Trade, which helps partners develop trade strategies, build trade-related infrastructure and improve productive capacity. The EU combined annual Aid for Trade reached €10.5 billion in 2009, maintaining the all-time high registered the year before;
- A substantial increase was also reported for EU Trade-Related Assistance (which is a sub-category of Aid for Trade that focuses on strategic trade issues such as policy development, regulation or regional integration). This brings the collective amount to nearly €3 billion, well above the target to spend €2 billion per year on Trade Related Assistance from 2010. Sub-Saharan Africa is the main beneficiary of EU Trade Related Assistance, with its share of collective EU Trade Related Assistance increasing from 15% to 28% between 2008 and 2009.

Most Egyptians Oppose U.S. Economic Aid, Favor Aid from Arab Nations

Ahmed Younis and Mohamed Younis

LOS ANGELES -- About 7 in 10 Egyptians surveyed by Gallup in December 2011 oppose U.S. economic aid to Egypt, and a similar percentage opposes the U.S. sending direct aid to civil society groups. This rebuke of U.S. financial support may be a challenge for Egypt's newly elected parliament and its future president as the government attempts to bolster the nation's financial stability.

Do you favor or oppose . . .

Asked of Egyptian adults

	U.S. economic aid to Egypt?	The U.S. sending direct aid to Egyptian civil society groups?
Favor	26%	20%
Oppose	71%	74%

December 2011

GALLUP

Political and economic turmoil has characterized the first year in Egypt after the fall of former President Hosni Mubarak. This instability has increased unemployment in Egypt, widened its budget and balance of payment deficits, and drained its foreign reserves.

Senior U.S. officials announced in January at the World Economic Forum in Davos, Switzerland, that President Barack Obama plans to speed up aid to Egypt as the nation transitions from the Mubarak era. Congress already approved \$1.3 billion in military aid and \$250 million in economic aid for the current fiscal year. Some of the conditions attached to this aid, including that it may not be spent unless Egypt meets all obligations under the 1979 Israel-Egypt peace treaty, may help explain its unpopularity in certain Egyptian circles. Some Egyptian activists say such restrictions encroach upon Egypt's sovereignty.

Egyptians are much more willing to receive aid from international institutions, with 50% favoring this type of help. Egypt's military and political leaders initially rejected an offer of support from the International Monetary Fund (IMF) but later changed their minds. Last month, Masood Ahmed, Director for the Middle East and Central Asia Department for the IMF, was in Egypt to

discuss a potential \$3.2 billion IMF loan to Egypt. Egyptian leaders' ability to attract foreign aid and investment will be important to collecting the capital needed to move the nation's economy forward.

Do you favor or oppose aid to Egypt from international institutions?

Asked of Egyptian adults

	%
Favor	50
Oppose	42

December 2011

GALLUP®

Egyptians are nearly as likely to favor aid from Arab governments as they are to oppose help from the U.S. Almost 7 in 10 favor aid from Arab governments. This may in part reflect high-profile announcements by several of the country's Arab neighbors about their involvement in projects to help rebuild Egypt's economy.

Do you favor or oppose aid to Egypt from Arab governments?

Asked of Egyptian adults

	%
Favor	68
Oppose	28

December 2011

GALLUP®

However, some Egyptian politicians have begun to voice concerns about collecting on their neighbors' promises. Fayza Abouelnaga, Minister of Planning and International Cooperation in Egypt, recently noted that her country had received only \$500 million of the \$3.7 billion promised by Saudi Arabia and \$500 million of the \$1.5 billion pledged by Qatar. Further, she said the United Arab Emirates has paid none of its promised \$3 billion. Abouelnaga estimated in December that Egypt's foreign debt reached \$34.4 billion, representing 15% of its gross domestic product (GDP).

Implications

As Egypt's new parliament begins its work and the country's citizens prepare for presidential elections, many Egyptians are suffering from the day-to-day realities of unemployment and price inflation. According to Gallup's most recent survey in December 2011, Egyptians are most likely to name inflation and lack of money as the biggest problem facing their families; the second is lack of jobs.

The new government's ability to fashion policies that will turn the economy around and give Egyptians hope will largely determine its success. The anniversary of the revolution passed without major violence -- an indicator of stability that some sources say reverberated positively in the Egyptian stock market. This is a hopeful sign for a nation struggling to negotiate the politics of international aid.

Financial aid can in some cases provide badly needed capital for economic empowerment and development, and ultimately help boost foreign investment and trade. With financial support from the U.S. deeply unpopular among the Egyptian people, the country's political and business leaders may be forced to focus on other aid sources. International organizations will play a significant role in the process of helping Egypt marshal resources and expertise for development in a way that the Egyptian public supports at this crucial stage in the country's transition.

Survey Methods

Results are based on face-to-face interviews with 1,077 adults, aged 15 and older, conducted Dec. 16-23, 2011, in Egypt. For results based on the total sample of national adults, one can say with 95% confidence that the maximum margin of sampling error is ± 3.4 percentage points. The margin of error reflects the influence of data weighting. In addition to sampling error, question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of public opinion polls.

The Systematics of Global Failure and Success Between Theories of Action and International Relations

Alec A. Schaerer



Dr Alec A. Schaerer, Basel/Switzerland, is a former architect and town planner, who ran many international projects in these fields. There he perceived unnecessary contradictions and limits within the usual ways of thinking. For clarifying the circumstances, he became a philosopher / methodologist, researcher and author. He investigates systematically the potential for a holistic perception of problems, situations and contexts – presently in particular for questions between nature, human thinking and economic processes

Abstract

Once natural dangers tied up human energies; now man-made problems – lifestyle diseases, pollution, racism, terrorism, etc. – take the lead and dictate agendas. Entrenchment in fundamental beliefs increases; economism rules, yet aggravates a conflictual development whose root is neither accidental nor 'the human condition', but in a widespread way of thinking, justified by the vast majority of contemporary theorizing: to approach problems dominatively, based on primal assumptions (not openness on principle to the entirety of the subject matter). This way of thinking is self-limited on principle: it can't reach the intrinsic nature of phenomena, it is not generally sound. Action on this basis produces conflicts that can't be resolved by reiterating the method, which is thus not fully sustainable. The mainstream can avoid plurality only by incurring losses, and it is led to believe totally secure thinking is impossible – calling for more formalism, engendering on the theoretical level a self-fulfilling prophecy, and on the practical level an immense inefficiency. Nevertheless secure thinking is viable on the level of pure content. An adequate foundation can be found in completely self-aware querying. Systematizing this path makes perspectivity and universality compatible and opens up categories that are universally applicable within their query perspective. The proposed methodology allows strict thinking from totality towards its aspects – for instance in theorizing seamlessly all human agency, including mental activity. The proposed framework is not just one more theory, but encompasses theory and practice, and fosters personal integrity – the root of all authentic conflict solving.

1 The problem and the proposed solution, in general terms

A need to solve *man-made* conflicts – from climate change, pollution and health defects to economic disparities, cultural tensions and terrorism – rather than problems imposed by *nature*, is increasingly calling society to attention. Even though the known period of history never featured as much scientific activity and international relations as now, the common of mortals feels increasingly insecure (for example Beck 1992, 1999, Frank 2002, Greider 1997, Landes 1999,

McKinley 2001, Monbiot 2000, Stiglitz 2002). Sharing beliefs is being taken as a basis (e.g. 'social epistemology'), while rifts between belief systems, religious or other, are widening. Nation-states and complexes tend to protect rather than open themselves. In parallel, internal relations tend to manifest new forms of opposition too. Generally, voices are being raised. Across societies, a difference is deepening between people seeking to develop governance by dialogue-oriented processes and those wanting to govern by domination. On the one hand, as an effect of human action, huge energies are being tied up, requiring systemic changes as vowed in any serious political motive. On the other hand, motives are not results, while usual approaches to knowledge can't offer total transparency; accepting this limit led to a widespread impression of having to decide pragmatically, based on partial knowledge only.

All levels of action are concerned, from the way of handling nature to the style in personal and social relationships up to political interaction and agendas of international relations. At first sight the tangle looks utterly intractable when viewing it through present-day methodology and forms of knowledge, because these are themselves more part of the problem than of the solution: wherever knowledge (even if certified) is applied completely to a given field, it can't avoid side-effects, sometimes producing the opposite of what had been hoped for. Cumulative effects of a local rationality frequently lead to global irrationality. 'Globalization' is one of the buzzwords in naming the juxtaposition of conflictual effects. Hence a *necessity of complete (self)-transparency* – encompassing not only the subject matter, but also the involved system in theorizing – will in the long run inevitably become essential to the debate.

A complete solution requires a type of insight that can ensure fully its own functionality. No individual science ('thinking about things') can satisfy this need because it requires philosophy ('thinking about thinking'), moreover of a type that offers completeness and certainty in its theoretical grasp: a conceptual system that offers complete applicability also to itself, thereby mastering self-referentiality. The vast majority of philosophical systems in the contemporary debate can't take this hurdle. They are useful for clarifying many aspects, but not for developing a fully dynamic and secure overview. For example in action theory, the physical movement of limbs is picked out as a central theme, but not the mental movement of theorizing action. Both are movements, forms of action, and should thus be encompassed in one coherent theory. The lack of fundamental self-reference results in diverse action theories that allow aspects and details to be covered depending on their starting point, but no secure all-encompassing approach. Some believe analytic philosophy qualifies as this basis, for instance because it allegedly overcame the subject-object split. They forget that this split-up is not the only relevant one, that overcoming it in certain respects does not mean having overcome *all* gaps and flaws that can arise and have effects. In this example, analytic philosophy is not *sure* it can solve on principle the problem of its own 'blind spot' (apparent to some extent in the paradoxes of predication theory), let alone of all theoretical (and hence man-made) problems in general.

From action theory to the theory of international relations, the methodological discussion covers most philosophical systems, but in this seemingly pluralistic field it did not yet reveal a fundamental trait that is nevertheless common to nearly all approaches and influences deeply the struc-

European Union Foreign Affairs Journal – N° 2/3-2011

ture of human relating and acting, from ways of handling nature to ways of governing and of cultivating international relations. This fundamental trait is in the habit of *setting out from basic assumptions* (fundamental beliefs). One of these is that the world consists of things that can be described, in this way proceeding towards an understanding of reality – forgetting that things have a 'back side', they can't reveal strictly *all* of themselves (Kant talks about the 'thing as such' that eludes us). The habit cannot be discovered by comparing usual types of philosophical approach – such as constructivism, discourse theory, idealism, liberalism, pragmatism, or rationalism – in their applicability to theorizing, as long as the methodological investigation shares itself the same presuppositional trait as if it were an 'evident', 'natural', 'inevitable' element, thereby materializing a 'blind spot' that limits the clarification of the systematic foundation; trouble is ahead when the institutionalized instance of appeal shares the 'blind spot' too. Our essay shows that (a) this presently is the case – but (b) can nevertheless be remedied.

First we will skim over the development of paradigms in theorizing individual and social human action, for recalling essential trends and problems. Then we address the methodological background, philosophy and science as providers of paradigms, for determining what can be helpful. We analyze the shared trait in habitual ways of thinking, which must produce conflict even if the thinker doesn't want any. They stem from neglecting the *relevance of fundamental beliefs and attitudes*, the structure that shapes categorially a world-view. By categoriality we do not only mean categories such as the Aristotelian or Kantian ones, but all fundamental decisions that tint subsequent ways of thinking. For illustrating the price paid in practice by *flaws* in theorizing we examine today's eco-social complex. Applying the problematic conceptual basis of mainstream socio-economic theory incurs actionism, needless social cost, degraded health and environment, missed human development, resource pillage, etc. – which burden society while the bustle still raises the GDP quite often ('economic growth') and is thus often hailed as salutary.

Our analysis allows a solution to be synthesized that does not have the mainstream's flaw. It proposes to avoid all assumptions, for inquiring into the opposite: *making oneself open to the subject matter*, fulfilling its content by means of a complete query. The result of systematizing this process is a categoriality that allows the crux to be solved, but which mainstream philosophy and science today cannot develop due to basic beliefs. Contrary to the traditional object-oriented methodologies, which can on principle never allow strict totality to be covered, our proposal operates conceptually in *forms of order* – in a variation to the theme of Platonism, but without the drawbacks that habitual approaches must fear due to their primal assumptions. In concluding this essay, we return to the topic of theorizing international and other relations for seeing what our solution can offer. In human being and relating it allows secure distinctions to be drawn such as between *potential* (selfness, order *as such* of being human: consciously self-referential) and *manifestation* (ego, order of *enacting* selfness). The instance of personal identity, the 'I' (the fact we can authentically say 'I *only to ourselves*') is composed of selfness (as its intrinsic structure, or law) and ego (its actual manifestation of the law). Where the egos of social agents are at odds with selfness, they need to learn about essentials; resistance of reality can become relevant and can even be aggravated to the point of becoming conflict, but it is never *objectively* necessary. A strictly complete way of thinking – based on 'listening' to the subject matter rather than 'talking'

prematurely into it – allows detours to be avoided. This way of thinking can't arise on its own by dint of some cognitive mechanism, but must concretely be *willed*; on the other hand, *being able* to will it is possible only in a socio-cultural environment that offers theoretical systems which foster the possibility of doing so. In this respect, the European setting has a slight advantage as much over the Asian situation, emphasizing sociality at the expense of the individual, as over the American view, emphasizing materiality at the expense of totally self-transparent mental life.

The presented portrayal serves the purpose of presenting and proving essentially two theses:

(A) *From individual action to international relations, conflict stems only secondarily from the usually considered sources (e.g. 'personal and collective interest', 'values'); the fundamental and yet neglected origin is in setting out on assertive ideas; in everyday life, this rash way of thinking is not being challenged, but on the contrary justified, by today's philosophy and science.*

The proof of this thesis will be carried out on the following path:

Basic assumptions inevitably are a way of 'talking' into the subject matter *before* a complete overview of the ramifications has been conceptualized. For example today's mainstream seeks objectivity by operating 'scientifically' in distinguishing, observing, describing, measuring, etc.. Most forget that this attitude generates an implicit subject-object split and a 'blind spot' that can only be shifted to other realms, but not solved on principle within the approach. For example an observer can observe everything except his act of observing; by observing other observers in observing, the theory can become more complex, but never reach *strict* completeness. Whether the object is material or mental (as in formal logic), makes no difference: in any such split the crux can't be solved unconditionally, but only sidestepped by applying fixed rules (such as Tarski's separation of object-language and meta-language for securing 'truth'). The 'blind spot' shows also in the undecidabilities of which Finsler, Gödel, Church, Turing, Post, Cohen, Chaitin and others revealed ever 'new' aspects. Ultimate objectivity can't be warranted by extracting the mind from the subject matter in an imaginary quasi-divine style (the real divine does not extract itself from reality), but only by encompassing strictly everything in the structure – including the categorial instrumentation, which must cover also the implied mental activity. This necessity can't be fulfilled by basing approaches on assumptions, because these impose limits of validity on a possible theory, which can then be handled only by means of additional decisions (beliefs, hypotheses, etc.) that can only violate anew the overall interconnection of content – *ad infinitum*. This type of procedure makes the activity of *positing* (albeit reasonably, i.e. as well as one can) into the ruling myth for finding solutions – after all, 'new' research questions are being generated in this way – but the process can *on principle* never become completely non-conflictual.

(B) *The situation depicted in thesis (A) is not inevitable, as the mainstream is compelled to believe (by setting out on fundamental assumptions), but can be overcome by uncompromised dedication to problems in their totality.*

The proof of this thesis will be carried out on the following path:

Instead of setting out from 'plausible' primal assumptions (axiom, definition, hypothesis, fundamental fact or measurement, paradigm, premise, postulate, etc.), we set out by analyzing system-European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

atically the process of querying, conceptually exhausting the matter of concern. This analysis reveals a nature-given *law of logic* that governs all mental processes (irrespective of whether one is aware of it) and constitutes the foundation also for the laws of formal logic. This law crystallizes the fact that *any query requires ultimately a strictly polarized conceptual space, as required for fully understanding the query's content*. For example Aristotle's query of the nature of change (process) finally led him to the 'form'- and 'matter'-aspects, which together allow any given process to be understood. This polar type of concepts is of *categorical* nature (it is on the level of the '*arché*'): it does not impose object predicates (such as 'this is *red*') but is of *heuristic* quality (such as 'look out for *color*'). In an epistemic query, such concept pairs reveal the *ratio cognoscendi*, and in an ontic query the *ratio essendi*. They are universally applicable within their query perspective; therefore they are completely applicable also to themselves. This fact allows *complete self-referentiality* – which object-oriented systems can never offer, because predicating finally leads to paradoxes or other (self)-limitations on the theoretical level. The foundation proposed here fosters a categoriality in which perspectivity and universality become compatible, systematically enabling heuristic certainty in a potentially complete grasp.

The process of 'listening' into a given problem (instead of positing assumptions) can be understood only by concretely performing it *oneself*, making ('subjectively') the most of the relevant conceptual ('objective') content: only personal effort can fulfill the necessary material condition for acquiring the generally valid dimensions; personal wholeness is the bridge to the wholeness of the objective topic or problem. Empirical work should include 'inner' experience.

We call our approach 'systematic attentiveness'. Not its elements are new, but the general clarification of a crux that eludes today's mainstream as a consequence of its basic beliefs – in the light of which the solution presented here must seem impossible. Yet nobody is compelled to that belief. Any knowledge within limits is also of limited validity when judging its own limit. This restricts the *actual* sustainability of mainstream science, because within it one can't know where a crux *finally* is. This does not mean that limited theories are simply wrong. They do offer successes, at least at first, when manipulating 'things', including one's own mind – but they are not *ultimately* reliable; it is no coincidence that problems always arise *at the level of totality*. While practically everybody admits a limit, many believe (as in pragmatism, scientism, etc.) today's fundamental beliefs will always offer possibilities of overcoming it; others acknowledge a limit, but believe (as in skepticism, postmodernism, etc.) that it is absolute since all approaches manifest it. Whether one is aware of interconnections or not, basing one's thinking on whatever pre-suppositions entails a cost: *conflict* – including the need of a more complete understanding. Nevertheless, the noticed limits are *not absolute*, but determined by the 'lens' through which thinking and knowing is being thought. For mastering the theory of action from the individual to the international level, traditional disciplinarity must be extended (e.g. van der Westhuizen 1997). Integral ways of reasoning need an inter-disciplinarity that combines theoretical elements (philosophy, methodology, logic, etc.) and practical aspects (the subject making itself self-transparent, cultural analyses, etc.). Systematic attentiveness fosters thinking in a strict way *from totality towards its aspects*, unifying endeavours while avoiding the drawbacks of usual attempts (for instance naturalism, whose monism remains partial).

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

In an attempt at integrating all levels of reality, Ken Wilber has presented since (1977] an approach that became quite fashionable. Especially in pragmatic issues it is certainly a lot better than what mainstream thinking can offer. But, in spite of its 'comparative advantage' over competitors today, it is not suitable as a general theoretical foundation or methodological basis, because it is not uncompromising *on principle*. It remains essentially in the *descriptive* mode, applying this in its four quadrants that cover at first sight everything, including levels of reality that elude other approaches. Yet the relations between the four aspects remain insufficiently grasped, as the objective of Wilber's approach is not to discover the nature of categoriality as such, but to paint a picture in as much detail as possible of what meets consciousness. Insofar, some crucial elements of the overall order elude also Wilber's attempt at a complete grasp. Of course this does not exclude his formulating his 'Theory of Everything', according to his view – but this does not constitute a proof of strict completeness as such, it is only one more picture.

2 *The problem of totality in human action*

Theories on acting and relating can focus on many aspects; the question is: how much can they grasp of reality as a whole with its interrelational features? In action theory, the type of approach influences the important distinction between what is being done intentionally and what happens when one sets off a process, but does not lucidly want all of what occurs – for instance wanting to walk, but not to stumble; or readily intimidating somebody, but resenting his becoming aggressive; or wanting to fully understand something, but not to give up popular presuppositions. The issue finally is *unintended consequences*, where views depend on the degree of understanding the given situation as a whole. People's beliefs about their way of functioning influence the way they seek or neglect clarity: if one offers people (including theorists) excuses whereby understanding is limited – due to restricted perception, or intellect, or the 'unconscious', or neuronal or genetic constitution, etc. – they will comfortably accept the responsibility to be restricted correspondingly and 'explain' reality in the cherished terms.

This is the crux. Traditional approaches can't clarify in a fully secure way the principles of *order* and *agency*. Since many got used to this, *causality* became an intractable tangle, already on the level of inert matter. Nevertheless, models developed there were adopted also to human action; even physicalism became fashionable. Instead of seeking the *root* of agency – which is the way of directing one's own mind for acting, by accepting a fundamental conceptual structure, also e.g. in accepting a loss of autonomy by deferring one's mental responsibility to some alien instance – *mechanisms* are postulated at the basis. In practice, procedures of all sorts are being *formalized*. In adopting external forms of order, one loses the sensation of being *involved* in directing one's own mind – and in forming one's own categoriality and hence foundation of understanding reality. The handed-down schemas coagulated into adultomorphisms that limit the understanding of any subject matter in its origin and end, while unifications remain piecemeal.

There has always been a desire to come to grips with totality, but it tends to be addressed in ever more convoluted ways since metatheory made this desire look illusory; as an effect, now many

European Union Foreign Affairs Journal – N° 2/3-2011

acquiesce with rather little. From action theory to the theory of international relations, the features of reality have thus been approached in mere perspectives – such as the theory of autopoiesis, behaviorism, theories of causes versus theories of reasons, theories of institutions, game theory, process theory, systems theory, theories of balancing power, of types of state, legal order, trade, wealth, sustainability, etc.. One unifying topic is that action aims at something while having an effect elsewhere too, but the problem remains of encompassing also all the rest in one coherent framework. Then totality seems incomprehensible on principle – but pressures of individualism (all of the individual needing to be understood) as much as of globalization (the network needing to be understood) make it increasingly relevant. The point is how wholenesses can fruitfully be grappled with.

The usual theoretical perspectives offer results in many aspects, but are not suitable for a systematic approach to totality. It keeps calling us, while seeking to understand usually follows a perspective. There are basic differences between, say, a phenomenologist attempting to explain individual action and a physicalist doing so, or Machiavelli seeking to consolidate pragmatics in international relations and Kant seeking the ideal solution. Such spans are still virulent in today's debate; indeed, in terms of its paradigms, theorizing on action and relations is far from a shared basis. Old time idealism has its limit, because warranting knowledge about materiality requires a holistic and dynamic grasp of the realm of ideas, which not every idealism can warrant. This is why a transition to realism arose, which embodies its own brand of naivety, because reducing considerations to structures of matter and power in interaction constitutes no complete understanding. It is thus no coincidence that the 'realist' paradigm was challenged methodologically (by 'post-positivist' views) attempting to improve the achievable consistency, and materially (mainly by ideas of 'non-reductionism' and 'global governance'), attempting to improve the completeness of grasp. New, more elaborate and more complex systems were proposed. But also the neo-realist and post-positivist attempts are methodologically not complete and robust to the required degree, since none can claim *strictly universal* coverage. Whether one sets out from positivist 'observation', for example of power structures and equilibria, or from Historical Materialism, or from Habermasian discourse qualities, or from 'post-modern' deconstruction and genealogy, or from any other of the debated ideas, there is always a *gap* in the understanding – prominently for example of 'the singularity', 'the individual'; or 'structure', 'order'; or 'action', 'agency', which ultimately remain somewhat mysterious. For escaping mysteries, object-oriented ways seemed salutary – 'naturalizing' the approaches in many disciplines – through which the attempts at unification are led to ever smaller 'elementary units', but the *essential* of what exists (for instance in a processual approach: the *laws* and *forces*) eludes on principle the produced network by never being observable. On this path the laws in the immaterial realm (for instance of logic) cannot really be accounted for. Analyzing and solving conflict varies depending on the approach, but none of the debated ones offers strict completeness because none operates without basic assumptions.

Theory has not been encouraged to think *in a strict way* from totality towards its aspects. It rather remained within the latter, emphasizing sometimes one, sometimes another – for instance discourse, conflict, identity, rationality, resources, trade, wealth, hierarchy / anarchy, physics /

European Union Foreign Affairs Journal – N° 2/3-2011

chemistry, power, law, etc.. Syntheses based on aspects have corresponding gaps. The chosen aspect defines which part of the side-effects of agency becomes explicable, but it is never all of it. For example considering *power* in IR, the realist category of balancing can't approach strictly the whole for explaining why violence (up to utterly evil power) *always* seems to work in the short run, but *never* does in the long run. The debate always remains somewhere in between, recalling the missing end but completely reaching neither. Or in the *rationality* aspect, rational choice and game theory don't allow the paradoxes to be clarified which their assumptions entail, for instance in the 'prisoner's dilemma'; they can only add further hypotheses for trying to remain afloat on the chosen foundation. Setting out from mere aspects makes it difficult to find reliable strategies, because one never knows when reality as a whole imposes 'new' surprises.

Some deplore a *definitional imprecision of core concepts*. Yet these can't be clarified in a final way before having achieved a completeness of understanding – not only of the object, but also of the implied conceptual structures and the underlying categorial realm, and of the laws of logic that govern mental agency. Processes in thinking should adequately be distinguished from processes in communicating results. Whoever wants an empirical proof for this thesis can try to express something before clearly having thought it through. Blurring the distinction, as has become widespread since the 'linguistic turn' (believing that thought, for being coherent, must constitute a discursive process), reduces the potential grasp of thinking and theorizing, and subsequently also of understanding adequacy in action.

Within their limits of validity, traditional methods and theories can offer advice for *tactical* moves. But in practice, under the impression that reality leaves no other choice but to decide on 'incomplete information', the advice is often taken as a basis for *strategic* ideas – forgetting a crucial distinction: the idea of strategy is to offer secure guidance by being based on *universal laws* (section 6), leaving a margin for tactical adaptation to *contingencies*. But when even the best of theory is based on loops based on something external ('be empirical!'), as is now often the case, *no strictly universal law can be discovered*. Karl Popper emphasized that theories can't be verified by empirical means. Generally, taking half-truths for full truths is a source of errors that lead easily to accusations and material measures – in politics and IR up to military action.

Till now the inadequacy of a stance can be stated only through empirical failure at the end of the line. In IR this limits the idea of 'early warning', because today's approaches formulate causes based on empirical evidence (from AKUF to WEIS; for an overview, see e.g. Austin 2004) that can reveal results, but not the processes which produced them. To a remarkably high degree, dangers are still being perceived only on the material level, not in what constitutes the ways of thinking which *feed* the opinions, errors, differences, and material problems, finally breeding accusations and material aggression. There is a wealth of scholarly research on action theory up to the theory of IR, but little on theorizing as a problem on principle for making sure that theorizing does not generate itself the type of incongruity which it should overcome.

This is not meant as a bleak outlook, but as an *analysis of the past*. The further sections aim at offering a fruitful perspective for future endeavors. Many theorists have started anew by shifting their reflections from the phenomenological level to the methodological situation.

We encourage systematic attentiveness, an approach from the whole towards its aspects, implying that any situation can be taken as the totality of content implied and to be explored prior to primal decisions or subdivisions. For instance analytic philosophy, autopoiesis theory, or systems theory, all claim having overcome the subject-object split. But this is *not the only* gap (and hence source of conflict) that arises from presuppositional elements. By suspending *all* prejudice, our approach offers new leverage for handling not only forms of *manifest* conflict, but also *potential* ones. Specifically in action theory and the theory of IR it might open up new horizons, from secure criteria for forms of order, agency, and identity, to theories of third-party intervention. Being free of anthropocentrism, instead based on a law of nature in the realm of logic that is valid for any fulfilled mental process, it offers a reliable foundation for example for impartiality and neutrality in conflict settlement, conflict resolution and conflict transformation – covering the complete scope from conciliation, consultation, and pure mediation, up to power mediation, arbitration, and peacekeeping (for overviews see e.g. Fisher 2001 or Reimann 2004).

Since any concrete formulation will need to take into account the state of the art in the instances of appeal, contemporary philosophy and science, these merit a closer look.

3 *The situation in contemporary philosophy and science*

Orientating oneself in reality requires thinking and organizing one's ideas. For finding the respective laws, this activity has been institutionalized. It looks pluralistic at first sight; only a fundamental investigation reveals a common denominator of the many branches: the gesture of *setting out from fundamental assumptions*. The basic gesture of assuming something, however 'plausible', has more consequences than we are commonly being told. Whether an assumption is *conscious and rational* ('atomic fact', axiom, definition, hypothesis, postulate, premise, etc.), or *emotional or unconscious* (anxiety, belief, desire, hope, illusion, prejudice, etc.), does not modify its effectiveness. The difference between rational and irrational prejudices is only that rational ones allow logically consistent systems to be set up. But even the strictest logical consistency can't warrant an actual completeness of grasp and certainty. A completeness in formal systems offers certainty of inferences, but in terms of content it can't cover securely all of reality. The crux is in the *foundational content*, i.e. in 'that which structures the nature of the system itself'.

Formally speaking, asserting is an *intervention*; this limits possible outcomes in content. It occurs also when fundamentally attributing problems to metaphysics, ontology, epistemology, ethics, etc., often with subdivisions such as: subject vs. object, analytic vs. synthetic (types of judging), *a priori* vs. *a posteriori* (basis for propositions to be knowable), facts vs. values (results of a descriptive vs. normative perspective), theoretical vs. practical reason, nature vs. nurture, etc. – usually forgetting the thrusting interest in spite of insight being prestructured by it. Indeed, phenomenally the interactions of any structure are ramified into the whole universe, while mentally all content is ultimately interrelated. This is why assumption-based systems wind up in *problems*

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

on principle: for example *undecidability* (as formulated in various ways by Paul Finsler, Kurt Gödel, Alan Turing, Gregory Chaitin, etc.), or the *incompleteness of describability* (as revealed in skepticism, in critical rationalism, or in the Gettier problem), or *indeterminacy* (as for example in quantum theory), or *paradoxes* (as in analytic predication theory, or in the 'blind spot' of systems theory), etc.. Philosophy ended up in ideas like the '*Münchhausen trilemma*' (formulated by many from Agrippa to Hans Albert: any justification or account winds up in a circularity, an infinite regress, or a dogma), '*écart*' (Merleau-Ponty), '*différance*' (Derrida), etc.. Each of these paths shows *aspects* of the general limit, as a result of the respective approach.

Part of the problem is that none of today's basic concepts – time, space, law, cause, energy, information, subject, object, etc. – is *strictly* universally applicable; this accounts for many theoretical incongruities already. Another element is today's scientific attitude – distinguishing, observing, describing, measuring – which inevitably introduces an *element of comparison*, alien to the subject matter *per se*, and produces a corresponding 'blind spot' that embodies the 'inverse' of the content vector implied in the chosen attitude – for example an observer can observe everything except his own act of observing; or the principle of measuring can't be measured. Thinkers such as Humberto Maturana, Francisco Varela, Heinz v. Förster, Gotthard Günther or Niklas Luhmann – or in logic proper Girard (2006) – discovered that the blind spot can't be discovered by thinking within the chosen conceptual system: through the system one can't 'see' what it can't make evident. One can't distinguish *that* it can't make distinguishable what it can't make distinguishable, namely the paradoxical pattern that the conceptual system, explicitly splitting up the universe between itself and all the rest, must on the one hand be distinct from this distinction, but on the other hand must exist implicitly within the distinction as part of totality and hence as an object of investigation. In this situation, observing other observers in their activity of observing can look like a helpful move, but the blind spot can on principle never be overcome, but merely be shifted around. For instance Luhmann discusses this eloquently in his version of systems theory for sociology, but he can offer no solution on principle because he justifies the blind spot as the locus where basic concepts such as causality are supposedly being generated. Another insidious element is assumptions concerning our own mind. These beliefs are effective in an *absolute and precise* way; believing for example 'X is unknowable', or 'the mind is a Y', or 'complete integrity is unattainable', *factually* makes X unknowable for the believer, allows him or her to know only Y-type characteristics of the mind, and foils complete integrity indeed.

Such injections affect the process of investigating, but are rarely considered sufficiently. The produced 'edges' or 'limit-cases' should not be attributed to the subject matter – for instance by saying, in the humanities and social sciences, 'the cognizing subject can't be understood completely', or in a quantum approach, 'matter is of complementary nature' –, because the opinions are produced by the chosen perspectivity, forgetting side effects.

The majority of philosophy took a 'linguistic turn' and within it a 'pragmatic turn'. Now it can account for *results* of activity, but not encompass *processuality as such*. In any language-based consideration, completeness looks like the quantitative problem of encompassing all relevant propositions. But the core issue can't be solved there, and no amount of subsequent activity can

make up for the gap produced by the basic belief. Emphasizing formal systems and procedures has eased mechanical information processing, but limited the understanding of what is singular by being conceptually self-contained: the nature of laws of nature, the single case, the gist of alive beings, personal identity, life as a principle, the origin and end of the cosmos, etc.. In seeking to understand, the crux finally is *autonomy* (singularity) because any mechanism remains on principle in *heteronomy* (dependent on its 'other' side); therefore no mechanism can ever have the very first or last word. Even in the most advanced theory based on mechanism, namely physicalism, where some teleological aspects have been admitted and are supposedly determined by natural selection, the inevitably autonomous origin and thrust of life remains unexplained, concealed in a maze of mere hypotheses (beliefs). Needing a basis while following the 'linguistic turn' left only *intersubjectivity* as a choice. But then investigations have no anchor in overall reality, they can only float on the sea of man-made, intersubjectively agreed opinions (beliefs). This basis offers no secure criterion for avoiding *on principle* collective error. The result is a maze of meticulous debates, dissolving everything in words, which can on principle not lead to overall clarity (Merrell 1996 is an example). This needlessly limits efficiency.

The problem of overview is certainly not unknown; the question is how one seeks to solve it. There are attempts at unifying the self-multiplying theoretical strands, but philosophical and scientific reality remains a struggle between paradigms, opposing for instance 'continental' and 'analytic' styles. Familiarization with fragmentations increasingly made acceptable 'justifications' of inadequacies – for example by 'naturalizing' epistemology, producing implicit circularities, or by retreating into pragmatisms, suppressing fundamental analyses. Philosophical holisms – of the epistemic, ethical, methodical, methodological, ontic, quantum-physical, semantic, social, sociological, or theological kind – offer precision in many respects, but can't clarify *totality*.

Nevertheless, addressing the crux requires an interest in completeness, certainty, holistic approaches, and similar concerns. In the last decades, attempts in this direction produced new concepts such as autology, autopoiesis, circularity, complexity, recursivity, self-referentiality, synergy, etc.. Some had noticed that the traditional first-order reference – reality 'out there', addressed propositionally, '*S* is *p*' –, is insufficient for coming to terms with strict totality. New procedural terms arose such as chiasm, *différance*, emergence, heterology, morpho- and keno-grammar, polycontextuality, 'proemial relationship', or supervenience. But since these terms of second-order reference still contain remnants of first-order reference, they do not allow the performance hoped for, because the nature of the conceptual realm *as a medium* – not only the appearances *in* this medium, the intersubjectively agreed concepts – must first be clarified in its relationship to reality as a whole. This is what *really matters* in seeking a secure understanding.

Conceptual systems as a whole must have certain qualities for being totally adequate for wholeness (see section 6). Analytical steps such as deconstruction, or a critique of logocentrism, or paraconsistent logics, can't cover totality in a strict way and can thus not disclose the ultimately necessary qualities for handling totality: deconstruction can't do without metaphysical assumptions, and it still operates in first-order references ('*S* is *p*') – remaining thus in what it seeks to overcome; the critique of logocentrism ends up in paradoxes (semantic oppositions) – precisely

in what it deplores, moreover in a conceptually obscure way; and defining paraconsistent logics is possible only by means of two-valued logic – so in fact paraconsistent logics can cover only a sector of the logical relations, never strict totality. Etcetera. While holistic aims are thus pursued on many paths, none of them has produced categories that allow for *strict* universality. At the decisive point the systems afford an axiomatic or dogmatic element that limits their reach.

Remaining within incompletely clarified systems, or ways of thinking, can finally suggest only *arbitrary moves* – auxiliary hypotheses, postulates, etc. – for 'outgrowing' their drawback at the edge. Such epicycles make the problem reappear in a 'new' area; in this way, e.g. agency has forever been sought in ever smaller 'basic elements', even though inert matter can't really act. On this path, the nature of today's mainstream became *fundamentally conflictual*, making it into *part of the problem rather than its solution*. Even its core problems are usually not being solved, but only *avoided*. Sometimes evasions can look very successful at first – in logics for instance Tarski's approach to the idea of truth (1956), seeking to avoid formal paradox by introducing meta-languages, separated from the object-languages – while in new perspectives any meta-language is again an object-language, and the meta-language of all meta-languages is everyday language –; or in type theory (Russell and Whitehead 1910), segregating propositional properties, relations and sets, into 'types' – which does not clarify the ultimate basis for, and effects of, performing this type of segregation –; or in Spencer-Brown's protologic (1971) based on the primal act of distinguishing – with its problem of 're-entry' because distinguishing presupposes distinctions, otherwise there would be nothing to decide 'primally'.

Wherever *completely reliable* knowledge is necessary – for instance in responsible policy-making – seeking the 'optimal assumption' can therefore on principle not solve the crucial issue, since presupposing *inevitably* compromises the respective approach. Well-meaning thinkers have always sought to avoid prejudices. For instance Husserl formulated a sensible critique (1970) but could not develop a totally secure system ('*prima philosophia*') because phenomenology (and hermeneutics) cannot achieve *immanently* a clarification of their own categoriality. *Complete and systematic* theorizing is required for finding the *ultimately causal* element in the problem structure, opening a door to viable solutions.

We emphasize this because the outlined ubiquity of limits made fashionable the opinion that human decision-making has no other choice but to acquiesce with uncertainty resulting from limits. Argumentation on all levels of policy-making reflects this belief – burdening the population with the victimization. Glorifying efforts of decision-making on uncertainty is the 'justification' for privileges that this ruling class organizes for itself. The configuration embodies a *vicious circle*: the less transparent the produced conditions become, the more the population will be puzzled and can express itself only in negations (up to diseases), seemingly calling for more authority, control and domination – the gesture of positing something 'plausible', which had led to self-limitations of understanding in the first place. This gesture determines not only much of practice, but also many sciences – for instance a view of *life* as being dictated by genes, as *evolution* being dictated by a struggle for survival, as *thought* being dictated by neurons, up to citizens needing to be governed by means of authority, control and domination. Even though some aspects may cor-

rectly be grasped in these views, none of them is the *complete* truth. Yet domination is the loud mainstream voice. A society of individuals acting out of personal integrity, permitting them to choose their motivations out of a continually renewed overview, has long-term advantages over individuals driven by accidental necessities or commands, who can't avoid a path of trial and error. The vast majority of today's governance – unaided by contemporary ways of theorizing since they can't allow the decisive points to be clarified – chose priorities that compel to the second path and its colossal inefficiency, imposing worries about the sustainability of development. True solutions require *categorical* work. Shunning this effort has effects that we will consider in an example: today's grasp of the eco-social process in socio-economic theory.

4 *Sharing materiality – in today's economics*

Economic action secures the material means for human life and is thus a crucial theme in human relations. It can be approached in many perspectives: wanting to know and organize the material conditions of life (as in classical antiquity, where markets were supply-oriented, not profit-oriented), or to understand the eco-social process as a whole (a modern ideal), or how to allocate scarce resources (today's majoritarian view), etc.. The query perspective is important, because not all analytical tools are useful for all types of economy. For instance today's ruling economists tend to laugh at the economy of classical antiquity – while in fact their analytical instrumentation does not fit the intentions of traditional economic doings. A supply-oriented system does not follow the lines of a profit-oriented one, which is not sure to remain the only one forever: viewed on the whole, it does not necessarily embody supreme sophistication, since it thrives on moral weaknesses. In this light, the habit – widespread since Alfred Marshall – of excluding from economic theory anything contextual, cultural, historical, or sociological, is a risky gesture. It may allow a more precise formulation of aspects, but if the cogitations are not based on a suitable categoricity, they lose touch with reality and become free-floating abstractions. Empirical loops can't eliminate a blind spot – especially not when believing that theory must be corroborated by empirical facts, first because no empirical data encompass the whole universe (only partial laws can be covered) and second because self-fulfilling prophecies cannot be ruled out. For a fruitful encounter of economic thought and socio-cultural reality see e.g. Kapp (1961) or Bürgin (1996). Especially for discussing economic conditions for a sustainable development, the notion of *resource* is essential, but it remains vague. Since the Brundtland Report (1987), the distinction between biotic (alive) resources and abiotic (mineral) resources is being neglected – in spite of crucial differences: abiotic resources are *non-renewable* and subject to *irreversible* degradation, while biotic resources are renewable, but subject to *life cycles* (Georgescu-Roegen 1971). The Western hemisphere owes its rapid rise to an extensive use of *abiotic* resources. They nourish the thermo-industrial revolution by allowing exponential growth, which biotic resources, needing renewals, can't offer. The habit – widespread especially among mainstream economists – of *not* distinguishing adequately between the two resource types, talking vaguely about 'natural resources', maintains the illusion that exponential growth can *generally* be sustained, even though the technically induced entropic degradation, and the transfer of lithosphere material into the biosphere, are obviously limited. The unclear conceptualization was pushed into wide acceptance by influential agents, pleased by a rosy picture of eternal economic growth.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

The self-deception is no accident, but the result of a technological path-dependency based on a belief that institutionalized *property rights* (ownership as power of disposal, 'Eigentum') – which allow for instance to sell and purchase goods – can constitute a generally sustainable order. Many forget that this aspect of property depends on a more fundamental one, namely *possession rights* (ownership as entitlement to use, 'Besitz') due to competences in dealing with things. As an institutional pillar, property has two economic potentials which entail a hierarchically ordered logic of decisions: as an entitlement to possession, property defines rights of *use* by competence; as an entitlement to dominion, it offers *security* (under mortgage) in credit contracts, which has led property societies to create endogenously the institution of *money* in a specific way. This contract structure has a strategic value through the pressure of contractual indebtedness, which stipulates a repayment within temporal limits, burdened by imposed interest on capital and defined according to the monetary standard of the creditor. In today's global monetary system, money is being defined as *debt* through the fact that assets are required for being mortgaged as security ('securitization') – from the highest level, where there must be a robust economy for a central bank reasonably to draw money, and the medium level that allows checkbook money to be generated in banks (which is extremely profitable for them, on the back of their customers), down to the lowest level, where borrowers have to offer their property to the lender as collateral. This structure explains why vested monetary interests call for 'ownership society', but not for acknowledging implicitly engendered burdens, making others carry them. This conflict arises by splitting off competence (understanding as regards content) from ownership (formal dominion). Obviously this type of money can ultimately not have a liberating effect, but must be used as profitably as possible. This compulsion produces a shortage of money in not directly profitable sectors such as agriculture, nursing, education, or governance, and make wages primarily into a cost which the entrepreneur must minimize, although staff have to live on them. The obligation of repayment of loan plus interest engenders a coercion to economic growth, and overburdening social cost to the public purse imposes debt. But somebody has to work for keeping up with the growing burden. Now many decision makers are boasting that they are creating jobs – while it is not the task of the economy to create jobs, but to produce good products. There is plenty to do and there are enough people who are ready to perform it, so in fact a free system would regulate itself – but there is no money for providing a decent income since money is being forced to run after the highest return on investment. All this burdens society and the State, but the cause is not openly being discussed. Now the taxpayers are regularly being made to pay while the architects of the global system can get away with their errors and are allowed to remain anonymous.

In dealing socially with objects, the way of handling the difference between possession and ownership determines on principle any economic system. Agrarian societies usually operated on the basis of *possession* within the cycle of biotic resources (which are renewable) for agriculture and energy; this made the process sustainable. The situation changed with the emergence of industrial society and the invention of *property rights* allowing for disconnected ownership. Industrial society made extensive use of mineral resources (which are not renewable) – and then became addicted to their characteristics. The corresponding institutional framework can't avoid favoring two types of technology and social engineering: those enabling a direct translation of its structure-

al pressure into material production (essentially the thermo-industrial methods that allow exponential growth but impose entropic degradation and pollution); and in the domain of non-exponential growth those methods which permit possession structures, accumulated in the past, to be converted into structures of future dominion (e.g. biotechnology, privatizing public goods such as water sources, transferring collective knowledge into 'intellectual property'); for instance an interest in species diversity is then limited to the instrumental exploitability of nature. For a thorough analysis see Steppacher *et al.* (1977) and especially Steppacher in Bieri *et al.* (1999), contextualized in a discussion of modern agriculture.

Institutional frameworks based on property rights should be rooted in understanding, as is the case in societies with a possession structure; otherwise everything is gradually made into a commodity. An insidious problem arises when money itself is institutionalized as a commodity with a price for being used, because then it ceases to be a means for strictly free exchange. Since money can't decay, while goods do, such systems push agents to force ever new markets into existence and to impose the standard of monetary decision-making. This engenders in the short run an exponential type of growth, because then money can be made out of money – an idea that seduces many – until consequences take command in the long run. Hoping for the best, money is still being put in circulation via a *primal debt*, by central banks crediting commercial banks which then credit individual borrowers. Creating new money by mortgaging assets is then practically unlimited, while having to replace destroyed assets – whose nature is to decay anyway – always nourishes such a monetary system. The *agents* finally carry the risk, not of the system's architects. For the sake of transparency it should thus be under public control – but selfishly obeying the logic of ownership (not objective understanding), central banks have gradually all been privatized. At each step of the trading process the primal debt inevitably *increases* (by the need to generate income); it shows in the *interest* that forces borrowers to pay back more than they originally received and to neglect resources that don't follow the thrust. Debt burdens all facilitated infrastructure: the prices of goods contain an increasing portion of cost for paying back the invisible series of debts that allowed them to be produced. Already Benjamin Franklin had warned: "The burden of debt is as destructive to freedom as subjugation by conquest." The reality of today's global monetary system is indeed not freedom, as many believe, but *coercion organized in an imperceptible way*. Everybody is subject to it; even operating close to the monetary origin offers no freedom, since being there requires endorsing beliefs that don't allow on principle the system to be mastered, let alone overcome.

Instead of dissolving the knot, mainstream theory too adapted to it. Goods are valued (and hence measured) in monetary terms, while the value of money is measured via the total amount of goods (the 'domestic product'). One accepts thus '*A* is a function of *B*, while *B* is a function of *A*', which would not get mathematics very far. Applying this questionable basis (the domestic product), combined with subjective value theory ('things are worth what agents are ready to trade in for them'), led to a valuation of money that coerces agents, through the competition on the monetary market, into following the rule of return on investment. As a result, money can never become a neutral medium of exchange for everybody in equity: using it has rebound and offset

effects, e.g. 'small' capitalists are always at the mercy of 'big' ones (extortion, buyout, takeover, etc.). But mainstream theory can't 'see' the fundamental flaw.

Much of 'globalization' is a process of globally imposing property conditions, which entail corresponding techniques and technologies. This process is obviously not sustainable in a real sense, but the conceptual basis of mainstream economics does not foster the insight that we all stand on an ice floe, melting away under our feet. Critique and renewal requires more than vague hunches. In the face of the challenge, mathematical rigor is not a solution, because mathematics is only a language; everything depends on which meaning is attributed to the terms. No degree of mathematical sophistication can close the gap in content. As Geoffrey Hodgson (2004) put it, discussing a critique of mainstream economics by Mark Blaug and Tony Lawson: "the victory of technique over substance is a chronic problem within modern economics". Abstract results from empirical data allow much of what was done until now to be grasped, but not the *overall law* of the eco-social process as a whole and – based on that – an insight into the way the system *should be*.

Today's normative economics cannot offer a sufficient basis for a strictly complete solution. Accepting past habits as the pattern for the future is one version of the 'naturalistic fallacy': in spite of widespread beliefs, no 'is' can constitute a sufficient basis for determining the 'ought'. An economics that merely describes what is being done, thus allowing 'laissez-faire', finally fosters the law of the jungle. This allowed *moral weaknesses* to thrive – to the point of agents becoming dependent on them, in fact often addicted. This shows in needs of publicity to keep consumption going, or in an irrational pursuit of economic growth by addiction to high returns of investment. This system can't contribute to intrinsic strength. Tougher ethics can't lead to a real cure, because the morally conditioning influences reach far more deeply than such correctives can handle.

The biotic resources and their particular qualities – impossibility of exponential growth, restrictions due to renewability cycles, hence an impossibility of utilizing fully the production capacities, and a relative unattractiveness for high returns on investment – are incompatible with property logic. The *sheer dependency* of society on biotic resources required restrictions in the logic – rural rights of inheritance, environmental and developmental planning, subsidies and protective tariffs, etc.. The dependency fosters double-faced official reactions: on the one hand proclaiming rules (as stipulated by the WTO), on the other hand imposing a protective agenda. Ownership can be a reasonable idea in handling inert entities, but it produces tensions – thus reducing the overall efficiency – in dealing with alive beings, which need their autonomy. Since the theme is managing scarce resources instead of fitting the man-made process into the overall order, any exploitable potential is now being called a resource, encouraging boundless pillage instead of revealing laws for developing a decent cultivation of the matrix, a *culture*. Few realize that resource scarcity is not as primordial as their being *available in nature's organization*. Imagine living on a barren rock! Handling funds for agriculture as it were an industry, forcing it to adopt industrial technology up to genetic manipulation, can't lead to sustainable solutions, as it shifts the problem to other realms by not addressing the *overall law* of the process. A problem can become invisible in a theory, but conflictual results finally always call us back.

Some problems stem from neglecting the distinction between the *use value* and the *exchange value* of goods. Adam Smith eliminated the use value as a result of thinking in terms of trade, believing the exchange value reflects adequately all of economic reality. One consequence is the 'diamond-water paradox': why are actually useless diamonds expensive while water, essential to all forms of life, is cheap? Since the use value varies in the individual case, this idea is not helpful on that scale, but on the global scale of the overall economic process – the subject matter of political economy. Believing the value of goods is determined by what agents are ready to trade in (the imaginary value of subjective value theory), overlooks the real value (or use value), which determines existential reality and hence also politics. One forgets the *law of nature* that governs *all* possible forms of economy: the *act* of setting resources into value is the *necessary and sufficient condition for carrying the totality of the economic process* and constitutes thus the *fundamental form of capital, prior to any subjective assessment* (in monetary or other terms) and to activities like saving or investing. Habitual forms of economic value – property, monetary capital, interest, means of production, labor, human capital, natural capital, etc. – are *secondary*, a *juxtaposed* layer of *imaginary* values (Schaerer 2006, 2008, 2009, 2011).

The usual laws of economics (e.g. the production function, law of diminishing return etc.) are *aspects* of the intrinsic overall law of the eco-social process, which *governs all economies* – irrespective of being subsistence toil or high-tech, involving money or not, being capitalist or socialist, growing or recessive, etc.. Due to its 'enveloping' quality, this law constitutes *a solid basis for determining the real value of money* in contrast to intrinsically limited considerations via the domestic product: the real value of the amount of money circulating in one cycle is objectively equal to the amount of resources being set into value in that cycle. Taking this law as a basis allows all economic phenomena and interrelations to be derived consistently (Schaerer 2009, 2011), hence offering a *strictly integral approach for socio-economic theorizing*. It is interesting that numbering the monetary unit then ceases to seem absolute, as in the traditional view, because the number in the money then determines only a factor of proportionality to the reality that covers all of the economic process. The choice is not 'capitalism or socialism', as economists from Schumpeter to Samuelson kept repeating, but adequately understanding or not the eco-social process as a whole. The real value offers a fully reasonable conceptual basis for considering the compensation of efforts in the economic process, offering a new leverage also in the 'free rider problem' and the Basic Income. An interpretation of this approach can be found in Caspar (1996), and a slightly more differentiated presentation at <http://www.gemeinsinn.net>.

Since theory did not discover the law of nature that governs *all* forms of economy, it could not optimize and harmonize the economic process out of a secure overview, but had to take archaic pseudo-optimizing features such as *personal interests* ('homo oeconomicus'), the *need to know* ('complete information'), or the *need to survive* ('competition') as its conceptual basis. Some believe the archaisms can be proved to be relevant by mathematical methods – e.g. game theory proving an equilibrium of cooperation even among selfish agents if they share a view of the future; such equilibria are perturbed by 'Jesus'-type ideas, because humane agents foil the need to cooperate on the level of systemic coercion. The one-eyedness survives by forgetting aspects and

side effects – in this case e.g. the long-term conditioning effect of secret mistrust and inter-human disintegration.

Once the idea of *exchanging goods* is chosen for the theoretical view – not the *eco-social process* – totality can be grasped only in its trade and commerce aspect. As a result, all income must be squeezed out of this type of activity, while the view excludes sources and sinks of the process, locking them up in '*ceteris paribus*' clauses. When wages appear as a production cost to the entrepreneur, the wage earner becomes a burden to the system. In a world full of machines doing the work, people would starve. Theory sacrificed the overall advantage of division of labor to a one-eyed view and allowed survival to depend on squandering resources, producing ever more scarcity: now all agents are compelled to the role of the (entrepreneurial) middleman for ensuring their subsistence by *fighting* for income. Consumer prices may be lowered somewhat in this way – but at a high social cost that no traditional balance sheet reveals. Now the sectors of the eco-social process that can't offer much return on investment because their efforts become appreciable only *in future* – agriculture, education, health care, the social process called 'the State', etc. – are made to suffer from a shortage of investment (money). Probably nobody wanted money to become scarce in these sectors, with fear of debt and scarcity of money becoming a driving force in personal and social life, but this is the systemic result. It would not occur on the basis of the mentioned law of *real* value, which is generally valid, even in a universe of purely mental matter, in *mental* economy: the need for future cognition to produce first a set of mental representations (extracting a language from the set of all possible meanings, usable as a 'mental resource pool'); the mental economy is of the same order, since signs and their use is necessary for communicating in the ever-renewed process of cognizing; here too, *real* innovation arises 'between the lines' and is not technical (formal).

5 *Considering decisive elements*

So much is for economics as a *symptomatic example* of problematic conceptual foundations and their conflict-producing consequence. The same point could be developed for medicine and its belief in causal pathogens, which in fact are only parasites as specific indicators of disease; the primal cause of disease is a mental disequilibrium that blocks energies that then are absorbed by parasites. These can serve as an alarm clock ... that can of course be overheard. The immune system is the body's likeness of this alarm clock, but the mind has the power of overriding it. Destroying parasites does not eliminate disease but forces its indicating parasites to develop new strands – witness the evolution of jaundice (hepatitis A, then B, then C) or forms of measles or simply of flu. The real cause for healing is in reestablishing the dynamic mental equilibrium and taking over again the actual overall constructiveness. Physics could also be discussed here with its diverse beliefs in elementary aspects of materiality, or biology with its belief in causal genes. In the end we have *fear systems* ruling – fear of lack of money, fear of parasites, fear of losing mechanical control, fear of genetic structures. This is a sitting duck for domineering personalities who can impose their fears, and finally for whoever seeks to abuse and manipulate others. Since the problem is on the level of collective error in cognizing, the solution cannot be found in ethics and morals. After all, practically nobody has a feeling of guilt. When considering how much care

European Union Foreign Affairs Journal – N° 2/3-2011

is being invested in norms for sanitary advancement, it is astonishing that the very foundation for assessments is so poorly being taken care of. Here too we witness an enormous inefficiency.

The point is that all decisive elements in these fallacious epistemic structures follow from purely conceptual decisions and distinctions; empirical elements enter the scene only in ulterior steps. Quite generally, *secure* solutions always require a *completely clarified categorial basis*. It is useful to notice that action in the conceptual realm is ultimately of the same type as action in the physical realm: what varies is only the material (concepts versus physical matter). There is of course a difference: the external world imposes its contingencies; therefore the only thing a thinking being can know for sure is *what it enacts itself in its own mind*; this is the only place where everything is transparent to exactly the degree it chooses – there is no 'backside' to what is being contemplated. On the other hand, concepts are the only 'things' to have the fascinating feature of being simultaneously the *results of* mental action – being formed through experience (including purely mental experience) – and the *means for steering* mental action – any intention is guided by content and hence something (at least potentially) conceptual. This self-referential foundation of mental life should be taken adequately – in fact: completely – into account.

A useful first step is to distinguish the *mode of language* from *totally coherent thinking*. This difference was blurred by the 'linguistic turn'. In its heyday, reviving it must sound bizarre to many. But their god is, as shown, not firmly in his saddle – held by belief, not secure knowledge. Ferdinand de Saussure proposed the useful distinction between language *as a system of signs* ('*langue*') and its use, an *alive process* ('*parole*'). Alive '*parole*' is always beyond structural '*langue*'. Neglecting the difference between language and thinking is ultimately misleading. Consider the following basic regularity. Within *language* any contradiction can be *contained*, from 'straight is curved' and '3+5=9' to antinomies like 'I am lying', up to voluntary deception – while it is impossible to *think* such structures *in one single coherent thought*. Whoever adopts a belief that entails paradox is compelled – for accommodating it *coherently* – to remain within the corresponding *set* of elements (signs) that are intrinsically interrelated according to the causal prejudice. But 'interrelation between a set of signs' is the intrinsic law of being a *system of signs* (Saussure: '*langue*'), not mere noise. Remaining in belief produces thus a dependency on '*langue*' for keeping together the assumption's effect. Without '*langue*' everything would fall to pieces for this psyche – which cannot remain there, because any '*langue*' can contain only *the past*. Life is pointless when restricted to unalterability; this is why using '*parole*' is beyond structural '*langue*'. Using language can become fallacious, however; for instance using the personal pronoun 'I' can be genuine (in psychic integrity, which is rare), or false (if remaining in '*langue*'); understanding the self-referential *unity* of personal identity requires transcending '*langue*'. – Peirce adds the *interpretant*, which is relevant for '*parole*', but here we consider structure ('*langue*') and must moreover consider the interpretant not as one more sign, as with Peirce, but as the real person in flesh and blood concretely operating his or her categorial means.

Language is only a *surrogate for perception*, allowing what is physically absent to be dealt with. This freedom makes users responsible for not missing essentials. The 'linguistic turn' made knowledge look like 'what true propositions contain', 'justified true belief' – engendering a need to proceed in '*justifications*', additional loops of verification for the chosen idea (easily getting

onto the slippery slope of lame excuses). But the implied dependency on intersubjectivity as the only remaining channel to reality is no secure solution, because judging 'things' remains within perspectivity. Edmund Gettier exposed the problem in a famous paper (1963) that provoked a flurry of activity for solving it – to no thorough avail. Actually, 'justification' is a secondary, ancillary structure of the complex of authority, control and domination, installed by setting out from assumptions. In philosophy, the problem is also illustrated in the Duhem-Quine thesis (Duhem 1954, Quine 1953): a single hypothesis can't be tested in isolation, because all others are implied too; inversely, by sufficiently modifying the structure, practically anything can be made to sound like being justified – which does not mean having achieved a proof of truth, but only of being verbally eloquent. The connection between problematic suppositions and a subsequent addiction to language is not limited to individuals, but can arise in styles of writing or of politics, schools of thought, philosophical or scientific positions, etc.. In this light, 'publish or perish' is not a harmless idea, because it engenders a semiotic infarct.

For determining types of knowledge that allow a secure overview, ideas for 'logical', 'meta-physical', and 'moral' certainty were proposed, but there is little assent on the whole. Mittelstrass (1982) distinguishes 'knowledge for the sake of orientation' vs. 'knowledge for the sake of action' ('Orientierungswissen' / 'Verfügungswissen'). But he too fails to base the wide type of knowledge (seeking / offering orientation) systematically in a *universal* way; in spite of his intention he remains in the 'linguistic turn' and its intrinsic self-limitation. For closing the gap we propose an uncompromised distinction: *language of intelligibility* vs. *language of manipulability*. The first *consists of laws* (order, pure structure) that can be understood by means of concepts, ideas, or representations, which can be communicated by using names and predicates; all forms of understanding are ways of grasping the ultimately relevant order. The language of manipulability *consists of names and predicates* ('handles' for catching 'things' in representations). At first glance it seems to allow complete intelligibility, but thinking through the network of *all* names and predicates reveals that it cannot cover *strictly* the whole, that something is missing somehow, can't fully be understood, or produces surprises. Remaining in a language of manipulability impedes knowing *just what* goes wrong. An example is *causation* – think for instance of the 'covering-law' type of explanation that can't allow knowing on its own whether the explanandum is *causally effective*, or a *necessary condition*, or an *inevitable concomitant element*. Our distinction of two 'languages of thinking' is similar to Mittelstrass' of two types of knowledge, but more promising, because his proposal remains in a language of manipulability. Remaining within it, while believing it can serve as language of intelligibility, logically must lead to the belief that the encountered limit is absolute – while only the *belief* in the languages of manipulability is absolute. Such knots are unnecessary.

A noteworthy point is that the *centerpieces* of intelligibility, i.e. the conceptual elements that determine a *full* understanding of appearances – for example in a processual view: laws and forces – are *never* observable and thus not measurable *as such*, but only their effects. The ultimate reality of things can't be empirically observable, because their arising and disintegrating *follows* their overall order. The *means* for intelligibility become propositional only *upon addressing pure order from a perspective*, i.e. *upon being interested in it in a specific way* (see Fig. 1, below). As

such, forms of order are *nothing but themselves*. This does not contradict the fact that they can be characterized by their content, which interrelates with the content of all other forms of order, up to the overall order of the universe. For the *intelligibility* of order, *conceptually polar* aspects are relevant (section 6). Polarities are *absolute* opposites; appearance (materiality) can't be *manifestly* polar (simultaneously immaterial and still material); materiality therefore displays only *dual* aspects (for instance the symmetries in physics and living things).

A *real* solution always requires *clarifying all of the implied content*. Take the liar paradox, an example of semantic antinomies. Its most compact version is: "I am lying". The verbal formulation can seduce into believing the conceptual 'I', claiming to lie, is the material 'I' expressing the proposition. *But content is not its own expression*. Upon distinguishing these two, as a self-aware mind does, the antinomy reads "I₁ claims: I₂ is lying". There are *two* mental acts, pursuing different intentions. By clarifying all implied content, any antinomy is solvable (Ziegler 1995) – just like jokes, which rely on paradox, are 'killed' by explaining them. In logical antinomies such as the Russell paradox, immanent content analysis applies too; in this realm the difference is crucial – but rarely considered – between pure order (content as such, for example a law) and its appearance in the mind (representation), in self-referential uses.

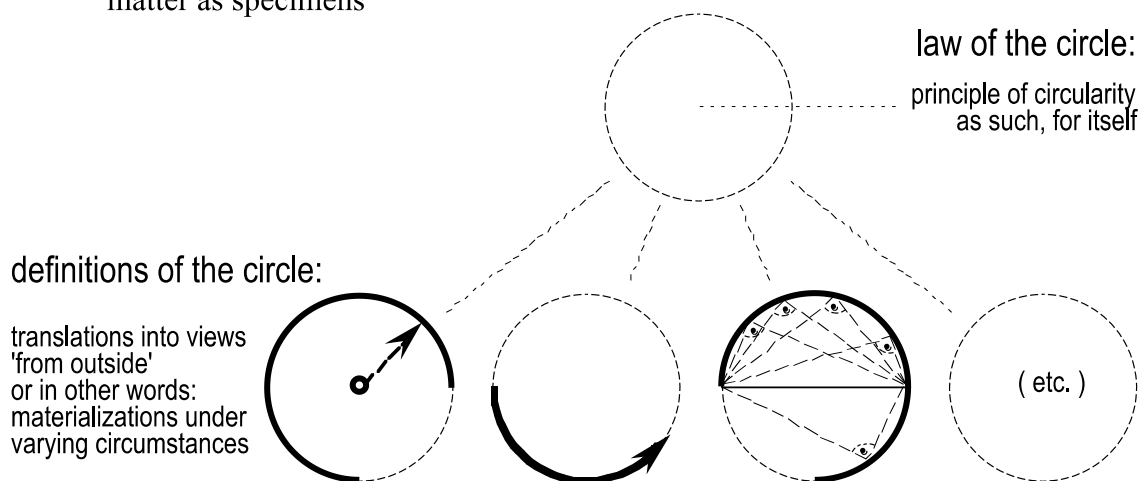
The crux can't fully be solved by invoking 'non-conceptual content' (e.g. Bermúdez 1998) defined as a type of representation, then having to rule out *a priori* the level of self-representation by not being able to situate it adequately. Wherever a unity is at stake, the principle of self-referentiality finally is the decisive issue. In discussing self-awareness and self-knowledge, expecting mechanisms is particularly hopeless because self-understanding is intertwined with producing the implied categoriality. Here any observational terms such as 'privileged access' or 'special authority', and even more authoritarian terms such as 'infallibility' or 'omniscience', can only lead to dead ends. Analyzing self-attribution will not yield the gist of self-understanding either. Accounts of self-knowledge are different from other accounts to the degree to which the implied categorial structure allows a difference. The point is in developing a *universally applicable* categoriality, thus eliminating the need of such differences. A fruitful path opens up when accepting that the point is in *being* a content by mentally 'doing' it, not by 'possessing' it.

Considering structures of pure order is often being denounced as 'Platonism'. Nevertheless, structures of pure order are the only *secure* basis for unification, because they constitute the means for *complete* intelligibility. The modern emphasis on predication leads to riddles like the 'third man problem' in interpreting Plato's forms (debated since Vlastos 1954), or a limited grasp of self-awareness by being able to consider only appearances in the mind, not the actual activity that produces them. Everybody is constantly referring to forms of pure order. This may not be evident, and yet it is part of everyday experience when having forgotten a name tag, but not the relevant pure order – for example remembering a specific person, but not her name, or a statement, but not its author. Only the correct correspondence closes the gap, and sufficiently gentle mental groping will lead there.

Knowledge *can* of course be unified to quite an extent under *many* banners – for instance under measurement, statistics, or language – in the same way as *many* definitions and theories of a given phenomenon are possible, which moreover need *not* exclude each other but *always reveal only aspects*. For instance in plane geometry the circle is approachable and definable in many ways, manifesting different types of interest: distance from a given point, or curvature, or rectangular triangles over a line, etc. (Fig. 1). The circle was chosen here because its conceptual connections are well known; the point is the connection of a *type of interest* and the corresponding *type of grasp*; the effect of types of interest is general. For instance physicists can replace 'the pure order of the circle' by 'the pure order of materiality', the subject matter of physics.

In physics, materiality can be approached in the quantum, relativity, nonlinear dynamics, quantum field, string, or other perspective. Again the result is determined by the type of interest in querying: the infinitely small, or movement, or change in appearance, or fundamental vibrations, etc.. All these approaches rely on the gesture of measuring – which is possible, however, only after having *posited* a unit or act of reference. This is why none of the approaches offers a *total* understanding of materiality: they operate in categories that are alien to the overall order according to which the 'things' appear, exist, vanish, and the same kinds reappear. Whether a theory in physics is verifying itself, or caught up in a self-fulfilling prophecy, is empirically undecidable: any setup considered in the language of measuring always reconfirms this language, but its blind spot remains beyond all deferments.

Fig. 1 Lawfulness and its material appearances — in mind as definitions, in material matter as specimens



Insisting on assumptions engenders *generally* the structure of language and 'justification' – as opposed to the unifying effect of integral thinking. Many can think only in 'inner dialogue'; but this is not a law of nature. Mentally operating on assumptions blocks the possible awareness for *all* of one's mind. Then one can think *either* of an object, *or* the thought of thinking it. One then can't notice that *making sure* about something means relating to its 'way of being', and that individualizing this order produces linguistic elements.

A blocked awareness makes it difficult to think complete situations – their intrinsic order *and* the categorial perspective one is operating in. Intuitive people are more at ease. In any case, talking about appearances – including those in the mind – can never compensate the loss incurred by basic beliefs.

6 *Conceptualizing totality without compromising*

In personal life, social interaction, politics, and governance, the conflictual mind frame engendered the currently ruling postulate of powerful decisions; *in extremis* it must culminate in asking for secrecy-cum-violence as the rational means for securing interests. Whoever is conditioned to this mind frame can honestly not see other ways out and must accept pragmatically the need to decide 'freely' (in fact: arbitrarily) – which can't avoid producing further conflict but seems to be the normal course of affairs. Postulating the state monopoly of power is a logical consequence of this mind frame, not of a completely free insight into the overall interrelatedness of all facts. Applying the power schema for millennia has installed a language of violence in the interaction of leaders with the led. Many still conceptualize leadership in this way. It is no surprise that some of the led – or should we say misled? – gradually learned this language and talk back in the same jargon. Indeed, secrecy-cum-violence is the basic language as much of super-powers as of terrorists: when feeling cornered, they can think of nothing else.

In discussing such problems, often the term 'conspiracy theory' turns up (never mind who is meant), when the fact only is that a community doggedly follows a common belief, a deep conviction, a fundamentalist streak, etc.. This can then be interpreted as 'conspiracy', while in fact it is merely a collective error that expresses itself as a seemingly coordinated action, or in other words only some kind of multiple remote control by the same idea. People don't need to conspire for common action to result. There are such collectively effective errors galore, up to the 'ayatollahs of the free market'. The problem is *belief instead of real knowledge*, or in other words: not being truly individual, not choosing to think through *completely* the crucial issues.

Research on conflict solving and cooperation has sufficiently shown the necessity of uncompromisedly complete fundamental analyses. The big question is how to achieve this noble goal. A solution has been mentioned: instead of *asserting*, investigate the systematically and temporally *preceding* element of *consciously opening up oneself to the subject matter*.

The content of any attitude, intention, and even mood – including queries and openness – can be translated into verbal structures, but this step is not compulsory. In fact, reducing the query process to language sacrifices openness for the sake of a (linguistic) shadow of the intended content. One then can use words for *not* understanding, for producing a shield of 'justifications' against personal involvement (remember 'language', section 5).

The capacity of being open to something can be trained, just like any other faculty. The 'mental radio station' can be mastered without being carried away, by patiently letting it consume itself. All worthwhile philosophy proposes, for its beginning, the move of opening up: Socrates' and European Union Foreign Affairs Journal – N° 2/3-2011

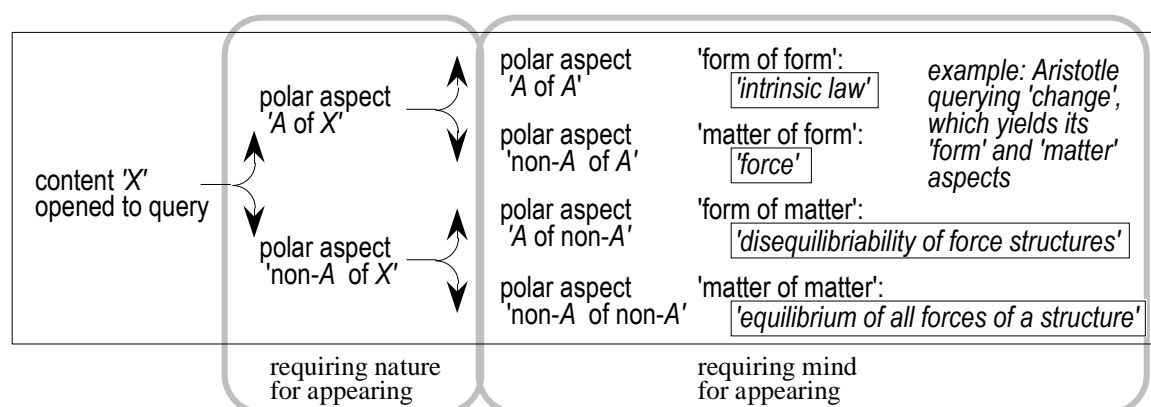
Descartes' 'systematic doubt', Aristotle's 'wondering', Kant's 'suspending judgment', Husserl's 'epoché', Arendt's 'new life', etc. In fact, at the root of any true progress one always finds this gesture. The *shape* of any philosophy is the result of its struggle with its own origin – the assumptions that betray its ideal. The course can be corrected by sustained interaction with the subject matter – at the expense of the latter. An initial clarification of the *objective* in thinking – and therefore of the *implied will* – makes thus quite a difference. Being attentive to something is often difficult to sustain, even though in principle it is easy to stop talking into a problem before it unfolds. But not all conditions allow this idea to be materialized. While no belief is really necessary, beliefs can be adopted under pressure, adapting to imposed conditions – for instance canonical prejudices in scientific paradigms, or life in ideologically tinted social environments. For example Western civilization succeeded in installing a bustling type of everyday life that continuously distracts from a chosen topic, so in the end the essentials are being neglected.

The traditional philosophical endeavor is object predication – which produces the outlined limits. Our counter-proposal is to fathom *perspectivity as a principle*. Any view embodies a perspective, but its conceptualization *A* is *thoroughly* thinkable only on the 'mental background' of non-*A*, the content *strictly polar* to *A*. Knowing about *A* makes aware of its intrinsic dependency on non-*A*; becoming aware of non-*A* leads thus to realizing what *A* really means. *A* plus non-*A* cover *totally* the universe, under *one aspect*: the queried one (here: *A*). In this way, *upon exhausting the conceptual need of a query perspective, its perspectivity and universality become compatible*. Another side of this law of mental nature is that *any query finally leads to a polarized conceptual space, as required for fully understanding the query's content*. Examples abound: Aristotle, querying the nature of *change*, finally found 'form' vs. 'matter'; Kant querying *cognition* found 'perception' vs. 'thinking'; Saussure, querying the nature of the *sign*, found 'the signifying' vs. 'the signified'; etc..

Such polar conceptualizations, resulting from a query perspective, are universally applicable within that perspective, but do not yet disclose *all implications*. For example, what is *operative* in Aristotle's 'form', and what is *characteristic* of 'matter'? Yet we discovered the *means* for an extended interest: to pursue completely the queried content. The universal applicability of strictly polar concepts in their query perspective makes them fully applicable *to themselves* too. Complete self-referentiality disables any formal system, but here we operate in *content logic*, not in formal logic (which always depends, for defining and proving, on *underlying* choices).

In systematic attentiveness, the result of self-reference is a *tetrad of conjugated categorial concepts*, as a consequence of the query's specific content (Schaerer 2002, 2003, 2004, 2006, 2008, 2011). The example here is Aristotle's, querying first 'form' (the 'trigger'), then 'matter' (the respective 'mirror'). Fig. 2 illustrates the systematic structure.

Fig. 2 The structure of self-equilibrated conceptual tetrads



Instead of the Aristotelian query of change, we could have prolonged the Kantian query of cognition, or the Saussurian query of semiotic qualities, or any other one. Each one leads to its specific fourness of intrinsically interconnected concepts. Processuality was chosen because of its relevance for science, particularly influential these days with its approach to 'things' – which should however be understood fully in their intrinsic dynamics, since nothing material can be ubiquitous or eternal, but arises, exists, passes away, and appears in renewed ways (manifesting the 'four seasons of being') specifically according to the intrinsic law of the respective structure.

The proposed process view covers any state and change in whatever *appears as an entity* – particles in physics, beings, populations, ecosystems, economies, propositions, mathematical equations, etc.. The developed tetrads are developed coherently – in full self-referentiality – out of their *one* query content; they *embody thus themselves its essential characteristic*. In the case of processuality, sheer *dynamism* permeates the four categories themselves. The two equilibrium conditions (disequilibrability and foundational equilibrium) must therefore be understood *dynamically*: any 'thing' is *constituted by an equilibration of its intrinsic flux*: energy (particle), forces (structural analysis), material / mental metabolism (alive being, population, ecosystem, city, nation), values (economy), conceptual content (metaphor, proposition, mathematical equation, feeling of personal identity), etc.. Being generally applicable, systematic attentiveness encompasses also the process of thinking itself – which usual approaches can grasp only in compromises. The difference between being inert and alive requires *additional* structural criteria: heteronomy vs. autonomy (dependency on external equilibration vs. self-equilibrability). Organs manifest a *partial* autonomy by regulating *sub-equilibria*, reducing needs of centralized control. Plants, animals, and humans are thus *organs of life* – and can adequately be understood as such in the proposed approach, emphasizing the interrelational relevances. The existential laws of being inert are a *subset* of the laws of life: materiality is itself continuously being 'recycled' and should thus be understood in its complete scope.

Accepting reality in its *full scope*, introducing no premature distinction, allows systematic attentiveness to be unbiased, for concentrating instead on the perspectivity implied in one's interest, which is freely willed but dictates – once it is selected – its categorical characteristics. The opera-

tive principle is total transparency of implied content. After two polarizing steps, the perspectives *converge* on totality, there is no need for further steps of this sort; this is provable through classes of logical relation types (Schaerer 2003: section 10; 2011, section 2.7.1).

This approach to processuality clarifies the problem of *life and death* – troublesome or not depending on the used categories. No living being fears the *law of death*, essential to its life cycle. But they all fear *processes* of change ('dying') imposed by others. Our two equilibrium conditions are exactly the categories for distinguishing dying by *self-fulfillment* from dying by *external* influence. Cell biology revealed these polar types of dying: *apoptosis* (self-fulfillment) and *necrosis* (external influence). Believing genes control everything organic, most biologists attribute death to special ('terminator') genes, saying apoptosis is 'programmed suicide' at the end of a regular function (necrosis is forced decay). They can't even know *why* two types of death must exist. Any *observable* death 'is' conceptually a combination of both (like every process 'is' a combination of 'form' and 'matter' aspects). Pure apoptosis can't be observable, because any external observer would disturb the system; only the system itself does not – and this is precisely part of its intrinsic order, which it seeks to (self)-fulfill. The conceptual flaw in biology – not distinguishing adequately between *actual causes* and *material conditions* – animates the error of attributing causal roles to material conditions of life (the genes), also in processes of dying. This language has only its limited 'words' for describing reality. Of course mechanistic models offer answers and allow manipulations – but not those concerning the overall order. It is typical for today's science that it can't interpret self-organized (and hence non-conflictual) death as a form of self-fulfillment. By prejudice, organisms are viewed merely as structured mechanisms, thus emphasizing selfishness instead of selfness, which it can't handle adequately. Not surprisingly, the deeper a 'naturalized' research reaches, the more the available evidence contains puzzles that require questions in further domains, calling for new hypotheses about agency. But as outlined above, nothing *strictly conclusive* can be found on this path – despite all hopes and beliefs.

Thorough understanding (intelligibility) is not only 'knowing-that' (abstract information about objects) or 'know-how' (technique), but integrates both. It cannot follow from any beliefs, but requires personal efforts and clear conceptual polarities as a basis, developed from the content of the respective query perspective. For example our process tetrad – 'law', 'force', and equilibrium conditions – allows understanding immediately (without pacifist or other prejudices) the *error* of killing as one fallacy in using force. This basis is sufficient for understanding, in an objectively uncompromised way without needing morals, *the logic of agency in social success and failure*. Clarifying the query perspective for finding universally applicable concepts has its advantages. An interesting question is who is interested in this realm, and who is not, and for what reasons. Transparency in this respect is very effective for improving the efficiency of decision-making procedures, while it helps populations to overcome helplessness and submissiveness.

7 Conclusions in concreteness

Sections 2 - 4 prove thus the substance of our introductory *first* thesis (A) (in section 1): many forms of conflict have their source in a domain that is widely being neglected because today's European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

philosophy and science follow the same course. It is therefore difficult for many to think that alternatives are possible. This is the substance of our *second* thesis (B): in spite of such beliefs, the situation is not inevitable, but seeking more than partial truths requires going beyond traditional methods and systems. Our proposal, 'systematic attentiveness' as outlined in sections 5 - 6, is an *integral and integrative* possibility. It is an 'umbrella' for unifying fundamental critiques as seemingly different as those of Marx, Veblen, Husserl, or Fromm. Beyond that, by dint of its *secure heuristics*, it allows to develop reliable strategies – particularly necessary for contemporary decision-making. Nevertheless our proposal is not authoritarian, because it sets out *totally receptively*. By clarifying the instrumental and insofar 'material' status of concepts – including the transcendental and metaphysical level – it allows crucial categorial limits of traditional systems to be overcome. By fathoming the nature of perspectivity it opens up strictly integral and integrative horizons while rejecting no known law or truth; all these are merely reflected in a universalizing framework. Systematic attentiveness reveals the necessity and possibility of dynamic cooperation between habitually opposed positions, for instance empiricist and rationalist stances (Schaerer 2002, 2003). It is useful for *inter-disciplinary* work (between academic disciplines) as well as *trans-disciplinary* projects (general social interaction – with administrations, the civil society, firms, etc.): the proposed tenet of self-transparency, namely to 'listen' to a subject matter instead of 'talking' prematurely into it, can be understood by anybody, of whatever culture or social stratum.

In the mirror of contemporary action theory, based on predicative habits, human action features somewhat mysterious traits concerning its intentional foundation and possible self-knowledge. Postulating finally *mechanistic* features for linking intention and causality in action has its price. Understanding what happens in external reality and what one does in one's own mind seem to be antipodes. As a result, the theories have produced quite elaborate casuistries, but which are neither helpful for theoretical unifications nor for achieving personal integrity. Similarly, in the theory of international relations, conflict and uses of power remain somewhat mysterious as to the possibilities of finding a solution. Tentative conflict explanations such as hopelessness, desperation, lack of economic or political substance, being coerced to bustle or to aggression, fundamentalism, abuse of religious feelings or aspirations, fanatization, 'youth bulge' societies, etc., are valid within their limits, but the interconnections remain strangely absent on the whole. Systematic attentiveness can reveal the *ultimately relevant* elements of intelligibility, allowing aspects to be situated adequately within totality. This requires a clarification of the *will*, as a decision about *which perspective* of complete reality one really wants to understand.

In today's debate, motivations appear as subjective, contingent, manipulable ideas. But objectively they arise when something is intrinsically disequilibrated in the affected life – which today's mainstream cannot approach *fully* because its inherent conceptual self-limitation can't encompass the experience of *innermost coherence*. This lack cannot be compensated by forms of belief or material surrogates. Whoever believes innermost coherence is imaginary or impossible, has not sought or not found it. The crucial point is the implied kind of knowledge. Integrity follows from self-transparency for the sake of self-fulfillment, individually and socially, and is achieved upon facing the crucial issues: life and death, 'birth' and 'dying' on all levels, as what they really mean

– including on the 'birth' side e.g. needing to learn completely new things, or on the 'death' side becoming powerless in a situation, or having to give up one's most cherished fantasies. Integrity can't be conveyed through 'information', because it requires personal maturation, *one's own* working through the implied content. This may remind of the relevance of *initiatory* processes – not meant as rites and rituals, which are only some of its shadows. Whoever knows from personal experience the difference between fulfilling his or her innermost coherence vs. obeying external coercion, embodies a fundamental type of knowledge that is in no way comparable to acquired information. Simple *integrity* will make such a person want to desist from unreasonable uses of power, and want to resist systems imposing them. Culture is often viewed as a question of patterns or values, revealing rather relative points of view, but ultimately the root of objective relevance is in how becoming and passing away are concretely being honored. For this, *truly integral ways of thinking* are essential. The coming years and decades will prove crucial in how humanity decides to cope with the problem of power on all levels of occurrence. On a deeply creative path, Otto Scharmer has presented (most famously in 2007) a pervasive analysis and profound proposals for renewal; systematic attentiveness offers a secure theoretical foundation and explanatory basis for that approach.

A basically conciliatory – and hence non-conflictual – approach is possible when giving the chance to *develop* self-transparency. The social context is a necessary condition – helpful or inhibitory. Neonates – society's resource of renewal – are totally open and seducible, but are too rarely being welcomed adequately and given the chances they merit; see for example the United Nations report (2006) on violence against children. The influences – and once one is aware of them, also the positive possibilities – are much more deep-reaching than many would believe. Babies have an acute sense of wholeness and interactive sensitivity that a fussy milieu deviates easily from integrity. They lovingly adapt themselves to the treatment, often to the point of being convinced that interfering is the only real way of life; as adults such persons are unable to do anything else but intervene all the time (*machismo*), they can't want to find their authenticity any more. For instance Liedloff (1986) or Donaldson (1993) offer, on a fundamentally constitutive level, extraordinary insights into the involved dynamics of touch and the dynamics of fear, by investigating fields that traditional research must tend to neglect due to its basic beliefs. Whether one can build up the impression that world is coherently readable – or whether one gets the impression that disintegrity is the rule – depends on primal experience. Not very much can be corrected by means of deontology and the usual types of norms. This is the real origin of problems concerning the sustainability of the social order.

Constructive problem solving is becoming inevitable; the question is where its *basis* is being sought. Ever more human energies are being tied up by man-made problems. Great efforts of governance seem to be a required for counteracting fragmentizing and conflictual tendencies. Some call for a new ideology, others for a benevolent hegemon or world government, others for potent economic agents creating enough jobs. Where the *root cause* of fragmentation is not understood, action will inevitably defer it onto the beings. It may then become invisible for a while, making the step look successful, but the crux will reappear. As Erich Fromm (1979) observed, domination can impose a rule, but not avoid its *effects*; sooner or later they arise, on whatever

path. Ignoring the root cause diverts from recognizing its sameness in seemingly different phenomena. The equilibrium conditions in the processual view – disequilibrium and fundamental equilibrium – are useful. They allow an *explanation* (tracing back phenomena to a universal law) of why brute power and domination on all levels *always* looks successful at first (because *all* structures are vulnerable, modifiable), while in the long run brute power and domination *always* is compelled to disintegrate, because it does not produce fully sustainable conditions. Learning is always a form of dying – either (a) on a freely chosen path, by acting out of devotion to something, authentically being interested in it, or (b) on a path imposed by acting out whims and suffering the ultimate type of consequence due to an ultimate lack of interest. The choice is not directly being imposed. Things are quite different the other way around: imposed death is no warranty for learning. A remarkable fact is that the more one understands, the more everything is interesting! The topic finally is thus not survival of those beings that are fittest in terms of physical adaptation for imposing themselves on the others, but of those beings who realize the nature of their own reality as being embedded in the overall order.

In terms of incentives, nowadays economism rules. As noted in section 4, there are enough reasonable things to do and many people are willing – but the presently dominating system has made money scarce in culturally decisive areas by applauding the crushing power of monetary investment as a rule of the game. In a truly free system also subtle needs can express themselves, automatically producing jobs. In a system making wages look like production costs (thus to be minimized by the entrepreneur), producing jobs looks like a feat. This is a problem of the theoretical system, not of the entrepreneur. In terms of real value, today's system can't avoid becoming ever more inefficient. It can't catch up by inventing 'innovative' gadgets in attempting to save markets – while today's economic maxims can't avoid producing more micro-conflict, superficiality and social fragmentation. Drifting off into a dependency on man-made criteria and whims for designing products may bloat the domestic product for a while, but at the expense of fitting into reality, alienating human life. The objective evidence of disintegrative influences is for example in rebound or takeback effects that offset behavior (e.g. Binswanger 2006). Hobbes sought to overcome by contractual means what he imagined to be the original social state: all-out competition, war of all against all – which is precisely where we are ending up now. The quality of life is reduced independently of social class and income, up to provoking suicide (empirical studies such as Whitley *et al.* 1999 show this). Where an economy forces nature and humans into disequilibria, the outlined process tetrad allows *certainty* in knowing that a compensation will occur. There is *no need* to know whether an effect will become manifest in *conscious reactions* (improvement in economic theory and practice), *half-conscious movements* (innovation, elusive moves of firms or consumers, strikes, revolts and revolutions), or *fully unconscious events* (disease, nature dying away, etc.). Only the *path* of the effects will vary, depending on the degree of awareness of the participants. The process tetrad is applicable *on all system levels*.

Rather than structural problems such as the balance of power – be it on the personal or on the social level, weighing up between interests and values – the *dynamics of intervention* merits being discussed. Conceptually, two opposed attitudes are possible; the first is widely known and applied, but only the second is constructive and really sustainable. The first is to control the oth-

er's material condition of existence. This is possible only by *restriction* – for example steering the flow of a river by defining its banks, or steering organic growth by defining its genes, or steering a discourse by defining its terms. One *coaxes* the object. The second way is to steer by non-influencing participation in the other's life – 'listening' to it, *con-firming* its nature by (re)-cognizing its authentic way of being and hence its necessity of self-equilibration. Here the ulterior material act is guided by integral cognition and thus will be harmonious, not bothersome. The second path can contain the first, but not the other way around: acts without cognition produce disorder. The first path remains dependent on the second, because restriction diverts a path of action, but ignores agency itself. Every concrete act embodies its specific combination of 'listening' and control, and is understandable in the polar field of materiality vs. awareness. The relevance of the first path is increasingly penetrating research on human resource management and organizational development; consider for instance *The Financial Times Handbook of Management* (Crainer and Dearlove 2004), especially chapter 3 on non-coercive thinking, or more science-oriented Wheatley (1994).

Till now, human knowledge and technique were developed more along the destructive line. Nevertheless, destructivity is *not inevitable*. Its origin, *arbitrariness*, can seemingly be 'justified' verbally, but not objectively. Systematic attentiveness allows *doing without*, by fostering a *fully integral* approach: it does not cut up first the subject matter according to abstract criteria, as in traditional philosophy and science, but proceeds concretely from the intrinsic unity of the subject matter. Its powerful overview shows securely that *full-fledged freedom* – not just negative freedom, but positive freedom as self-movement without long-term self-limitation – is possible and can *induce sustainable development*, but requires complete self-responsibility, a keen interest in one's own categorial activity. The development towards this interest is being fostered or inhibited by the cultural environment. We are all co-responsible, by the way we think and act and which ideas we foster, for the path we share.

References

- AUSTIN, Alex; FISCHER, Martina; SCHMELZLE Beatrix (eds.)
 (2004) *Transforming Ethnopolitical Conflict - The Berghof Handbook*; Wiesbaden: Verlag für Sozialwissenschaften
- AUSTIN, Alex
 (2004) "Early Warning and the Field: A Cargo Cult Science?" in: A. Austin *et al.* (2004)
- BECK, Ulrich
 (1992) *Risk Society*, London: Sage
 (1999) *What is Globalization?*, Cambridge: Polity Press
- BERMÚDEZ, José Luis
 (1998) *The paradox of self-consciousness*. Cambridge, MA: MIT Press
- BIERI, Hans; MOSER, Peter; STEPPACHER, Rolf
 (1999) *Die Landwirtschaft als Chance einer zukunftsfähigen Schweiz*, Zurich: SVIL

BINSWANGER, Mathias

(2006) "Why Does Income Growth Fail to Make Us Happier? Searching for the Treadmills Behind The Paradox of Happiness", *Journal of Socio-Economics* 36 (2006): pp. 119-132.

BÜRGIN, Alfred

(1996) *Zur Soziogenese der politischen Ökonomie*; Marburg: Metropolis

CRAINER, Stuart; DEARLOVE, Des (eds.)

(2004) *Financial Times Handbook of Management*, 3rd. ed.; Harlow: Financial Times / Pearson Education, Prentice Hall

DONALDSON, O. Fred

(1993) *Playing by heart: The vision and practice of belonging*. Deerfield Beach, FL: Health Communications

DUHEM, Pierre

(1954) *The Aim and Structure of Physical Theory*, trans. Philip P. Wiener; Princeton: Princeton University Press

FISHER, Ron

(2001) "Methods of Third-Party Intervention", Berlin: Berghof Research Center for Constructive Conflict Management (http://www.berghof-handbook.net/articles/fisher_hb.pdf)

FRANK, Thomas

(2002) *One Market Under God. Extreme capitalism, market populism, and the end of economic democracy*, London: Vintage

FROMM, Erich

(1979) *The Sane Society*; London: Routledge

GEORGESCU-ROEGEN, Nicholas

(1971) *The Entropy Law and the Economic Process*, Cambridge: Harvard University Press

GETTIER, Edmund L.

(1963) "Is Justified True Belief Knowledge?", *Analysis* 23 (1963): 121-3

GIRARD, Jean-Yves

(2006) *Le point aveugle*, Paris: Hermann

GREIDER, William

(1997) *One World, Ready or Not: The Manic Logic of Global Capitalism*; New York: Simon and Schuster

HODGSON, Geoffrey M.

(2004) "On the Problem of Formalism in Economics", in: *post-autistic economics review* no. 28, 25 October 2004

HUSSERL, Edmund

(1970) *The Crisis of European Sciences and Transcendental Phenomenology*; Evanston: Northwestern University Press

KAPP, K. William

(1961) *Towards a Science of Man in Society*; The Hague: Martinus Nijhoff

LANDES, David S.

(1999) *The Wealth and Poverty of Nations. Why some are so rich and some are so poor*, London: Abacus

LIEDLOFF, Jean

(1986) *The Continuum Concept. In Search of Happiness Lost*; Boston: Addison Wesley

McKINLEY, Michael

(2001) "Triage: A Survey of the 'New Inequality' as Combat Zone" in: *Proceedings of the 42nd Annual Convention of the International Studies Association*; online at http://www.isanet.org/archive/McKinley_Triage.html

MERRELL, Floyd

(1996) *Signs Grow: Semiosis and Life Processes*; Toronto: University of Toronto Press

MITTELSTRASS, Jürgen

(1982) *Wissenschaft als Lebensform*, Frankfurt a.M.: Suhrkamp (stw)

MONBIOT, George

(2000) *Captive State. The corporate takeover of Britain*, London: Pan

QUINE, William v.O.

(1953) *From a Logical Point of View*, New York: Harper and Rowe

REIMANN, Cordula

(2004) "Assessing the State-of-the-Art in Conflict Management", in: A. Austin *et al.* (2004)

RUSSELL, Bertrand, WHITEHEAD, Alfred N.

(1910) *Principia Mathematica*, Cambridge

SCHAEERER, Alec A.

(2001) "Why Matter Matters Massively"; in: *Frontier Perspectives* 10 (2): 52-9

(2002) "Conceptual Conditions for Conceiving Life – a Solution for Grasping its Principle, not Mere Appearances", in: *Fundamentals of Life* (G. Palyi, C. Zucchi, L. Caglioti, eds.); Paris: Elsevier, p 589-624

(2003) "Begriffliche Bedingungen für den Umgang mit Ganzheit und Gewißheit" in: *Marburger Forum. Beiträge zur geistigen Situation der Gegenwart*, 4. Jg., Heft 3; available also online at <www.marburger-forum.de>

(2004) "Kultur, Bildung oder Geist? Alle drei gemeinsam. Ein Mehrdimensionen-Ansatz zur integralen Erneuerung der Humanwissenschaften" in: Roland Benedikter (Hrsg.) *Kultur, Bildung oder Geist? Skizzen zur Zukunft der europäischen Humanwissenschaften im 21. Jahrhundert*, Innsbruck-Wien-München: Studienverlag, p 455-495

(2008) "A General Methodology for Reconciling Perspectivity and Universality: Applied to the Discrepancy between Theoretical Economics and Eco-Social Reality" in: *International Journal of Transdisciplinary Research*, Vol 3, No. 1, pp 1-42; online available under <http://www.ijtr.org> (under Archives)

(2009) "The Basic Concepts of Theoretical Economics – Developing Systematically the Content of the Law of Real Value", in: *International Journal of Transdisciplinary Research*, Vol. 4, No. 1, pp. 35-107; online available under www.ijtr.org (under Archives)

(2011) *Systematische Ganzheitlichkeit - Eine methodologische Vermittlung zwischen Perspektivität und Universalität - mit einem Grundriß der Anwendbarkeit dieses Ansatzes auf die Geowissenschaften*; Würzburg: Königshausen & Neumann (doctoral thesis)

SCHARMER Claus Otto

(2007) *Theory U: Leading from the Future as it Emerges. The Social Technology of Presencing*, Cambridge, MA: SoL

SMITH, Dan

(2004) "Trends and Causes of Armed Conflict"; in: A. Austin *et al.* (2004)

SPENCER-BROWN, George

(1971) *Laws of Form*, London: Allen and Unwin

STEPPACHER, Rolf; ZOGG-WALZ, Brigitte; HATZFELDT, Hermann (eds.)

(1977) *Economics in Institutional Perspective*, Lexington, Mass.: Lexington Books

STIGLITZ, Joseph E.

(2002) *Globalization and Its Discontents*, New York: W.W. Norton

TARSKI, Alfred

(1956) "The Concept of Truth in Formalized Languages", in *Logic, Semantics, Metamathematics. Papers from 1923 to 1938*; Oxford: Clarendon Press

UNITED NATIONS

(2006) *Study on Violence Against Children*, presented 11 October 2006, to the 3rd Committee of the General Assembly, by the Independent Expert, Paulo Sergio Pinheiro.

VAN DER WESTHUIZEN, Janis

(1997) *Ideas, Cultural Forces and the Development of International Relations*; Halifax: Dalhousie University, Centre for Foreign Policy Studies

VLASTOS, Gregory

(1954) "The Third Man Argument in the *Parmenides*", *Philosophical Review* 63, pp. 319-349

WHEATLEY, Margaret J.

(1994) *Leadership and the New Science*; San Francisco: Berrett-Koehler

WHITLEY, Elise; GUNNELL, David; DORLING, Daniel; DAVEY SMITH, George

(1999) "Ecological study of social fragmentation, poverty, and suicide", in: *BMJ* 1999; 319:1034-1037

WILBER Ken

[1977] *The Spectrum of Consciousness*; Wheaton: Quest

[2000] *A Theory of Everything: An Integral Vision for Business, Politics, Science, and Spirituality*; Boston, MA: Shambhala Publications

ZIEGLER, Renatus

(1995) *Selbstreflexion. Studien zur Selbstziehbarkeit im Denken und im Erkennen*, Dornach

The Corporate Social Responsibility (CSR) Concept and its Implementation Discussed at Selected International Companies in Serbia

Nebojša Vujković

The author who lives in Belgrade/Serbia has written this piece as his Master's thesis in the MBA class of 2010/2011 at European University Viadrina Frankfurt/Oder (Master of Business Administration - Management for Central and Eastern Europe) under the supervision of Prof. Dr. Zsolt Boda, Budapest/Hungary. He is also a writer (repeatedly also in EUFAJ) and prepares a longer essay about Serbia, religious tendencies, its role between East and West, and Europe.

Table of Contents

Contact information

List of Graphs

List of Tables

Table of Abbreviations

PART I – THEORETICAL RESEARCH AND ANALYSES

1. *Introduction*
 - 1.1 *Statement of purpose*
 - 1.2 *The methodology and literature*
 - 1.3 *Structure of the thesis*
2. *CSR: development, gradual institutionalization, concept*
 - 2.1 *History and development of CSR*
 - 2.2 *The CSR Networks*
 - 2.3 *CSR concept – pro and cons*
3. *CSR in Serbia*
 - 3.1 *Serbia – an overview*
 - 3.2 *The Government's strategy of development and promotion of CSR 2010-2015*
 - 3.3 *CSR network in Serbia*

PART II – EMPIRICAL RESEARCH AND ANALYSES

4. *Surveys*
 - 4.1 *An overview of the CSR concept implementation in other companies in Serbia*
 - 4.2 *CSR concept implementation in selected companies in Serbia*
 - 4.2.1 *The 2010 Telenor CSR report*
 - 4.2.2 *The 2010 Coca-Cola CSR report*
 - 4.2.3 *The 2010 Gazprom Neft-NIS CSR report*
 - 4.2.4 *The 2010 Société Générale CSR report*
 - 4.2.5 *The 2010 Vip mobile CSR report*
5. *Summary of annual reports*
 - 5.1 *Telenor Serbia*
 - 5.2 *Coca-Cola HBC Serbia*
 - 5.3 *Gazprom Neft-NIS*

5.4	<i>Société Générale Serbia</i>
5.5	<i>Vip mobile</i>
6.	<i>Discussion and Conclusions</i>
6.1	<i>Discussion</i>
6.2	<i>Conclusions</i>
6.2.1	<i>Probable impact of selected companies on the CSR activities of other companies and public opinion in Serbia</i>
6.2.2	<i>Motives and benefits of environmental responsibility</i>
6.2.3	<i>Motives and benefits of social responsibility</i>
6.2.4	<i>Recommendations for further researches</i>
6.2.5	<i>Forecast of future developments</i>
PART III – APPENDIXES	
<i>Appendix 1: Internal survey – managers’ answers in the questionnaire in selected international companies in Serbia</i>	
<i>Appendix 2: Internal survey – managers’ answers in the semi-structured interview in selected international companies in Serbia</i>	
<i>Appendix 3: Marks for annual reports, responses in the questionnaire and semi-structured interview</i>	
<i>Appendix 4: Three articles from the Governments’ regulations (2010/2011) that specify fees for environmental pollution</i>	
7.	<i>Bibliography</i>

List of Graphs

Graph 1:	Ethical advice/services provided in selected companies
Graph 2:	Importance of ethical issues to managements in selected companies
Graph 3:	Taking action to reduce environmental impact
Graph 4:	Managing ethical performance and corporate social responsibility
Graph 5:	How ethical management information is collected
Graph 6:	Frequency of analysis of ethical management information
Graph 7:	The role in ethical performance management (now)
Graph 8:	The role in ethical performance management in the future
Graph 9:	How managers contribute to the ethical performance
Graph 10:	Pressure to compromise ethical standards
Graph 11:	Witnessed violation of ethical standards

List of tables

Table 1:	Ethical advice/services provided in selected companies
Table 2:	Taking action to reduce environmental impact
Table 3:	Managing ethical performance and corporate social responsibility (CSR)
Table 4:	How ethical management information is collected
Table 5:	How managers contribute to the ethical performance
Table 6:	Importance of economic issues of SD in selected companies in Serbia
Table 7:	Importance of social issues of SD in selected companies in Serbia
Table 8:	Importance of environmental issues of SD in selected companies in Serbia
Table 9:	Importance of second-order requirements of SD in selected companies in Serbia
Table 10:	Importance of four dimensions of SD in selected companies in Serbia (2011) and in companies in the EU (2006)
Table 11:	Stakeholder groups and their importance

Table of Abbreviations

ADR	Alternative Dispute Resolution
BLF	Business Leaders Forum Serbia
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
EC	European Commission
EU	European Union
GDP (PPP)	Gross Domestic Product (Purchasing Power Parity)
GRI	Global Reporting Initiative
HR	Human Resources
IFC	International Finance Corporation
ILO	International Labour Organization
IPA	Instrument for Pre-Accession Assistance
ISO 26000	International Organization for Standardization guidelines for managements on social responsibility
MDGs	Millennium Development Goals
MNE	Multinational Enterprise
NCP	National Contact Point
NGO	Non-Governmental Organization
NIS	Petroleum Industry of Serbia
OECD	Organisation for Economic Co-operation and Development
PR	Public Relations
SD	Sustainable Development
SEO	Search Engine Optimization
SIEPA	Serbia Investments and Export Promotion Agency
SIGMA	Support for Improvement in Governance and Management
SME	Small and medium enterprises
SMS	Short Message Service
SPP	Sustainable Public Procurement
SRI	Socially Responsible Investing
SRSG	Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises
TNC	Trans-National Corporation
TV	Television
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
USA	United States of America
VAT	Value Added Tax
WB	World Bank
WBCSD	World Business Council for Sustainable Development
WBS	Work Breakdown Structure
WTO	World Trade Organization
WWF	World Wide Fund for Nature

PART I – THEORETICAL RESEARCH AND ANALYSES

1. INTRODUCTION

International organizations were established with the aim of implementing social responsibility and sustainable development (SD). As defined by the UN (Brundtland) Commission 1983-1987, “sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Tencati, 2002: 207)²³ The weakness/inconstistency in the definition (and related activities) is that it starts dynamically (“development”) and continues/ends rather statically (“without compromising”). It is more than obvious that the contemporary as well as future institutions and corporations must constantly improve social conditions and augment natural resources; that is, not just “without compromising the ability of future generations to meet their own needs” since their ability to meet their own needs will be indispensably much higher than at present.²⁴

Boda describes the virtuous circle in which the first link prompts the next one and causes a chain reaction: trust – moral obligation – easier cooperation – welfare – legitimacy – easier implementation – procedural fairness – individual well being – trust – smoother governance – commitment - etc. (Boda, 2011: 49-64)²⁵ This chain was broken in Serbia a long time ago and that is exactly the biggest hindrance in the functioning of the whole system. This is of particular importance in the speciously collectivistic Serbia where the MNEs have recently started implementing various **CSR (corporate social responsibility)** policies, the average standard of living is low, while at the same time nostalgia for an age that never existed but led to such (aggravating) circumstances is rather pronounced in the middle aged and older generations that run the state and create public opinion through the media²⁶. In the former Yugoslavia Serbia had some kind of the SD/CSR concept and implemented it on the basis of the centrally-planned economy and totalitarian political system. Nowadays companies and state authorities in Serbia are commencing the implementation of the modern CSR/SD concept based on the mixed economy and the developing democratic political system. The important international agreements that directly influence the inclusion of Serbia in regional and global economic trends and have an indirect bearing on the SD/CSR issues are: Serbia signed the *Black Sea Economic Cooperation* (BSEC) in 2004, the *Generalized System of Preferences* with the United States in 2005, the *Central European Free Trade Agreement* (CEFTA) in 2007, the *Stabilization and Association Agreement* (SAA) with the EU in 2008, and the *European Free Trade Association* (EFTA) in 2009. Serbia also signed

²³ The UN Commission quoted in Tencati, A. ‘Managing Sustainability’ (2002), in Zsolnai, L. (ed.) *Ethics in the Economy - Handbook of Business Ethics*, Oxford: Peter Lang

²⁴ UN Press Release (2011) *World Population to reach 10 billion by 2100 if Fertility in all Countries Converges to Replacement Level*, New York City: UNDP, http://esa.un.org/unpd/wpp/Other-Information/Press_Release_WPP2010.pdf

²⁵ Boda, Z. ‘Institutional trust, fairness and leadership – the right way to effectiveness’ (2011), in Jakobsen, O. and Pedersen, L.J.T. (ed.) *Responsibility, Deep Ecology and the Self: Festschrift in Honor of Knut J. Ims*, Oslo: Forlag 1

²⁶ Foreign affairs are still based on (Serbian medieval and) the 20th century Non-Align Movement policy which is in fact a political disguise for anti-Westernism and fixation on old patterns -

<http://www.economist.com/node/21528599>

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

the bilateral free trade agreements with Russia (2000), Belarus (2009) and Turkey (2009). On December 9, 2011 the Council of EU passes decision on Serbia for membership (candidate status) in the EU.²⁷

In 2008 a CSR network was established in Serbia that is part of the European and global CSR networks. In 2009 the Government of Serbia proclaimed the *Action Plan for National Sustainable Development Strategy 2009-2017* and then the *CSR Strategy 2010-2015*. New concepts such as the *triple bottom line* (people, planet, profit) may seem dubious to managements of less successful companies (or small and medium enterprises, or upper-middle, lower-middle and low income economies) like the “Look, I am sending you out like sheep among wolves. So be *shrewd* as snakes and as harmless as doves”. But there is also a translation of the New Testament which differs in only one word: “Look, I am sending you out like sheep among wolves. So be *wise* as snakes and as harmless as doves”.²⁸

1.1 Statement of purpose

The basic question this paper aims to answer is how and why the TNCs in Serbia apply the CSR concept (motives and benefits) i.e. if this is primarily the result of their resourcefulness (a combination of marketing/PR/corporate branding, adjusting to the legislative requirements and market trends) or wisdom (dedication, long-term planning and investment into the development of society and preservation of nature).

This paper provides an assessment of a probable impact of the five selected TNCs on the CSR activities of other international and domestic companies in Serbia, as well as on the public opinion in Serbia, and a forecast of future developments in Serbia relating to the CSR concept. It also aspires to indicate the main problems, narrows the field of research for future surveys and provides a recommendation for them.

1.2 The methodology and literature

The methodology is based on theoretical research and analyses (scientific literature, official documents, legal acts and reports from relevant online sources) and empirical research and analyses. Empirical survey consists of the external (examination of companies' annual CSR reports/communications on progresses which are on their websites) and the internal parts. Internal survey: a questionnaire filled by the companies' managers, and semi-structured interviews with the managements. At the end - data analyses. Important limitation in the theoretical research was a lack of scientific literature on the topic of CSR in Serbia.

²⁷ Politika, 2011, ‘Srbiji status kandidata, datum pregovora kasnije?’, Belgrade, Politika, <http://www.politika.rs/rubrike/Politika/Srbiji-status-kandidata-datum-pregovora-kasnije.lt.html>

²⁸ Online Parallel Bible (2011) *The New Testament* (The Gospel According to Matthew 10:16), [Online], Available: <http://bible.cc/matthew/10-16.htm>

1.3 Structure of the thesis

The main part is made in the following sequence. The theoretical analysis section consists of six subsections. The first three cover the history and development of CSR, CSR networks and CSR concept. The last three subsections refer to Serbia: an analysis of Serbia (political/social circumstances, legal framework, economy), the Government's strategy of development and promotion of CSR (2010-2015), and CSR network in Serbia.

The empirical analysis section consists of four main subsections: external surveys (an overview of the CSR concept implementation in other companies in Serbia and examination of five selected companies' annual CSR reports), summary of annual reports, discussion and conclusions, and internal surveys in appendixes 1 and 2.

Appendix 1: internal survey (graphs and tables with managers' answers to the questionnaire);

Appendix 2: internal survey (managers' answers in the semi-structured interview);

Appendix 3: marks for annual reports, responses to the questionnaire and semi-structured interview;

Appendix 4: three articles from the Governments' regulations (2010/2011) that specify fees for environmental pollution.

2. CSR: DEVELOPMENT, GRADUAL INSTITUTIONALIZATION, CONCEPT

2.1 History and development of CSR concept

Technological advances enhanced market competition so corporations began paying attention to corporate branding, which is, in fact, the shaping of the self-image congruence i.e. the symbolic self-concept of their consumers. Here follows an example of lucidly worded pragmatic-idealism from the 1950s: "We try never to forget that medicine is for the people. It is not for the profits. The profit follows, and if we have remembered that, they have never failed to appear." (Lozano, 2002: 180)²⁹ Although authors that deal with the CSR and SD concepts do not see eye to eye, it is evident that the shaping of this concept began in the Anglo-Saxon world as an anti-neoclassical economical concept in the USA in the 1960s and 1970s and then in Great Britain in the 1980s. In the 1960s and 1970s a more or less spontaneous imbuing of the concepts of social movements (human, civil-rights, religious, environmental, anti-nuclear, pacifist, animal-rights, and alike, that over time turned into and/or "flown" into various CSOs, i.e. NGOs and NPOs), trade/labor unions, the media and corporative marketing activities created a new synergy. This synergy then changed the public of the West, the *Weltanschauung*/*Weltschmerz* of new generations and the society as a whole, and then it managed to change the relations in the political arena and the then balance i.e. money flows on micro, meso and macro levels.

²⁹ G. W. Merck (the founder of Merck & Co.) quoted in Lozano, J. 'Organizational Ethics' (2002), in Zsolnai, L. (ed.) *Ethics in the Economy - Handbook of Business Ethics*, Oxford: Peter Lang
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

From the 1970s MNEs have been represented in the UN³⁰; monitoring business activities of MNEs is performed by the UN (e.g. Conference on Trade and Development³¹) and the OECD³² but regulations are not mandatory and there are no sanctions (although, there are signs of a formalization). Effects of business activities of MNEs are an increase in production, higher employment rate, enhanced export from the country of origin, which reduce the deficit in less developed countries and has a positive effect on balance of payments. Also, external effects are quite marked thanks to related industries that depend on the volume and quality of their business activities. Remarks on MNEs by underdeveloped and developing countries are: interfering in internal affairs, transferring obsolete technology, negative environmental impact, mask profits by manipulating transfer prices and then send it to the country where taxes are lower, etc. Remarks on host countries by MNEs: fear of nationalization of affiliations, regulations in different countries change and they are detrimental to MNEs, unequal treatment of local and foreign companies, etc. In 1984 Robert E. Freeman published an influential book *Strategic Management: a Stakeholder Approach*. Subsequently, the CSR issue - now also known as *the triple bottom line* (people, planet, profit) - entered the academic circles, universities, business schools and institutes, the media, CSOs, governments, companies, local communities, etc. During the last three decades, various standards were introduced for auditing, accounting, evaluating and reporting companies' social, environmental and sustainability performance: AccountAbility 1000, SRI, SA 8000, FEEM, the IÖW Framework, the SPACE framework, GRI (Global Reporting Initiative), the Sigma Project³³, ISO 26000³⁴, etc. SRI (Socially Responsible Investing) refers to management of investment funds in accordance with ethical criteria. The projects are essentially attempts to establish "a strong commitment to sustainability along its entire *value chain* (from suppliers to final customers)". (Tencati, 2002)³⁵ This has led to the foundation of ethical stock indexes³⁶ (USA, Canada, Europe), in other words, benchmarks for financial products and fund managers. (Tencati, 2002)³⁷ Since the profit in the financial sector is much higher than in the real sector the capital is shifting from the less attractive real sector to the more attractive financial sector. "At the same time companies are pressured (...) Capital market investors want to know the values, principles, and mechanisms used for internal control and the supply chain of responsibility of the companies in order to estimate the risk involved in their investment. (...) The last subsection [in

³⁰ Segerlund, L. (2007) *Thirty Years of Corporate Social Responsibility within the UN: From Codes of Conduct to Norms*, Stockholm: Stockholm University, <http://turin.sgir.eu/uploads/Segerlund-thirtyyearsofcorporate.pdf>

³¹ UNCTAD, 2011, *Transnational Corporations Journal*, Geneva: UNCTAD, <http://www.unctad.org/Templates/Page.asp?intItemID=2926&lang=1> ; UNCTAD, 2011, *Investment, Technology and Enterprise Development*, Geneva: UNCTAD, <http://www.unctad.org/Templates/Page.asp?intItemID=2095&lang=1>

³² OECD, 2010, *Supply Chains and the OECD Guidelines for MNEs*, Paris: OECD, <http://www.oecd.org/dataoecd/17/37/45534720.pdf>

³³ The Sigma Project, 2003, "A Guide for Organizations", London, British Standards Institution, <http://projectsigma.co.uk/Guidelines/SigmaGuidelines.pdf>

³⁴ ISO, 2010, "ISO 26000 – Social responsibility", Geneva, ISO, http://www.iso.org/iso/iso_catalogue/management_and_leadership_standards/social_responsibility.htm

³⁵ Tencati, A., *Managing Sustainability*, in Zsolnai, L. (ed.) 2002, "Ethics in the Economy - Handbook of Business Ethics" (p. 207), Oxford, Peter Lang

³⁶ Consolandi, C., Nascenzi, P. & Jaiswal-Dale, A., 2008, "Ethical Stock Indexes: Does Sustainability Pay Off?", Belfast, Queen's University, <http://www.crrconference.org/downloads/2006consolandietalethicalstockindexes.pdf>

³⁷ Tencati, A., *Managing Sustainability*, in Zsolnai, L. (ed.) 2002, "Ethics in the Economy - Handbook of Business Ethics" (pp. 192-206), Oxford, Peter Lang

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

the EU Commission *Green Paper 2001*] is about socially responsible investing, an emerging market that needs refinement of its often not very transparent tools and metrics.” (De Geer, 2002)³⁸ So, there is an interpretation of the CSR concept: it is striving to balance investors’ covetousness on one side and issuers’ irresponsibility on the other. The EC published the Green Paper in 2011 divided into five sections. There is notable decisiveness to make use of the *Innovation Union Flagship Initiative* which advocates a strategic and integrated approach to research and innovation funding, promotes a public consultation website³⁹ and brings about some funding improvements at the national and EU levels.⁴⁰ Some empirical researches reveal that there are almost no significant differences in the implementation of the CSR concepts among big companies in Central-Eastern and Western Europe. (Steurer, Konrad, 2009)⁴¹

Governments show interest in CSR because:

- they are motivated to redistribute corporate resources to meet public needs in order to achieve objectives of public policies (e.g. environmental protection, human and development assistance);
- of interventionism, that is, compared to hard-law regulations, the soft-law character of CSR policies implies comparatively low political costs in terms of resistance by special interest groups;
- they intend to play a more active role by fostering softer, non-binding initiatives;
- the CSR concept prompts companies to switch from private to public role;
- voluntarism and collaboration should not be left to the discretion of managers but shall be governed by soft-law regulations and fiscal incentives. (Steurer, 2010)⁴²

Therefore, by using key words, governments foster softer interventionism by fiscal incentives in order to redistribute corporate resources to meet public needs. To be able to do so, governments combine CSR instruments (e.g. partnering) and CSR themes (e.g. transparency, SRI, SPP/sustainable public procurement). Steurer’s research reveal that the best CSR practices in the EU are public-private partnerships when governments lead by example.

The results of the joint empirical research of Maastricht University and Berkeley University - *Why Companies Rent Green: CSR and the role of real estate* - reveal that such CSR and marketing policies are mostly applied by the tertiary sector - industry leaders and non-profit organizations: banks, investment/financial companies, legal companies, the oil industry (headquarters and gasoline service stations), governments, accounting companies, electronics trade companies, hospitals and medical service, software corporations, consulting companies, conservation institutes, etc. The tertiary sector acknowledges the economic and marketing benefits - energy savings, lower risk premium, green building as a flag for reputation or real commitment to CSR issues - of green (environmental-friendly office) buildings as the compensation for higher net

³⁸ De Geer, H., *Business and Society*, in Ibid., pp. 70-73

³⁹ <http://ec.europa.eu/research/innovation-union>

⁴⁰ European Commission, 2011, *Green Paper*, Brussels, EC, http://ec.europa.eu/research/horizon2020/pdf/com_2011_0048_csf_green_paper_en.pdf#page=2

⁴¹ Steurer, R. & Konrad, A. 2009, “*Business–society relations in Central-Eastern and Western Europe: how those who lead in sustainability reporting bridge the gap in corporate (social) responsibility*”, Kidlington, SJM

⁴² Steurer, R. 2010, “*The role of governments in corporate social responsibility: characterising public policies on CSR in Europe*” (pp. 50-54), Dordrecht, Springer Science European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

rents. (Eichholz, Kok, Quigley, 2009)⁴³ It could be concluded that the consulting companies have the opportunity to be the first to benefit from CSR since they provide publications and advices.

Various institutes follow annual CSR reports by companies in the USA, so they found that companies often supply data from previous years and that numerical reporting is often provided without a context. Therefore, Rawlins, Paine and Kowalski offer five basic instruments (each of them accompanied by various additional tools for assessments) for measuring a company's website transparency of the reporting on sustainability: use of technology, useful information, accountability, involvement, and openness.⁴⁴

2.2 The CSR Networks

In order to gain a better insight into gradual institutionalization of CSR concept, key networks will be briefly described here. The OECD (Organisation for Economic Co-operation and Development) is a partner of the UN Global Compact⁴⁵ (the aforementioned GRI⁴⁶ is crucial in this network-based initiative) and the UN Environment Programme⁴⁷. Bringing into accordance and issuing joint guidelines for MNEs is performed in collaboration with the UN Global Compact⁴⁸ as an input to the CIME (OECD's Committee on International Investment and MNEs) which promotes the liberalization of trade policies. (Currently, there are 64 participants from Serbia in the UN Global Compact.) In all OECD's member countries there is the *National Contact Point* (NCP) that is in charge of conducting investigations on complaints about the companies' irresponsible business conduct. *Alternative Dispute Resolution* (ADR) is an initiative - of SRS⁴⁹, the UN (WB/IFC⁵⁰), the IBA (International Bar Association), Open Society Foundation⁵¹ and Harvard Kennedy School⁵² - on business and society exploring CSR solutions, but Serbia is not member country.⁵³ The IBA published a study in which they state: "Overall, it does seem that the consensus is that the majority of NCPs have largely failed in their mission to help

⁴³ Eichholz, P., Kok, N. & Quigley, J.M. 2009, "Why Companies Rent Green: CSR and the role of real estate", Briarcliff Manor, Academy of Management

⁴⁴ Rawlins, B., Paine, K. & Kowalski, P. 2008, "Measuring the transparency of environmental sustainability reporting through websites of Fortune 50 corporations", Provo, Brigham Young University and KDPaine & Partners, <http://www.themeasurementstandard.com/Images/EnvironSustainReport.pdf>

⁴⁵ UN Global Compact, 2011, "Annual Review", New York City, UN, http://www.unglobalcompact.org/docs/news_events/8.1/UN_Global_Compact_Annual_Review_2010.pdf

⁴⁶ GRI, 2011, "GRI Certified Training Partners in Central and Eastern European countries", Amsterdam, GRI, http://www.globalreporting.org/learningandsupport/trainingandworkshops/certifiedtrainingprogram/countrypage_centralandeasterneuropeancountries.htm

⁴⁷ OECD and UNEP, 2008, "Conclusions by the Conference on Resource Efficiency", Paris, OECD, <http://www.oecd.org/dataoecd/7/35/40526786.pdf>

⁴⁸ UN Global Compact and OECD, 2005, "Guidelines for Multinational Enterprises: Complementarities and Distinctive Contributions", New York City-Paris, UN Global Compact Office and OECD Secretariat, <http://www.oecd.org/dataoecd/23/2/34873731.pdf>

⁴⁹ Ruggie, J. 2010, "Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises", New York City, UN, http://www2.ohchr.org/english/issues/trans_corporations/docs/A-HRC-14-27.pdf

⁵⁰ International Finance Corporation, 1956- , <http://www.ifc.org/>, Washington D.C., UN

⁵¹ <http://www.soros.org/>

⁵² <http://www.hks.harvard.edu/>

⁵³ Alternative Dispute Resolution Community, 2011, <http://baseswiki.org/en/Category:Europe> European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

companies to understand and effectively implement the *Guidelines*, and to offer useful and credible ADR solutions to parties in dispute”.⁵⁴

2.3 CSR concept - pro and cons

The CSR concept is a set of ideas relating to self-regulated/conscientious trading beyond the law and within the supposed limb in order to do good for the future. Although by definition CSR has three dimensions (economic, social, environmental), the CSR implementation degree can be studied and evaluated internally (employee satisfaction research, workplace policies, company values, organizational details) and externally (customer satisfaction research, environmental, community and marketplace policies). There is a gap between internal stakeholders' (owners/shareholders and employees⁵⁵, and/or shareholders/managers and employees in lower positions) expectations and there is a gap between internal and external stakeholders' (the UN, governments, CSOs, customers, suppliers, media, local communities, etc.) expectations, as well as many gaps between external stakeholders' expectations. An asymmetry recognized in the concept is authority without responsibility on the part of external stakeholders (e.g. customers, local communities, CSOs, the UN) and responsibility without authority on the part of internal stakeholders (employees). Unless authority and responsibility are commensurate and reciprocal, no actual normative or instrumental means can be instituted. “Cultivating relationships with primary stakeholders yields benefits (Market Value Added) in the form of intangible assets that can be applied for competitive advantage, but amorphous ‘do-goodism’ can be a waste of resources (negatively related with Market Value Added).” (O’Higgins, 2002)⁵⁶ Tencati also stresses the importance of intangible assets (e.g. knowledge and trust) as the company’s long-term reference. Unlike the UN, he made a consistent definition: “Sustainable development is a condition in which the vector of development (quality of life) increases monotonically over time”. (Tencati, 2002)⁵⁷ O’Higgins classified the stakeholder model into four configurations: *neutral*, *pragmatic*, *engaged* and *idealistic* models. The neutral model understands self interest at the expense of stakeholders. The pragmatic model implies shareholders earning benefits (i.e. market base stakeholder relationships). The engaged model recognizes interconnectedness of all stakeholders (non-market and market based). Idealistic model aims at applying universal ethical principles in all business activities. Some congruities are obvious between O’Higgins’ models and Morsing and Pruzan’s⁵⁸ drivers: neutral/illusion, pragmatic/control, engaged/democracy, idealistic/religion. According to O’Higgins the pragmatic model shows the best financial performance but according to Morsing and Pruzan the control driver has a weakness because demotivation might occur (e.g. when employees perceive that a good financial performance rewards shareholders too much compared to themselves or when they perceive that too much of the profit is

⁵⁴ Williams, J.S. 2010, “*The OECD Guidelines for Multinational Enterprises and ISO 26000: An Evaluation and Comparison*” (p. 28), London, International Bar Association, http://www.ibanet.org/PPID/Constituent/CSR_Committee/Projects.aspx

⁵⁵ De Geer, H., *Business in Society*, in Zsolnai, L. (ed.) 2002, “*Ethics in the Economy - Handbook of Business Ethics*” (p. 61), Oxford, Peter Lang

⁵⁶ O’Higgins, E., *The Stakeholder Corporation*, in Ibid., p. 116

⁵⁷ Tencati, A., *Managing Sustainability*, in Ibid., p. 188

⁵⁸ Morsing, M. & Pruzan, P., *Values-based Leadership*, in Ibid, pp. 259-293

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

spend on CSR issues - financing sport clubs, improving conditions in some distant local community - instead of increasing their wages and improving their private situation). According to Morsing and Pruzan, the strength of the religion driver is commitment and the weakness is hypocrisy. In the case of the latter, it is actually the illusion model (ritual marketing, non-committal) i.e. O'Higgins' neutral model which is self-centered at the expense of stakeholders. The driver of the idealistic-religion model is ethos-belief and in such organizations it is treated as the norm. When should we expect a commitment to ethical norms and when hypocrisy? The values (axiological competences) that are not accompanied by duties (deontological competences), knowledge/wisdom (dianoethical competences) and norms (nomoethics) are unsophisticated materialistic values⁵⁹ which cause eternal roaming within the (global) vicious circle (poverty, endangered environment, violation of human rights, employment of children, decades of avoidance to raise the outdated low threshold of workers' rights in the UN's ILO, etc.). The UN's ILO⁶⁰ welcomes two representatives from the government of a member state, one syndicate representative appointed by the government and one representative of employers from the member state. The tripartite system created in this way has been stagnating for decades. What happens when values (what ought to be) without obligations face the reality (what is)? This is the so-called (Hume's⁶¹) *is-ought problem* in the institutional path-dependency. Global Compact's CSR reports and ISO 26000 (context-specific, cultural-difference and political/power-related issues are pushed out of the spotlight) i.e. the global nomoethics which is not so because there is no obligation, are sometimes defined as the *bluewashing* (washing the UN and CSOs) and the *whitewashing/greenwashing* (washing the MNEs).⁶² Since those entities have no duties, likewise, no obligations are imposed on MNEs because authority and responsibility are not commensurate and reciprocal. The rest of stakeholders (owners/shareholders and governments) appear here: "Enterprises are not legally bound by the Conventions nor by the ILO 1998 Declaration, all of which have been drafted for States."⁶³ The result is the decades long hypocritical chanting (Morsing and Pruzan's preachers and facilitators) about human rights ("business and human rights differs significantly from and is more complex than the traditional human rights agenda"⁶⁴) and endangered environment (e.g. despite the UN Kyoto protocol, global emissions of CO₂ increased by 45% between 1990 and 2010 because of the developing countries⁶⁵) by the companies' CEOs, the UN and CSOs officials. Nowadays, human rights are only associated with work conditions, workplace conditions and wages. The political colonialism does not exist anymore and economic colonialism is to blame on the governments that are driven by „axiological competence“, i.e. by

⁵⁹ Aristotle 1958, "*Nicomachean Ethics*", Belgrade, Kultura and Aristotle 1966, "*Politics*", Belgrade, Kultura

⁶⁰ The International Labour Organization, 1998, "*Declaration on Fundamental Principles and Rights at Work*", Geneva, ILO, <http://www.ilo.org/declaration/lang--en/index.htm>

⁶¹ Hume, D. 1988, "*An Enquiry Concerning Human Understanding*", Zagreb, Naprijed

⁶² Bruno, K & Karliner, J 2000, *Tangled Up In Blue*, San Francisco, CorpWatch, <http://www.corpwatch.org/article.php?id=996>

⁶³ IOE-ICC-BIAC, 2011, "*Joint IOE-ICC-BIAC comments on the draft guiding principles on business and human rights*" (pp. 8-9), Geneva, IOE-ICC-BIAC, <http://www.iccwbo.org/uploadedFiles/ICC/policy/anticorruption/Statements/Final%20IOE-ICC-BIAC%20Comments%20on%20the%20Guiding%20Principles%202020.pdf>

⁶⁴ Ibid, p.14

⁶⁵ <http://www.pbl.nl/en/publications/2011/long-term-trend-in-global-co2-emissions-2011-report>

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

pleonexia (covetousness, the desire to have what belongs to others)⁶⁶: the neglect and bond treatment of their subjects and taking advantage/moneygrubbing from the avaricious MNEs that are driven by „axiological competence“, as well. It is worth quoting the WBCSD: “Today there is no one to blame for faulty policy regimes besides the governments and their stakeholders involved in policymaking. (...) And non-reforming governments are running out of excuses.”⁶⁷

In a way, MNEs actually *bluewash* the conscience of the UN/states and CSOs much more than their own (*whitewash/greenwash*). Mitroff and Silvers investigated how institutional elites deluded themselves thinking that they were solving the problem (unintentional errors of solving the wrong problems precisely), or worse, how they intentionally tackled the right problems in the wrong way.⁶⁸

Different negative critical views of the CSR/SD concept originating in diametrically contrasting milieus make the issue of CSR/SD much more intriguing.⁶⁹ Henderson warns of a certain inclination towards the socialist concept (the ‘*new millennium collectivism*’⁷⁰ – the UN, NGOs, CSR-networks, regional organizations, government agencies, CSR-oriented companies, etc.) and all the louder calls for the nationalization of MNEs.⁷¹ On the other hand, less developed regions (the Rest), states and localities (even in the West: north and south in the USA or EU, e.g. in Italy) view CSR concept as a devious application of the theory of games in the legal and then economic senses. Those who set up the rules of the game (e.g. non-tariff barriers) can count on their own benefits within the system at least for some time i.e. as long as possible.⁷²

Finally, global business trends, the CSR concept among them, do not often agree with SME and it is considered as one of the instruments in an array of large capital instruments (MNEs finance international organizations and CSR-networks) because MNEs swallow SME (monopoly/oligopoly trends). ‘The sustainable development debate tends to protect itself from the economic realities. (...) It [ISO 26000] could inadvertently further the global squeeze on small producers unable to meet the aspirations of its guidance.’ (Jimena, 2009)⁷³

“If companies need good societal conditions for the development of their activities, to what extent is it necessary that they also contribute to the creation of these conditions?”⁷⁴ Kaptein and

⁶⁶ Aristotle 1958, “*Nicomachean ethics*” (Book V), Belgrade, Kultura

⁶⁷ Schmidheiny, S. & Zorraquín, F. with the World Business Council for Sustainable Development 1998, “*Financing Change*” (pp. 171-172), Cambridge, The MIT Press

⁶⁸ Mitroff, I. & Silver, A. 2009, “*Dirty Rotten Strategies*”, Stanford, Stanford University Press

⁶⁹ For example, <http://www.heritage.org/search?query=CSR> and <http://biotech.indymedia.org/>

⁷⁰ Henderson, D. 2009, “*Misguided Corporate Virtue: the case against CSR, and true role of business today*” (p. 15), London, Institute of Economic Affairs

⁷¹ Bird, A. & Brown, M. 2005, “*The History and Social Consequences of a Nationalized Oil Industry*”, Stanford, Stanford University ;

Zinoviev, A. 1985, “*Homo Sovieticus*”, Boston, Atlantic Monthly Press

⁷² PGA, 2011, *Archive of Global Protests*, Ottawa, PGA, <http://www.nadir.org/nadir/initiativ/agp/>

⁷³ Jimena, J 2009, ‘There’s nothing ‘standard’ about Standardization’, Toronto, Canadian Mining Journal

⁷⁴ Morsing, M. & Pruzan, P., *Values-based Leadership*, in Zsolnai, L. (ed.) 2002, “*Ethics in the Economy - Handbook of Business Ethics*” (p. 270), Oxford, Peter Lang
European Union Foreign Affairs Journal – N° 2/3-2011

Wempe state that “entrepreneurs must (...) try to meet justified stakeholder demands as minimally as possible (...) In other words, in order to function responsibly (...) one must act immorally at the same time.”⁷⁵ This issue is partly a buy/sell problem (*the dirty hands dilemma*) because there is also the challenge of the context (i.e. *the entangled hands dilemma*) and *the many hands dilemma*⁷⁶ or in Morsing and Pruzan’s own words the complexity (weakness in a democratic company). In O’Higgins’ engaged and idealistic companies the danger is also the endless dialogue which might evolve into idealistic/religious hypocrisy and ultimately metamorphose to a neutral/illusion firm and then other stakeholders realize the managers, shareholders and politicians’ self-interests. Lozano also warns of the possibility of a dialogue (with stakeholders) transgressing into a monologue and PR exercise⁷⁷ and posing a further threat to nature and social cohesion (Tencati’s remark). One of several reasons why MNEs are strewn throughout the world lies in Tencati’s observation on economic growth obsessions which led to investments draining in lower-middle and low income economies, the real sector turning into financial sector, workers becoming redundant in the primary and secondary sectors. Constant efforts of advanced countries to create an utopian society under the stakeholders’ pressure led to increased unemployment⁷⁸ and a growing number of pensioners in Europe (the pressure on the labour force is all the greater). This then led to the onset of the current economic crisis, lower wages and purchasing power, as well as to changes in market forces. Furthermore, “in what is perhaps a minority view, Asian success demonstrate the superiority of economies with fewer civil liberties (...) But, economics is not a dismal science because the economists like it that way; it is because in the end we must submit to the tyranny not just of the numbers, but of the logic they express.” (Krugman, 1999)⁷⁹

These examples speak no ill of the CSR concept itself but do point to certain frailties in the business-society relationship. The dialectic is carried out within the OECD (states⁸⁰, business networks⁸¹, labor unions⁸², recommendations for responsible business conduct in a global context⁸³, NCPs, collaboration with other international bodies, etc). But some OECD’s NCPs failed, and the example of Greece and a few other states - members of the WTO, EU and OECD - clearly shows that it all comes down to the degree of (ir)responsibility/(un)accountability of the government (sole stakeholder having the authority and responsibility depending on their ethical standards) of a member state and its citizens who participate in political and economic processes.

⁷⁵ Kaptein, M. & Wempe, J., *Ethical dilemmas of Corporate Functioning*, in Ibid., pp. 141, 142

⁷⁶ Ibid., pp. 141-150

⁷⁷ Lozano, J., *Organizational Ethics*, in Ibid., p. 184

⁷⁸ Due to the system of distribution a large number of citizens are dependants and this number is rising; there is something wrong with incentive schemes – Schmidchen, D. 1999, “*To Help or not to Help: The Samaritan's Dilemma Revisited*”, Saarbrücken, Universität des Saarlandes,

<http://www.econstor.eu/bitstream/10419/23060/1/9909help.pdf>

⁷⁹ Krugman, P. 1999, “*Pop Internationalism*” (pp. 182, 185), Cambridge, The MIT Press

⁸⁰ OECD, 2011, “*Intergovernmental Activity*”, Paris, OECD

<http://webnet3.oecd.org/OECDGROUPS/Bodies/ListByChapterView.aspx?book=true>

⁸¹ BIAC, 1961- , <http://www.biac.org/>, Paris, OECD

⁸² TUAC, 1948/1962- , <http://www.tuac.org/en/public/tuac/index.phtml>, Paris, OECD

⁸³ OECD, 2011, “*Guidelines for Multinational Enterprises*”, Paris, OECD

<http://www.oecd.org/dataoecd/43/29/48004323.pdf>

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

However, even if soft CSR legal requirements became hard CSR laws in the high and upper-middle income economies, there would still be the issue of non-reciprocity: companies and state institutions would be required, obliged (for better or for worse) and strictly controlled as far as their relation with the stakeholders and nature are concerned while customers could at any moment (for better until it goes wrong) turn to cheaper products/services coming from other countries/parts of the world.

The only room for gradual improvement can be found on the micro level i.e. in the case of internal CSR pragmatic-idealistic/engaged model and/or in public-private partnerships. At the beginning of this subsection a lucid citation of CSR pragmatic idealism by Merck & Co. was given, so O'Higgins emphasizes the company's deontology: "the pharmaceutical company's pursuits of a cure for river blindness that would benefit millions of sufferers in developing countries. Not only did Merck assume the drug development and opportunity costs, but also substantial expenditure for distribution of the drug."⁸⁴ Lozano explains that daily activities and processes may reveal contradictions and ambiguities since it is not always clear what the ethical code means. The Merck & Co. call this *the challenge of context* which is met with two instruments: policies and resources. Both must be adjusted to each country/culture.⁸⁵

It should be added here that this approach is in absolute accord with the cross-cultural psychology applied in business practices (e.g. Hofstede⁸⁶) and game theories applied in economics (e.g. Aumann⁸⁷). Since values must be transformed into practice Merck & Co. have created the so-called '*decision test*' for employees in order to find out how they reflect in specific situations. Although we do not know the content of this 'decision test', just the idea to create one is a proof of true holistic thinking. The Merck & Co. also created The Office of Ethics in 1995 and compelled thousands of their employees around the world to participate in evaluation and proposal giving processes which led to trainings and varying workshops in order to incorporate values in daily actions. Once upon a time, Merck & Co. practiced marketing, then, starting from the 1950s they practiced corporate branding and from the 1990s onwards they engaged in the CSR concept. This is quite an instructive example of internal evolution, i.e. the worth of a prudent and gradual approach. Merck & Co.'s code of conduct deals in detail (exactly one half of the code) with the challenge of the context.⁸⁸

The best and most efficient examples within the EU are in those countries where the CSR and SD concept is applied on the level of public and private partnership and where the state leads by example (e.g. transparency, SRI/socially responsible investing, SPP/sustainable public procurement). Even when projects are not completed something good can be derived. In 2004, the Aus-

⁸⁴ O'Higgins, E., *The Stakeholder Corporation*, in Zsolnai, L. (ed.) 2002, "*Ethics in the Economy - Handbook of Business Ethics*" (p. 127), Oxford, Peter Lang

⁸⁵ Lozano, J., *Organizational Ethics*, in Ibid., pp. 180, 181

⁸⁶ Hofstede, G. 2011, <http://www.geerthofstede.nl/> ; <http://www.geert-hofstede.com/>

⁸⁷ Aumann, J.R. 1981, *A Survey of Repeated Games* in "*Essays in Game Theory*" (pp. 11-42), Mannheim, Wissenschaftsverlag

⁸⁸ Merck & Co. 2011, "*Our values and standards*", New Jersey, Merck & Co., http://www.merck.com/about/code_of_conduct.pdf

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

trian council of ministers refused to adopt a revised version of the GPP (green public procurement) because it regarded the costs to be unclear. (Steurer, 2010)⁸⁹

So, a responsible state together with multinational and medium enterprises can increase investments into sustainable development and constantly insist on transparency so as to prevent embezzlement. The average number of SPP initiatives in the “new” EU Member States from the CEE region (except the Czech Republic) is significantly below the average of the EU-15.⁹⁰ Responsibility or irresponsibility of state organs largely defines to what extent activities of companies are ethically responsible or irresponsible.

State administrations in developing countries (e.g. Serbia) should intensify communication and cooperation between the state, business, universities and local communities, improve their knowledge/techniques to attract investments and focus on opportunity costs. States that have negative balance of payments are the ones that should put in most effort. O’Higgins’ remark refers to companies only, but it can be applied to state administrations too: “Rather than stakeholder management causing superior financial performance, poor financial performance may actually cause stakeholder management as a solution.”⁹¹

3. CSR IN SERBIA

3.1 Serbia - an overview

Constitutional and legal solutions in the former Yugoslavia and in Serbia were unique in the world, based on the workers’ self-management⁹² which was a mixture of Marxism and Mutualism (Proudhonism⁹³). The companies were not state-owned, but socially-owned, and allegedly all the stakeholders in the state network – employees, companies, local communities, the schooling system, state bodies, and society collaborated. In other words, it was a political and economical system based on some kind of SD/CSR concept. The state relocated the profits by taking from profit-making companies and giving to non-profitable ones and to (distant) local communities. In practice four more economically sound entities (north) in the Federation supported the other four entities (south). This used to cause constant disputes in former Yugoslavia.

⁸⁹ Steurer, R. 2010, “*The role of governments in corporate social responsibility: characterising public policies on CSR in Europe*” (pp. 64-65), Dordrecht, Springer Science

⁹⁰ Steurer, R., Berger, G., Konrad, A. & Martinuzzi, A. 2007, “*SPP in EU member states*”, Wien, Rimas, http://www.sustainability.at/pdf/csr/Sustainable%20Public%20Procurement%20in%20EU%20Member%20States_Final%20Report.pdf

⁹¹ O’Higgins, E., *The Stakeholder Corporation*, in Zsolnai, L. (ed.) 2002, “*Ethics in the Economy - Handbook of Business Ethics*” (p. 118), Oxford, Peter Lang

⁹² Liotta, P.H. 2001, “*Paradigm Lost: Yugoslav Self-Management and the Economics of Disaster*”, Paris, Balkanologie, <http://balkanologie.revues.org/index681.html#tocto1n3> ;

Flaherty, D. 2007, “*Self-Management and Requirements for Social Property: Lessons from Yugoslavia*”, Amherst, University of Massachusetts, http://www.nodo50.org/cubasigloXXI/congreso/flaherty_15abr03.pdf

⁹³ Pierre-Joseph Proudhon (1809-1865), French anarchist/mutualist and socialist
European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

The operation of Belgrade stock-exchange (Belex⁹⁴, 1894-) was forbidden from 1953 to 1989. In the period 1967-1988 foreign investments were allowed in the form of joint ventures only.

Serbia was the last state in Europe to renounce communism although traces of various articles from earlier constitutions can be recognized in many articles of the new 2006 Constitution. A lot of articles contain pseudo guarantees in Kelsen's sense (i.e. call upon regulation by law which might be changed occasionally).⁹⁵ At the same time a second generation of reforms (in legal systems, trade policy, tax policy, labor markets, privatization processes, and property registration) was adjusted to new circumstances too slowly (from 2001 onwards), to the new 2006 Constitution and the legal framework of the EU. But, in 2002 the existing *Law on FI* (foreign investments) in Serbia did not only give foreign investors the national treatment, but also introduced a number of incentives such as free imports of capital goods, tax incentives, protection from expropriation and nationalization. The 2009 *Law on Protection of Competition* and *Law on State Aid Control* are harmonized with the EU regulations, so they should help in attracting foreign investments. Trade of securities have been taking place in the Cental Securities Depository and Clearing House since 2001, and it can be monitored on their website.⁹⁶

While reseraching into the CSR/SD concept in Serbia one can come across a number of sceptical comments on its implementation: "It is nothing but PR and marketing", "It is investing into a more productive technology", "We had the same thing in communism", "What does sustainable development mean anyway, is there such a thing as unsustainable development? ", etc. One could say that unsustainable development was the development of the Communist bloc. That is why Hegel's words sound rather fresh in today's Serbia: "Because it is not only that the citizen should engage into entrepreneurship, they will need to gain something from it. It is not enough for a person to put their resources to use, they also need an opportunity to do so. (...) Still, ethical standard can only be recognized and judged by ethical standard".⁹⁷ Serbia today is a country in transition with current account deficit and high debts⁹⁸, extremely difficult business conditions for SMEs (constant monopoly and oligopoly tendencies in almost all industrial sectors), high unemployment rate (20%), low GDP (PPP) per capita in comparison with the EU member states, ageing population, endangered environment, high degree of nepotism⁹⁹ and corruption¹⁰⁰, etc. In 1962 Friedman argued against the centrally planned economies and the CSR concept: "Freedom is a rare and delicate plant. (...) Few trends could so thoroughly undermine the foundations of

⁹⁴ <http://www.belex.rs/eng/>

⁹⁵ Kelsen, H. 1967, "*Pure Theory of Law*", Berkley, University of California Press

⁹⁶ The Cental Securities Depository and Clearing House, 2001- , <http://www.crhov.rs/index.cfm?jezik=en>, Belgrade, CSD

⁹⁷ Hegel, G.W.F. 2006, "*Lectures on the Philosophy of History*" (p. 400), Banja Luka, Romanov

⁹⁸ IMF, 2011, "*Republic of Serbia and the IMF*", Washington D.C., IMF, <http://www.imf.org/external/country/SRB/index.htm>

⁹⁹ Deputy prime minister of Government of Serbia, 2010, *Major problem in youth employment in Serbia is nepotism and employment through kinship and parties*, Belgrade, Euraxess, <http://www.euraxess.rs/sitegenius/article.php?id=806>

¹⁰⁰ Transparency International, 2011, "*Corruption perceptions index 2010*", Berlin, TI, http://www.transparency.org/policy_research/surveys_indices/cpi/2010/in_detail ; Transparency Serbia, 2000- , http://www.transparentnost.org.rs/index_en.htm, Belgrade, TI European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as possible. This is a fundamentally subversive doctrine. (...) If businessmen are civil servants rather than employees of their stockholders then in a democracy they will, sooner or later, be chosen by the public techniques of election and appointment. And long before this occurs their decision-making power will have been taken away from them.”¹⁰¹ That is exactly the problem in Serbia - political parties employ their membership in the state companies and bodies, governmental and non-governmental organizations, as well as in TNCs. So, the members/employees are more concerned with interests of their political party than of the corporate or state interests.¹⁰²

There are more than 40,000 NGOs in Serbia which is exactly the world average for a number of NGOs in one state.¹⁰³ In July 2011 a scandal broke out in Serbia and a public and media debate commenced because it was revealed that several NGOs had created an oligopoly, established affiliations under other persons' names, and sent dispatches about ethical and political incorrectness of their rivals to receive donations for projects.¹⁰⁴ “Competition emerges among collaborative networks composed of different actors” (Zadek, 2006; Zadek, Sabapathy, Døssing, & Swift, 2003), i.e. within “the social networks and the online collaborative platforms” (Bielli & Nemeslaki, 2009)¹⁰⁵. This is typical, too – a proposed solution to one problem creates another one. As Henderson states, ‘They [NGOs] have acquired power because people trust them and believe their goals are worthy, unlike those of “evil businessmen”. But make no mistake: they want power and influence, too. And it’s very debatable that what they want would make us better off.’¹⁰⁶ As it turns out NGOs operate on the same principle as TNCs (the third source of donations to NGOs) where it comes to their growth, expanding their field of operation, gaining more and more profit/donations, developing independent diplomatic forms and gaining political power.

Representatives of international but also domestic organizations often display their lack of knowledge of the heritage of communism (e.g. the practice of voluntary work which ended in the 1980s in complete demotivation due to the hypocrisy of the elite, whereas gender equality in terms of equal monthly wages has been applied in Yugoslavia/Serbia since 1946, as well as national equality): national¹⁰⁷ and gender equality¹⁰⁸ and voluntary work are still being promoted

¹⁰¹ Friedman, M. 1962, “*Capitalism and freedom*” (pp. 2, 133-134), Chicago, The University of Chicago

¹⁰² Therefore, there is a saying in today’s Serbia: “instead of one-party system, multi-party communism is in force.”

¹⁰³ Paunović, Ž. 2009, *Civil Society and Citizens Participation* (slide 23), Belgrade, University of Belgrade
http://jlpmr.files.wordpress.com/2009/12/gradjanska_participacija-paunovic.ppt

¹⁰⁴ Impression of the Week, 2011, *Where is the Civil Sector Today*, Belgrade, B92
http://www.b92.net/info/emisije/utisak_nedelje.php

¹⁰⁵ Tencati, A. & Zsolnai, L. (eds.) 2010, “*The Collaborative Enterprise: Creating Values for a Sustainable World*” (chapter 20, p. 9), Oxford, Peter Lang

¹⁰⁶ Journal of Financial Planning, 2005, ‘10 Questions with David Henderson’ (p. 13), Denver, FPA

¹⁰⁷ Article 21 in the Serbian Constitution does not call upon the law and states that “All are equal before the Constitution and law”. It also sets forth that positive discrimination is permitted (fourth paragraph); Article 77 (second paragraph) states that “When taking up employment in state bodies, public services, bodies of autonomous province and local self-government units, the ethnic structure of population and appropriate representation of members of national minorities shall be taken into consideration” - http://www.mfa.gov.rs/Facts/UstavRS_pdf.pdf

¹⁰⁸ Đorđević, V. 2009, “*The Myth of Patriarchy*”, Belgrade, Metaphysics
European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

through the media. Environmental protection has been promoted for only two years since the engagement of state bodies was feeble in this field. In the last 15 years the market for bottled water is expanding rapidly but it is the most questionable segment among beverages producers. For example, Serbia has quality water and instead of producing plastic bottles (the recycling issue – the Serbian state has not succeeded in organizing waste selection and recycling, except in few municipalities where local communities organized the whole process by themselves), filling bottles (by domestic or foreign companies, all the same) and organizing a supply chain and marketing, enormous financial resources put to this use could be allocated for upgrading the purification process (although the tap water is still of high quality) and the supply systems. But here common sense clashes with interests of plastic bottle producers who once had and still have political connections, and the media who have succeeded over time in convincing people that they should buy bottled water. This must be the case in any part of the world with enough quality water and already existing (better or worse) infrastructure for households supply. Five steps are necessary. *One* – one has to have connections with relevant state authorities; *two* – the idea of producing plastic bottles by robots (low costs) comes to mind because of the connections with relevant state authorities; *three* – the state's approval, collaboration with the state's wells; *four* – acquisition of state's wells or collaboration with the client (still state's or wells sold to another company – domestic or foreign); *five* – meanwhile, constantly convincing people through the media that they should buy it.

In 2008 Serbia was 57th in the world in production of CO₂, which is 0.17% share in global emission (6.73 CO₂e t/person/year).¹⁰⁹ In 2010 the Government passed a decree on the methodology of data collection on gasses with the greenhouse effect¹¹⁰ (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) but it did not prescribe maximum levels for national emissions. From 2010 taxes have been imposed on the import and emissions (mg/m³) of powdery substances, CO, SO_x, NO_x and NH₃.¹¹¹ According to data 460,000 tons of hazardous waste is produced in Serbia annually. Constant budgetary deficit in Serbia is burdened with costs of the export of hazardous waste (€ 1.5 to € 3/kg) into Austria, Germany and Switzerland. According to experts construction of plants for waste elimination would be profitable in Serbia (both ecologically and financially) because cross-border permits, insurance, transport and customs duties would not have to be paid.¹¹²

Serbian GDP has been on the downward path since 2008, among the lowest in Europe. GDP growth rate is higher than industrial production growth rate. But a mild increase in GDP rate and in industrial production and some signs of recovery were noticed in 2010 and 2011. However, unemployment has been constantly on the rise from 2005. About 30% of citizens must work for the other 70%. Export import coverage in Serbia varies from year to year although a slightly

¹⁰⁹ <http://cdiac.ornl.gov/trends/emis/top2008.tot>; http://www.carbonplanet.com/country_emissions

¹¹⁰ http://www.ekoplan.gov.rs/src/upload-centar/dokumenti/zakoni-i-nacrti-zakona/pravilnici/staklena_basta.pdf

¹¹¹ The Government of Serbia, 2010, “*Law on Air Protection*”, Belgrade, The Ministry of Environment and Spatial Planning, <http://www.ekoplan.gov.rs/srl/1-Zakon-o-zastiti-vazduha-269-document.htm> ;

The Government of Serbia, 2011, “*Regulations 2010/2011*”, Belgrade, The Ministry of Environment and Spatial Planning, <http://www.ekoplan.gov.rs/srl/1-2-Pravilnici-254-document.htm>

¹¹² eKapija, 2010, *Serbia still without waste elimination plants*, Belgrade, eKapija.com. d.o.o., <http://www.ekapija.com/website/sr/page/291585>

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

positive tendency has been noticed from 2004. The average age of industrial technology in Serbia is 30 years. An average period of collection of receivables is 128 days because this issue has not been legally regulated in Serbia (the communist era inherited problem of collecting debts). Estimates by various international and domestic organizations show that the level of grey economy in Serbia is between 35% and 40%. Economic subjects are not prescribed a legal period for paying VAT, so the state is losing millions of Euros. Due to the financial crisis and chronic budgetary shortages, local communal and administrative taxes are constantly on the rise while salaries are stagnating. Taxes and social contributions on the average net wages in the economy of Serbia burden the payroll for additional 63,97%, so employers usually register their employees with the legal monthly wage minimum.¹¹³ The average net wages in Serbia is around € 300 (minimum around € 185¹¹⁴). On the UNDP's website there is a table *Perceptions of individual well-being and happiness*¹¹⁵ with countries ranked in four groups. Serbia is in the second group, in the 60th place in the world.¹¹⁶ In 2010, Serbian GDP (PPP) was 75th in the world.¹¹⁷ As slowly as Serbia is approaching the WTO¹¹⁸ and EU, the same goes for its membership in the OECD.¹¹⁹ The SIGMA Programme¹²⁰ is a joint initiative (for South-Eastern Europe) of the EU and the OECD principally financed by the EU.¹²¹ Besides cooperation with the SIGMA, the IPA Programme¹²² is a delegation of the EU with its office in Belgrade that offers assistance to well-designed projects by Serbian state authorities. Adhering to regulations stipulated by the EU Directive 94/62/EC¹²³ - the obligation of all stakeholders to reuse and recycle down to the end user - the principle is incorporated in the Serbian *Law on Waste Management* and the *Law on Packaging and Packaging Waste* adopted by the Parliament of Serbia in 2009. The companies must conduct business in accordance with the (CSR/SD related) *Labour Law*, *Occupational Safety and Health Law*, *Pension and Disability Insurance Law*, *Law on Tax Procedure and Tax Administration*, *Law on Environmental Protection*, *Regulations on Fire Safety and on City Construction Land*. In line with the Millennium Development Goals¹²⁴ and EU Sustainable Development Strategy¹²⁵, in 2008 the Government of Serbia published the *National Sustainable*

¹¹³ Serbian Association of Employers, 2010, "Analysis of the Economy" (Tables 1, 2, 2a, 3, 4, 5, 7, 10, 33), Belgrade, UPS, http://www.poslodavci.rs/media/uslovi_i_opterecenja_ser.pdf

¹¹⁴ CEKOS IN, 2011, <http://www.cekos.rs/index.php?page=2898>, Belgrade, CEKOS IN

¹¹⁵ UNDP, 2009, "Perceptions of individual well-being and happiness", New York City, UN, http://hdr.undp.org/en/media/HDR_2010_EN_Table9_reprint.pdf

¹¹⁶ UNDP, 2011, "Human Development Index and its Components", New York City, UN, http://hdr.undp.org/en/media/HDR_2010_EN_Table1_reprint.pdf

¹¹⁷ World Bank, 2011, http://data.worldbank.org/sites/default/files/gdp_ppp.pdf, Washington D.C., WB

¹¹⁸ WTO, 2011, "Accession status: Serbia", Geneva, WTO, http://www.wto.org/english/thewto_e/acc_e/a1_serbia_e.htm

¹¹⁹ OECD, 2011, "Reports on Serbia", Paris, OECD http://www.oecd.org/newsearch/0,3766,en_2649_201185_1_1_1_1_1,00.html?q=Serbia&sa=Search&cx=012432601748511391518%3Axzeadub0b0a&cof=FORID%3A11&ie=UTF-8#1208

¹²⁰ Support for Improvement in Governance and Management, 2011, "Sigma and Serbia", Paris, OECD http://www.sigmaweb.org/document/58/0,3746,en_33638100_33638200_44394746_1_1_1_1,00.html

¹²¹ Cardona, F. 2002, "Building a Civil Service System", Paris, SIGMA, <http://www.oecd.org/dataoecd/37/30/38736319.pdf>

¹²² IPA Adriatic, 2011, *Cross Border Cooperation 2007-2013*, Pescara, EU, http://www.adriaticipacbc.org/http://ec.europa.eu/environment/waste/packaging_index.htm

¹²³ http://ec.europa.eu/environment/waste/packaging_index.htm

¹²⁴ <http://www.undp.org.rs/?event=public.mdgs>

¹²⁵ <http://ec.europa.eu/environment/eussd/>

*Development Strategy 2009-2017*¹²⁶, in 2009 the *Action Plan* (with WBS/work breakdown structure) for it¹²⁷, and in 2010 the *Strategy of development and promotion of CSR 2010-2015*.

3.2 The Government's strategy of development and promotion of CSR 2010-2015¹²⁸

According to some media surveys, 0.1% of annual income is an average of CSR investment per company in Serbia.¹²⁹ In 2010 the Foreign Investors Council (FIC) in Belgrade published their eighth annual *White Book* with CSR manifesto chapter¹³⁰, and the Government of Serbia created a strategy of development and promotion of CSR in Serbia for the period 2010-2015 with the aim of adopting new standards and practices and gradual joining of the EU (available only in the Serbian language). The objective of the strategy is fulfilling the requirements of the Lisbon and Copenhagen Summits within the framework set by the European Commission and under the surveillance of the Ministry of Work and Social Policy in Serbia. Three areas of activity are anticipated in this strategy: *honouring legal obligations*, *managing the risk* (of violation of human rights, pollution) and creating new values by means of *innovation, investments and partnerships*. Although the contribution of MNEs in the implementation of the CSR concept is noticeable their activity in Serbia is of lower intensity than in the countries of their origin. A somewhat more intensive activity relating to CSR has been noticed in privatized Serbian companies. Also, this document points out that the weakest link in the CSR system is reporting on non-financial business activity i.e. impact on society and environment. The percentage of reports that are prepared in compliance with some of the globally adopted standards is 18%. Annual financial reports by 74% of companies can be found on the Internet. On the other hand, trade unions emphasize the following facts: a large number of privatized companies does not fulfill their obligations from sale contracts, a large number of employers do not fulfill their obligations towards employees (according to these data on an average over one hundred thousand employees do not receive wages on a monthly basis) or the state (taxes and contributions for social and health insurance), a large number of employers has not issued an act on risk assessment although this is an obligation by the Health and Safety Law, a large number of employers do not honour fully the provisions of collective contracts.

From the comprehensive SWOT¹³¹ analysis the following is worth mentioning: current laws stimulate financially employment (social inclusion) of socially vulnerable groups, coordination between the business segment, the non-profitable sector and the Government relating investment into social programmes has been upgraded, it is planned to establish a Work Group that will de-

¹²⁶ <http://www.odrzivi-razvoj.gov.rs/assets/download/Nacionalna-strategija-odrzivog-razvoja-Republike-Srbije.pdf>

¹²⁷ <http://www.odrzivi-razvoj.gov.rs/uploads/documents/Akcioni-plan-za-sprovodjenje-NSOR.pdf>

¹²⁸ The Government of Serbia, 2010, “*CSR Strategy 2010-2015*”, Belgrade, Ministry of Labor and Social Policy, www.minrzs.gov.rs/folder_1/Strategija_konacno.doc

¹²⁹ Press Online, 2011, *They return to society 70 times less than in the West*, Belgrade, Press http://pressonline.rs/sr/vesti/vesti_dana/story/168226/Vra%C4%87aju+dru%C5%A1tvu+70+puta+manje+nego+na+Zapadu.html

¹³⁰ The Foreign Investors Council, 2002- , <http://www.fic.org.rs/cms/item/whitebook/en.html>, Belgrade, FIC

¹³¹ SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis in the Government's “*CSR Strategy 2010-2015*” (pp. 11-15)

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

fine the legal framework for CSR (workplace policies, employees rights, environment and consumer protection), guidelines by the National Bank of Serbia relating transparency had a positive effect and became mandatory, a certain number of MNEs doing business in the region have set up their regional headquarters in Belgrade, two thirds of the companies have introduced some of the CSR standards, new market trends and mechanisms of instigation by international organizations (the UN, OECD, EU) can contribute to the development and promotion of CSR in Serbia, etc. On the other hand, a lack of regulation to prevent manipulation in marketing activities has been noticed (especially in the banking sector), insufficient communication of companies with other stakeholders (62% of companies do not communicate at all with local communities or even their own employees), the civil sector often engages in initiatives that they are not sufficiently competent for, the state does not sufficiently stimulate companies to implement CSR, consumers do not appreciate the CSR practice enough, there is an absence of company reports on environmental impact, a threshold for the implementation of CSR in Serbia being set too low could be additionally endangered by the economic and financial crisis and investments will not come into Serbia, etc.

The CSR strategy for the period 2010-2015 recognizes the main stakeholders, besides the companies, in professional associations, syndicates, business associations, governments, CSOs, the media, academic circles, business communities, Serbia Investments and Export Promotion Agency (SIEPA)¹³² and the Government jointly established a *Database on good CSR practices*¹³³ in 2007), the Chamber of Commerce and Industry of Serbia, the CSR network (BLF). *The Law on Labor* and the national *Employment Action Plan* (2009) shall improve the situation in Serbia.

The objectives of the 2010-2015 Strategy and the Action Plan of the Government: promotion of the CSR concept, development of CSR practices, establishing incentives and legal obligations for the implementation of CSR. Anticipated results of the strategy: education of consumers, development of competition and non-financial reporting, social and environmental designations (already adopted), strengthening the influence of the civil sector, introduction of the so-called green public procurement following the example of EU member states environmental/greening public procurement guidelines, cooperation among all ministries in Serbia, increasing the number of potential sources of financing (e.g. EIDHR - European Instrument for Democracy & Human Rights, IPA 2007-2013 -The Instrument for Pre-Accession Assistance), etc.

3.3 CSR network in Serbia

The CSR network *Business Leaders Forum* Serbia (BLF)¹³⁴ is participant/partner of the UN Global Compact, CSR Europe, CSR360 Global Partner Network, Rockefeller Brothers Fund, International Business Leaders Forum, United States Agency for International Development

¹³² Serbia Investments and Export Promotion Agency, 2001- , <http://www.siepa.gov.rs/site/en/home/>, Belgrade, SIEPA

¹³³ <http://www.csr-srbija.com/bdp.php>

¹³⁴ BLF, 2008- , <http://www.fpl.rs/publikacije/newsletter.134.html>, Belgrade, BLF
European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

(USAID), Institute for Sustainable Communities (ISC) and Norwegian Ministry of Foreign Affairs.¹³⁵ BLF was founded in 2008 as a result of the cooperation among various organizations (e.g. Smart Kolektiv¹³⁶, the NGO which is an administrator of this CSR network) and companies in Serbia. The aim was to connect business leaders, representatives of state institutions, CSOs and other stakeholders with the view to initiating constructive inter-sectorial dialogues and sustainable projects. BLF focuses on four fields of activity : *local community*, *environment*, *workplace* and *market*. A lot of TNCs that conduct their business activities in Serbia are members of this CSR network: Coca-Cola, Société Générale, Vip mobile, Holcim, US Steel, Lafarge, Erste Bank, Philip Morris, British-American Tobacco, PwC (PricewaterhouseCoopers), KPMG, Ernst & Young, Atlantic Group, Eurobank EFG, Banca Intesa, but also the State Lottery of Serbia, the local broadcasting company B92, etc. Since 2008 BLF has published five newsletters (the website is bilingual – English and Serbian - but newsletters 2010 and 2011 are still available only in Serbian). BLF invites companies to join and through programmes in the four fields of corporate social responsibility (local community, environment, workplace, market) is trying to increase employment of the young and prompt them to start their own business, make companies start measuring, reporting and reducing CO2 emission, etc. From 2009 BLF has been organizing voluntary activities *Our Belgrade*, and in 2010 the first big CSR conference was held in Serbia.

PART II - EMPIRICAL RESEARCH AND ANALYSES

4. SURVEYS

The surveys include external and internal parts. External means examination of companies' CSR annual reports. Internal means questionnaire filled by the managements (via e-mail) and semi-structured interviews with them via telephone.¹³⁷ The negotiations on the content of this survey with ten selected international companies in Serbia started on May 22, 2011. The questionnaire was sent via e-mail to five companies on July 6, 2011.

Fifteen completed questionnaires were received via e-mail from July 14, 2011 to September 02, 2011. Five interviews with managements were conducted between August 27, 2011 and September 02, 2011. This research was conducted with three managers in five international companies operating in Serbia: Telenor, Coca-Cola, Gazprom Neft–NIS, Société Générale and Vip mobile.

¹³⁵http://www.unglobalcompact.org/system/commitment_letters/1551/original/Global_Compact_Join_Letter_9070.pdf?1262613367 ; <http://www.csreurope.org/> ; www.csr360gpn.org ; <http://www.rbf.org/> ; www.iblf.org ; <http://serbia.usaid.gov/program-updates/latest-news-and-events/serbia.615.html> ; <http://www.iscserbia.org/search/index.php?param=added&cx=015308111796569599439:shhmscevwq8&cof=FORID:9&q=CSR#640> ;

Norwegian Ministry of Foreign Affairs, 2009, “*CSR in a global economy*”, Oslo, Norwegian Ministry of Foreign Affairs, http://www.regjeringen.no/pages/2203320/PDFS/STM200820090010000EN_PDFS.pdf

¹³⁶ http://www.smartkolektiv.org/index_en.jsp

¹³⁷ Managers' answers in Appendix 1 (figures and tables) and Appendix 2
European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

But, prior to the presentation of the external and internal surveys, it might be useful to have a quick insight into how other companies implement the CSR concept.

4.1 An overview of the CSR concept implementation in other companies in Serbia

Here are some examples of corporate social responsibility taken from the BLF¹³⁸ and other relevant websites. US Steel in association with the Ministry of Environment and Spatial Planning financed the modernization of two automatic measuring stations of the quality of the air in compliance with the standards of the European Union. In 2011 the company started building an industrial waste management facility worth \$ 22 million.¹³⁹ The company does not issue annual CSR reports.¹⁴⁰

In 2007 by training individuals and financing Holcim supported the projects that best fit the development of the company and the local community. The director of the company is also the president of the BLF. Although Holcim created the CSR strategy in 2008¹⁴¹, they do not issue annual CSR reports.

After the devastating earthquake in Kraljevo in 2010 at the beginning of 2011 British American Tobacco donated € 80.000 to the two families in the municipality for the refurbishment of their most badly damaged apartments and the local authorities contributed in the process of refurbishment of apartments for ten people. The company does not have website with Serbian reach and does not issue CSR annual reports.¹⁴²

In the course of 2010 Philip Morris International awarded 30 scholarships and supported five projects complying with the needs of the community in terms of promotion of environment, standard of living and educational standards. In association with NGO Eneca start-up loans were awarded to small entrepreneurs in the local community, so thanks to this program 53 small enterprises were established in 2010. The company has no website with Serbian reach and does not issue annual CSR reports.¹⁴³

Banks, inspection and audit companies supported the BLF's volunteer activities in 2010, helped marginalized and vulnerable groups, equipped schools and kindergartens, and awarded scholarships to students of the Faculty of Economics.

In 2009 the Broadcasting Company B92 mobilized some companies, two ministries and the Red Cross to build 30 new public kitchens for the poorest, provide food in all public kitchens in Serbia, enabled distribution of lunch packs to remote rural elderly households, and ensured media

¹³⁸ <http://www.fpl.rs/upload/documents/newsletter/Specijal%20Newsletter%202011.pdf>

¹³⁹ http://www.ekapija.com/website/sr/page/404653_en

¹⁴⁰ <http://www.cs.uss.com/index.php?link=en/menu/3901/corporate-responsibility>

¹⁴¹ http://www.holcim.com/gc/CS/uploads/Strategija_Drustveno_odgovornog_poslovanja.pdf

¹⁴² http://www.bat.com/groupfs/sites/BAT_89HK76.nsf/vwPagesWebLive/DO8D3ESS?opendocument&SKN=1

¹⁴³ http://www.pmi.com/marketpages/Pages/market_en_rs.aspx

promotion of the whole project. This action was financially supported by around 100,000 citizens. It is an on-going action. In 2011 a safe house for women and children victims of domestic violence was opened in Sombor by B92 Fund support.¹⁴⁴

Monopolistic Electricity Board of Serbia – besides investments into science, schooling system, healthcare system, sport, culture, humanitarian activities, education and training of employees, and discounts/awards for regular bill payers – they are now in the process of the realization of environmental protection projects worth around € 120 million, and intend to invest another € 1.2 billion by the end of year 2015 (thanks to the WBS in the Government's *Action Plan* for the *National SD Strategy 2009-2017*¹⁴⁵). EBS published the *Green Book* in 2009 which was presented to the European Commission in Brussels.¹⁴⁶ The company incorporates sections and subsections on CSR issues in their annual reports.¹⁴⁷

4.2 The CSR concept and its implementation in selected companies in Serbia

4.2.1 The 2010 Telenor CSR report

Norwegian telecommunication company Telenor has been operating in Serbia since 2006. It is the second largest mobile operator of the three mobile operators in Serbia. The *Corporate Responsibility Diary 2010*¹⁴⁸ is the third bilingual (English and Serbian) annual report. They apply environmental framework ISO 14001. In June 2010 the first base station in the Telenor network started operation using renewable energies. With the support of the Ministry of Environment and Spatial Planning, local experts took part in this project and designed a hybrid plant that runs on solar panels and wind generators. Using renewable sources of energy (the reduction of CO2 emissions) to supply power to the network this base station saves up to 50% of power. The Balkan Community Initiative Fund (BCIF) launched an initiative “Be planet friendly, recycle” which Telenor joined in 2010 (in 21 cities, 580 kg of waste collected for recycling). Telenor introduced a practice of waste selection in the management building. Trash cans were placed for waste selection (paper, plastic and aluminium) and the workers started taking part in the recycling process.

In 2010 Telenor's project *Internet for All*¹⁴⁹ introduced the Internet into six Belgrade schools. Telenor awarded the best graduates in the field of electrical engineering from the universities of Belgrade, Novi Sad and Niš. Four student works were rewarded. The company provided the

¹⁴⁴ <http://www.b92.net/eng/search/index.html?q=corporate%20social%20responsibility>

¹⁴⁵ <http://www.odrzivi-razvoj.gov.rs/uploads/documents/Akcioni-plan-za-sprovodjenje-NSOR.pdf> (Tables, pp. 131, 132)

¹⁴⁶ Business Info Group, 2011, “*CSR Leaders 2010*” (p. 62/66), Belgrade, BIG, <http://www.bigevents.rs/docs/LDO.pdf>

¹⁴⁷ http://www.eps.rs/publikacije/godisnji_izvestaji/EPS%20Godisnji%20izvestaj%202010.pdf

¹⁴⁸ http://www.telenor.rs/media/TelenorSrbija/fondacija/teleno_cd_diary_2011_cd-2.pdf

¹⁴⁹ Since 2008 until present day free Telenor Internet has been installed in 26 parks in 12 cities in Serbia - the connection is wireless and it is free of charge

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Faculty of Electrical Engineering in Novi Sad with a training program enabling experiments in 10 different courses and also awarded two scholarships to the Faculty of Legal Sciences Union in Belgrade (a special master study program in the field of protection of children's rights). Telenor also focused their support on establishing a new teaching laboratory for geoarcheology in the Petnica Research Station, and at the annual conference in Petnica more than 70 most quality works were presented.

An SMS number has been activated for the building of a chemotherapy day hospital for children suffering from cancer at the Institute for Oncology and Radiology of Serbia. In cooperation with the Ministry of Health and UNICEF (United Nations Children's Fund) in Serbia Telenor launched a project Connections, the aim being to facilitate the communication with the health mediators and their work in Roma communities. The company donated technical equipment and instructed them how to use the equipment.

Through the cooperation with local communities, institutions and CSOs, Telenor covered various fields of (external) social responsibility, i.e. the company has been involved in 11 overlapping activities/donations for human rights/marginalized groups, culture and sport. (e.g. a device for multiple increase of volume intensity which enables people with hearing disabilities to enjoy lectures and concerts, "a sound library" of taped textbooks that can be used by the blind and visually impaired students, the promotion of sport for children without parental guidance and for sending 40 of these children to an excursion to Vienna, social club for developmentally challenged children, etc). As one of the partners in the Government's project *Click Safely* Telenor supplied the equipment in the value of € 15,000 and their experts are working on designing and implementing filters for mobile phones and computers so as to prevent access to websites dealing in children's pornography. Telenor is a pioneer in this field and the first telecommunication operator in the world working with security authorities in designing this kind of filter. The project of donating to regions endangered by natural catastrophes by means of SMS collected over € 100,000 in 2010 (urgent repairs of the Healthcare Center in Kraljevo after the earthquake). In 2010 Telenor was the major partner in the organization of *Mixer Festival* (regional manifestation promoting Belgrade and the works of artists from the Balkans).

Telenor Group is among the five best world mobile operators according to the *Dow Jones Sustainability Indexes* (economic, social and ecological criteria), and Telenor Serbia was awarded two annual awards for CSR (assistance to the developmentally challenged and struggle against discrimination in Serbia). Finally, in Telenor's 2010 Corporate Responsibility Diary their participation in the UN Global Compact initiative is mentioned.

4.2.2 The 2010 Coca-Cola CSR report

Coca-Cola has been operating in Serbia since 1968. HBC Serbia belongs in the Coca-Cola Hellenic group that has been making CSR annual reports since 2003 in all 28 countries (only in Eng-

lish), so data from the 2010 report that may be relevant to HBC Serbia will be used here.¹⁵⁰ By 2020 their goal is to reduce emissions by 25% and energy efficiency by 23% compared to 2004. From 2004 onwards they improved energy and water use efficiency by 22% and 19% respectively, i.e. a drop from 2.86 litres of water to 2.3 litres to produce one litre of beverage. The goal is to have all the plants recover or recycle at least 90% of production waste by 2015. In 2010 direct CO₂ emissions (mostly due to manufacturing and fleet) and indirect CO₂ emissions (mostly result from cold drink equipment and packaging) increased by 0.6% compared to 2009 due to an increase in production/sales volume. *Towards sustainability*¹⁵¹ (communication on progress, bilingual, English and Serbian) lists applied standards: quality management (ISO 9001), food safety (ISO 22000), environment management (ISO 14001) and occupational health and safety (OHSAS 18001). They continue to develop plans and obtain permits for the construction of a CHP (Combined Heat and Power¹⁵²) plant in Serbia. 97% of their wastewater (suitable for use in agriculture as well as in aquatic life) was treated in 2010. Indirect water use (supply chain/agriculture) is up to 43 times the amount of water used in Coca-Cola's operations. That is why the company is working together with the Water Footprint Network, academia and leading European sugar companies to better understand the water footprint.¹⁵³ The company works with government agencies, NGOs and others to support environmental protection: protecting local watersheds (e.g. project aiming to protect the river Vlasina) and raising local awareness (Danube box educational school tool; Danube Day celebrations in 20 Serbian towns/cities in 2010). As regards the employees engagement score it rose from 43% in 2007 to 56% in 2010, but work/life balance received one of the lowest scores. Women make 25% of management positions.¹⁵⁴ Almost all senior managers are from Serbia. 48% of employees are covered by collective bargaining agreements and 27% belong to independent trade unions.

Coca-Cola HBC Serbia and the Faculty of Organizational Sciences (Belgrade) have signed strategic partnership enabling students to learn from business leaders and take part in concrete projects with real budgets while monitored by mentors. The Coca-Cola Volunteers Club was established in 2005 with 80 employees and their number rose to the total of 300 members in 2010. HBC Serbia works with government agencies and experts to [support physical activity \(cycling\) and promote recycling](#) (cooperation with Sekopak¹⁵⁵, first national operator for managing packaging waste). [The bottle-to-bottle recycling plant](#) in Austria that Coca-Cola Hellenic helped set up supplies recycled material to make new bottles.

¹⁵⁰ Coca-Cola Hellenic, 2011, "CSR report 2010", Athens, The Coca-Cola Company, http://csrreport.2010.coca-colahellenic.com/images/pages/files/download_center/cch_CSR2010.pdf

¹⁵¹ Coca-Cola HBC Serbia, 2011, "Towards sustainability", Belgrade, Coca-Cola HBC Serbia, <http://en.coca-colahellenic.rs/Towardssustainability/Reportingourprogress/>

¹⁵² Natural gas, still a fossil fuel, but cleaner than coal or oil; the combination of photovoltaic rooftop panels and CHP units cut the plant's CO₂ emissions by 66%

¹⁵³ *Blue water* is freshwater extracted and not returned to the watershed; *Green water* is rainwater used to grow crops; *Grey water* is an indicator of water pollution

¹⁵⁴ 26% of new hires in 2010 were female, an increase from 6% in 2009

¹⁵⁵ Sekopak, 2006- , <http://www.sekopak.com/menadzment.php>, Belgrade, Sekopak d.o.o.

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Coca-Cola is emphasizing that by playing their part in closing the recycling loop, consumers can reduce the associated emissions by up to 8%. As regards consumers one issue stands out: expanding product range (especially reduced-calorie, nutritionally enhanced or all-natural beverages). Because of climate and soil, Serbia has traditionally been a large producer and exporter of fruits (especially rare, such as raspberries, blackberries, etc.) and vegetables. This might be an opportunity to further enrich the list of products of Coca-Cola's beverages since the Hellenic's report singles the company out as the one expanding the offer of fruit juices.

Coca-Cola's indirect benefits to the economic value: tax revenues to government, investments and more jobs for their suppliers and customers. The company supports the UN Global Compact's 10 principles (Coca-Cola HBC Serbia joined this network in 2009)¹⁵⁶. In 2010 the company retained its ranking on the Dow Jones Sustainability Indexes for the third consecutive year. As a result, the company is among the top 10% of companies worldwide and top four beverage companies for sustainability. In 2010 Coca-Cola HBC won an award in Serbia for consumer health (Quality Champion - fruit juice category & four gold medals for quality, International Agriculture Fair in Novi Sad).

4.2.3 The 2010 Gazprom Neft–NIS CSR report

A Russian company Gazprom Neft acquired NIS (the Petroleum Industry of Serbia) in 2009 adopting automatically the WBS in the Government's *Action Plan* for the *National SD Strategy 2009-2017*.¹⁵⁷ In fact, it was a double deal since Gazprom Neft included Serbia in the South Stream Project (construction of gas storage included). The company's capital structure: Gazprom Neft 51% of shares, Serbian government 29.88%, and 19.12% on Belgrade stock-exchange. Gazprom Neft–NIS published their first annual CSR report in 2010, in the same year when the Government of Serbia concocted the *CSR Strategy 2010-2015*. This report was made in compliance with the GRI-G3¹⁵⁸ and the AA1000 standard (APS 2008). Although the company's website is trilingual (English, Russian, Serbian), the 2010 CSR report was published in the Serbian and Russian languages.¹⁵⁹

The company's strategic goals: production, but also processing and turnover of annually produced (5 million tons) oil and gas, attaining the Euro-5 standard in processes and outcomes (the latter was already achieved in 2010), and value per share at the stock-exchange shall be € 50 until 2020. The 2013 milestone: value per share at the stock-exchange at € 20. An independent auditing house PricewaterhouseCoopers has established that the company's net-profit (€ 167 million) was five times bigger compared to 2009. In 2010 € 838 million (13% of public revenue) of

¹⁵⁶ <http://www.unglobalcompact.org/participant/2262-Coca-Cola-HBC-Srbija-a-d-Zemun>

¹⁵⁷ <http://www.odrzivi-razvoj.gov.rs/uploads/documents/Akcioni-plan-za-sprovodjenje-NSOR.pdf> (Tables - pp. 87, 91, 97, 126, 133, 134)

¹⁵⁸ GRI, 2011, <http://www.globalreporting.org/ReportingFramework/ReportingFrameworkDownloads/>, Amsterdam, Global Reporting Initiative

¹⁵⁹ Gazprom Neft–NIS, 2011, "*Report on Sustainable Development 2010*", Novi Sad, Gazprom Neft–NIS, http://www.nis.rs/images/stories/drustvena_odgovornost/NIS-odrzivi-razvoj-2010.pdf

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

the profit flowed into the state's budget. In 2009 oil production increased by 33% and investment in ecology by 53%. The company implements certified management standards ISO 9001 (quality management), ISO 14001 (for environmental/public health) and HACCP (food safety). The company has set the strategy for the period 2011-2020 with elaboration of geothermal, solar and wind energy based on NIS' researches in the last three decades. The degree of contamination and the boundaries of contaminated soil and groundwater were defined.

A project of the bioremediation of contaminated soil commenced (42 pits and 1 basin). Two hundred outdated petrol stations were modernized and 8 new ones built in compliance with the EU standards. Consumption of fresh water was reduced (9.56%) and the quantities of waste waters were reduced slightly (2.92%) in comparison with 2009, SO₂ emissions decreased by 3.48%, NO₂ by 0.22%, but powdery substance emissions increased by 16.76%. Gazprom Neft is currently financing the modernization of one refinery in Serbia, overall worth € 500 million (e.g. modern oil processing technology, wastewater treatment process, infrastructure modernization, € 396 million for MHC/Mild Hydro-cracking and DHT/Hydro-treating complex).¹⁶⁰ Ecological projects in 2010: € 14 million for FCC/Fluid catalytic cracker, regeneration of sulfuric acid, reconstruction of one company's railway station and the Danube port in compliance with the EU standards. It shall be finished in summer 2012. The number of ecological accidents increased by 13% (84% small, 15% medium, 1% big accidents) compared to 2009, but according to the annual report statement even the smallest accidents have been registered since 2010.

A new collective agreement has been adopted. In 2010 termination of employment (the retired and the voluntary leavers comprised 90.72%) increased by 2.46%.; 23.16% more persons were employed than in 2009. 83% of employees are members of two trade unions (they organize sport activities). An average net wages in 2010 was € 520. Women in managerial positions accounted for 36% and in lower positions for 20.24%. 3.763 employees were involved in various training programs. New management schemes have been introduced relating to industrial safety and safety at work (5.22% fewer injuries in 2010, there were no deaths or cases of invalidity).

The company has signed an agreement on cooperation with two Universities. Fifty students were awarded apprenticeship (six scholarships), and € 810.000 was invested in education and trainings of the employees. A commission was formed to offer sponsorship and donations as part of the cooperation with local communities. In 2010 the company invested € 3.05 million into CSR: sports € 1,06 million, culture and science € 625,000, humanitarian activities € 240,000, local communities € 1,13 million.¹⁶¹ The company won three awards at the International Agriculture Fair (antifreeze, motor oil, and motor oil for gas-driven vehicles). The KPMG auditor verified the Gazprom Neft–NIS' Report on SD in 2010.

¹⁶⁰ This will lead to lower emissions of harmful substances into the atmosphere

¹⁶¹ Gazprom Neft-NIS, 2011, "*Report on sustainable development 2010*" (Donations: municipalities and purposes - p. 75), Novi Sad, Gazprom Neft-NIS
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

4.2.4 The 2010 Société Générale CSR report

Société Générale Bank has been operating in Serbia since 2004, and in 2011 it published the second annual CSR report. However, the company did not post it on their own website but on the UN Global Compact's website.¹⁶² It was written in the Serbian language and the table is in English. The end result in the table shows, among other things, the state in 2010 per occupant: area 22.3 m², water consumption 10.38 m³, electricity consumption 3659 KWh, total energy consumption 5174 KWh, paper consumption 80 kg/occ. All CO₂ emissions – due to electricity, heating oil, natural gas, iced or superheated water consumption, office paper consumption, business trips – boxes in the table state 'Not calculated'. The quantity of bought recycled paper was 375 kg. Certain measures have been undertaken so as to diminish environmental impacts. The Building Management System (BMS) in the Head Office Building enables remote control of temperature, time schedules, statuses and alarms. In order to reduce expenses the Head Office building has got the equipment for video conference, aluminum windows, self-ventilated facade, neon lighting in offices, energy efficient light sources in corridors, all central printers are so defaulted to print on both sides and full communication with clients is carried out electronically. Computer hardware and toner cartridges are collected and recycled by a specialized company (total quantity of waste produced: 'Not available'). The company enforces collective bargaining agreements with employees (e.g. accident insurance 365 days a year/24 hours, after 6 months of employment more favourable terms for cash loans, car loans and credit cards, after a year of employment better terms for mortgage loans, paid sick leave up to 30 days in the amount of 85% of net wages, paid 100% of net wages for maternity leave in the duration of 365 days, etc). The bank has got a Department for Training and Development and in 2010 they organized 39,684 hours of training (internal, external, abroad, newcomers, language and computer courses, in-house). The internal HR policy deals with the employees' performance and incentives, career advancement, and prevention of harassment at workplace. Women comprise 67% of the employees, men 33%.

In 2010 the company's Mécénat Musical supported and organized musical events in the three biggest cities in Serbia. Since 2006 Société Générale has nurtured a strategic partnership with the Food Bank in the distribution of food and basic groceries to socially vulnerable categories of society. Beneficiaries in 2010: Safe House for victims of family abuse, Princess Katarina Foundation, UNICEF, the Centre for the Protection of Infants, Children and Youth, the Strauss Adriatic humanitarian campaign, the NGO Little big people. Société Générale in cooperation with the People's Office of the President of the Republic of Serbia and Radio Television of Serbia supported the humanitarian campaign to alleviate the consequences of the earthquake in Kraljevo by donating over € 50.000. In 2010 the bank supported cultural, humanitarian and sporting events in local communities in which they conduct business with active involvement of their employees (six such events have been singled out) .

¹⁶² Société Générale Serbia, 2011, "CSR annual report 2010", New York City, UN Global Compact, http://www.unglobalcompact.org/system/attachments/9635/original/Izve_taj_o_dru_tvenoj_odgovornosti_u_2010.pdf?1300651622

4.2.5 The 2010 Vip mobile CSR report

Vip mobile is member of Telekom Austria Group. It has been operating in Serbia since 2007 (greenfield investment) and is the third mobile operator in Serbia. The company is a participant in the UN Global Compact, and in 2010 it issued a statement, the so-called communication on progress (in English).¹⁶³ Vip mobile offers a similar communication on progress on their website (bilingual, Serbian and English).¹⁶⁴ From 2007 onwards Vip has awarded 80 students (20 in 2010), 13 of whom are now employed by Vip. So far the company has invested almost € 500.000 in the joint project *Be a Vip Student* (with The Serbian Ministry of Culture, the media, 4 faculties). Vip supports a joint project with the European Movement in Serbia and the Austrian Embassy in Belgrade which enables 300 talented students from Serbian universities to make one-month trips to the EU countries (and also participation of prominent Serbian students at seminars, conferences, symposiums and workshops in the European Forum Alpbach in Austria). Vip contributes in Niš by offering training for active job seeking in the service industry to unemployed women aged 18 to 30. In 2010 Vip donated € 27.000 for the purchase of audible traffic lights for the blind and visually impaired people that enable independent movement in the streets in 8 cities. Financial means for the humanitarian project “Daisy player” (devices for pupils in one special school and talented high-school pupils and students with impaired vision all over Serbia) were collected by redirecting part of the income gained in SMS traffic on New Year’s Eve. The project was implemented under auspices of the People’s Office of the President of the Republic and the Ministry of Labour and Social Policy. Vip donated € 10,000 for equipping and furnishing the Polymedia arts of Interdisciplinary studies cabinet to the Belgrade University of Arts. The company practiced internal and external environmental initiatives in 2010.

Vip had undertaken concrete measures: raising environmental awareness among employees, participating in environment-friendly initiatives in Serbia, default two-side printing adjusted on all printers in the headquarters, collection points for paper and waste batteries in the headquarters, campaign to motivate employees on energy saving, balanced usage of air-conditioning systems, obtaining devices which consume less energy or usage of alternative sources of energy within the company, eco biodegradable bags for Vip products.

Vip is creating a work environment that fosters expertise, performance and motivation as a crucial aspect of human resource development (HR Department has prepared a Training Catalogue with a list of educational programs and their short contents - expanding Telekom Austria group culture) that focuses on the needs of the market. The Vip kindergarten was opened in 2010. Vip bases its products on surveys of the needs and satisfaction of customers and sets new standards in both portfolio and quality (the best quality vs. price ratio on the Serbian market). In 2010, *Be a Vip student* project was awarded the European Employee volunteering Award in Serbia in the category Best Innovative Project. Public Relations Society of Serbia awarded Vip mobile for the

¹⁶³ Vip mobile, 2011, “*Communication on Progress*”, New York City, UN Global Compact, <http://www.unglobalcompact.org/COPs/detail/12255>

¹⁶⁴ Vip mobile, 2011, “*CSR*”, Belgrade, Vip mobile, <http://www.vipmobile.rs/about-vip/corporate-social-responsibility/introduction.649.html>
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

best Internal Communications in 2010 for the project *Vip Eco Tour* (educational and entertaining 3D flash animation which is placed on Vip Intranet).

5. SUMMARY OF ANNUAL REPORTS

5.1 Telenor Serbia

- a) Third annual report, bilingual (Serbian, English);
- b) Since 2001 in the UN Global Compact (indirectly, under Telenor Norway umbrella);
- c) Not a member of the Serbian CSR network (BLF), but collaborates with the members (e.g. Ernst & Young is an independent auditor of Telenor's annual financial reports and joint marketing with Coca-Cola HBC Serbia is related to SMS humanitarian activities) and Norwegian Ministry of Foreign Affairs is partner of BLF;
- d) Cooperation with stakeholders: the government, local communities, business and cultural organizations, health institutes, funds;
- e) CSR implementation (codes, standards, projects/activities, investments/donations):
Corporate responsibility – Code of ethics, collective bargaining agreements, Telenor syndicate¹⁶⁵;
Social responsibility – 5 education/science (6 if overlapping with marginalized groups counts, 9 human rights/marginalized groups, 1 humanitarian, 1 health (3 if overlapping with marginalized groups and humanitarian counts), 1 culture (4 if overlapping with marginalized groups counts), 1 sport (overlapping with marginalized groups);
Environmental responsibility – ISO 14001, the first base station in Serbia which uses wind and solar energy (saves up to 50 percent of the electricity it consumes) supported by the Ministry of Environment and Spatial Planning, and involved in BCIF's selection and recycling initiative;
- f) Positions and awards: among best five mobile operators in the world with the best results according to the Dow Jones Sustainability Indexes, two awards in Serbia (for supporting marginalized groups).

5.2 Coca-Cola HBC Serbia

- a) Communication on progress since 2009, bilingual (Serbian, English), eight annual report under Coca-Cola Hellenic's umbrella (only in English);
- b) Since 2009 in the UN Global Compact;
- c) Member of Serbian CSR network;
- d) Cooperation with stakeholders: suppliers, WWF, Coca-Cola HBC Austria, Sekopak, the government, Faculty of Organizational Sciences (Belgrade), local communities;
- e) CSR implementation (codes, standards, projects/activities, investments/donations):
Corporate responsibility – ISO 9001, ISO 22000, OHSAS 18001, code of ethics, collective bargaining agreements, 2 syndicates, health and wellness advice, trainings, since 2008 (the second

¹⁶⁵ <http://www.sindikrat-telenor.org.rs/>

best employer in Serbia in the category of large enterprises - employee satisfaction research¹⁶⁶ in 2008) the work/home disbalance has moderately decreased employee satisfaction;

Social responsibility – the Coca-Cola Volunteers Club, Danube Day celebrations in 20 towns and cities, new natural/healthy beverages, Coca-Cola cycling activities;

Environmental responsibility – ISO 14001, since 2004 improved energy and water use efficiency by 22% and 19% respectively, HFCs/hydro fluorocarbons are no longer used in insulation foam, projects for rivers (Danube, Vlasina), sponsor for conference on underground waters, planning a new CHP plant, involved in Sekopak's selection and recycling;

f) Positions and awards: the company is among the top 10% of companies worldwide and top four beverage companies for sustainability on the Dow Jones Sustainability Indexes, one award at the International Agriculture Fair (fruit juice category).

5.3 Gazprom Neft–NIS

a) First annual report, bilingual (Serbian, Russian);

b) Not participating in the UN Global Compact, but annual report in accordance with G3;

c) Not a member of Serbian CSR network but collaborates with members (PwC is an independent auditor for Gazprom Neft-NIS' annual financial reports, KPMG auditor verifies by his signature the company's annual CSR report);

d) Cooperation with stakeholders: the government, universities, local communities, sport associations/clubs, art associations;

e) CSR implementation (codes, standards, projects/activities, investments/donations):

Corporate responsibility – ISO 9001, HACCP, code of ethics, collective bargaining agreements, 2 syndicates, a program of voluntary leaving of employees that were made redundant, education and training of employees, increase in production and profit, fewer injuries;

Social responsibility – € 3.05 million (sport, art festivals, science, humanitarian, local communities);

Environmental responsibility – ISO 14001, Euro-5 outcomes, scope and limits of soil and groundwater pollution are determined, bioremediation of contaminated soil commenced (42 pits and 1 basin), modernization of one refinery (MHC/DHT and FCC), railway station and the Danube port, reduced consumption of fresh water and production of waste waters, SO₂ and NO₂ emissions, modernized petrol stations, strategy for the period 2011-2020 (gradual transition to renewable energies);

f) Positions and awards: three awards at the International Agriculture Fair.

5.4 Société Générale Serbia

a) Second annual report, text in Serbian, table in English;

b) Since 2008 in the UN Global Compact;

c) Member of Serbian CSR network;

¹⁶⁶ <http://www.najboljiposlodavac.com/dobitnici-nagrada?tab=2>

- d)** Cooperation with stakeholders: the government, Radio and TV Serbia, local communities, funds, NGO;
- e)** CSR implementation (codes, standards, projects/activities, investments/donations):
Corporate responsibility – Ethical code, collective bargaining agreements, 2 syndicates; education and trainings;
Social responsibility – culture, humanitarian, sport;
Environmental responsibility – green buildings, IT collection and recycling, video conferences, reducing paper consumption;
- f)** Positions and awards: share the third best employer position in Serbia with Vip mobile in the category of large enterprises (employee satisfaction research).¹⁶⁷

5.5 Vip mobile

- a)** Communication on progress since 2008, bilingual (Serbian, English);
- b)** Since 2008 in the UN Global Compact;
- c)** Member of the Serbian CSR network;
- d)** Cooperation with stakeholders: the government, Austrian Embassy in Belgrade, University of Belgrade, local communities;
- e)** CSR implementation (codes, standards, projects/activities, investments/donations):
Corporate responsibility – Code of ethics, collective bargaining agreements, 2 syndicates, education and trainings;
Social responsibility – scholarships for students, trainings for active job seeking in the service industry for unemployed women aged 18 to 30 (Niš), audible traffic lights in 8 cities, SMS for humanitarian cause, Vip kindergarten (overlapping with corporate responsibility), the best quality vs. price ratio, equipping and furnishing the Polymedia;
Environmental responsibility – usage of alternative sources of energy, video conferences, reducing paper consumption, recycling initiatives, eco biodegradable bags;
- f)** Positions and awards: share the third best employer position in Serbia with Société Générale in the category of large enterprises (employee satisfaction research)¹⁶⁸, 2 awards for projects.

Marks for annual reports, responses in the questionnaire and semi-structured interview are in Appendix 3.

6. DISCUSSION AND CONCLUSIONS

6.1 Discussion

Following the example of Rawlins, Paine and Kowalski, it has been found that companies (on their websites) supply data from previous years¹⁶⁹, and/or that numerical reporting is often pro-

¹⁶⁷ <http://www.najboljiposlodavac.com/dobitnici-nagrada>

¹⁶⁸ <http://www.najboljiposlodavac.com/dobitnici-nagrada>

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

vided without a context. Moreover, the same data appear in different places in reports (e.g. Coca-Cola) and the reports are not precisely structured into corporate internal, external social and environmental responsibility. Coca-Cola HBC Serbia and Vip mobile do not make CSR annual reports in the real sense of the word, instead they have to be combined with other reports. The Société Générale report is in Serbian and can be found only on the UN Global Compact website. Eichholz, Kok and Quigley revealed that the tertiary sector uses green buildings or petrol/gas stations as a flag for reputation and real commitment to CSR issues. The same has been found in Société Générale and Gazprom Neft–NIS' 2010 reports. Nevertheless, Gazprom Neft–NIS received the highest mark (2.38) for their CSR annual report, the survey and the interview, primarily owing to their implementation of the Government's WBS in the *Action Plan* for the *National SD Strategy 2009-2017* (environmental responsibility) and application of GRI-G3 and AA1000 (transparency of report), this showing how important is the Government's role as well as the usefulness of application of CSR guidelines/standards are.

Within one company the managers' answers were quite similar but the legal managers sometimes answered differently (more or less enthusiastically) than the CSR and financial managers. For example, they were more concerned about social issues and less concerned about environmental and economic issues in comparison with the CSR and financial managers. Naturally, CSR managers are more concerned with environmental issues than financial managers, whereas financial managers are more concerned with financial issues than CSR managers. The legal managers showed less enthusiasm relating to the CSR legal regulation and soft-law requirements than the CSR and financial managers. The legal and financial managers also expressed less faith in CSOs than CSR managers. Overall, both in the questionnaire and the semi-structured interview, the answers by the CSR managers were more positive, neutral by financial managers, and less positive by the legal managers. The managers answers undoubtedly reveal that the most important ethical issues are safety at work, job security, environmental impact, discrimination/harassment/bullying, and security of information; the least important ethical issues are responsible marketing/advertising and whistleblowing/speaking up.

In the questionnaire the managers from all five companies answered that the companies reported externally on environmental performance, but this is only partially true. Telenor prepared no assessment of the reduction of power consumption or CO₂ emission on a yearly basis that came as a result of the new base station starting operation that they could have done on the basis of the 6-month report or at least experiences from other countries, nor did they say how much waste they collected for recycling in 6 months.

However, Telenor, now with the new base station, prompted the other companies to start investing in renewable energies/environmental protection. It is not clear when Coca-Cola plans to build CHP (Combined Heat and Power) units in Serbia. They allegedly improved energy use efficiency by 22% compared to 2004; by 2020, their goal is to increase energy efficiency by 23% compared to 2004 (context is not provided). It is odd that they do not emphasize that they have

¹⁶⁹ Except for Gazprom Neft–NIS who use the 2009 data to compare with the 2010 data
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

almost fulfilled their energy efficiency plan. It is not published how much has been recycled thanks to the Austrian affiliation and Sekopak. Gazprom Neft–NIS report contains objectives until 2020, as well, but also reveals some big investments. They published data referring to bioremediation in 42 pits and one basin, environmental investments, energy consumption and emissions, consumption of fresh water and production of waste waters in 2009 and 2010, and environmental accidents (volume of production and net profit, too).¹⁷⁰ Société Générale published water, electricity, total energy and paper consumption per occupant, as well as business trips. There is also a very detailed list of various sources of CO2 emissions, so one can learn how to make a precise structure of an environmental report, which will possibly enable the calculation of some CO2 emissions in future annual reports. Vip mobile lists several modest environmental friendly initiatives that they took part in but it should also be added that on the basis of the 2010 project they started their first base station in Serbia at the end of August 2011 which uses only solar and wind energy.¹⁷¹

Vip managers are less open in communication than their colleagues from their rival company Telenor, but such is also their website, and even their PR exercise relating to their first ecological base station and the fact that they shared the third place with Société Générale in 2010 as employer of the year (employee satisfaction research). The award and the plans for a new base station (runs 100% on renewable energies, whereas Telenor's base station saves up to 50% of power) were not mentioned in Vip's communication on progress. Nonetheless, Vip mobile received the highest mark (2.38, exactly as Gazprom Neft–NIS), this showing that less cosmetics (comparing with their rival Telenor) in annual reports and less PR efforts in communication with society is not necessarily negative, but *au contraire*.

In Serbia it is a well known fact that Telenor employees are very loyal. Coca-Cola HBC Serbia has been on the downward path due to the work/home disbalance since 2008 (also based on managers responses in the questionnaire), and where Gazprom Neft–NIS is concerned it remains to be seen. The last one invested most, Telenor was most involved in social responsibility activities, Vip and Société Générale are in the middle, Coca-Cola invested moderate financial means into social responsible activities, although activities of all the companies overlap with their (in some cases even ambush¹⁷²) marketing/PR activities. One third of examinees, one manager from each company, answered that they sometimes felt pressured by their colleagues or that they personally witnessed breaking of the code of ethics or law. No scandals broke out in any of the five companies in Serbia, although there were some in these companies in non-European (lower-middle and low income) economies/countries.

The conclusion of the theoretical research and analysis - *responsibility or irresponsibility of state organs largely defines to what extent activities of companies are ethically responsible or irresponsible* – was verified in the practice. In the annual report there was an example of values

¹⁷⁰ Gazprom Neft–NIS, 2011, "Report on sustainable development 2010" (tables - pp. 90, 91, 92, 95, 97, 105) Novi Sad, Gazprom Neft–NIS

¹⁷¹ <http://www.vipmobile.rs/o-vipu/press-centar/galerija-fotografija.1075.html?gid=66>

¹⁷² For example, Coca-Cola's involvement in Danube Day celebrations in 20 Serbian towns/cities European Union Foreign Affairs Journal – N° 2/3-2011

obviously not being accompanied by duties, wisdom and norms, although this was not directly linked to the company's business activities in Serbia. Coca-Cola's "policy prohibits child labour and recruitment procedures verify that prospective employees are of legal working age. There can be potential conflict in countries where human rights are compromised". (CSR report, 2010)¹⁷³ They do not say "we guarantee that there are no or will not be such cases in Coca-Cola", nor do they keep silent about the matter, but they announce the possibility in advance (presumably in lower-middle and low-income economies), emphasizing the critical role of governments (there is little likelihood of ethical government in such states).

6.2 Conclusions

6.2.1 Probable impact of selected companies on the CSR activities of other companies and public opinion in Serbia

Answers in the interview show that the companies from the West (four out of the five selected) have brought CSR concept and codes of ethics into Serbia and implemented a market trend that compels other international and domestic companies to act in that sense. By promoting their CSR activities in the media in the last five years they have managed to raise the awareness level about environmental and social issues. As a result, in the last two years the Government and the media have intensified campaigns for environmental protection and aid to vulnerable groups. In the case of Gazprom Neft–NIS the Government and managers joined their resources. In the *Action Plan 2009-2017* and *CSR strategy 2010-2015* the Government imposed the dynamics of engagement in the field of business ethics and within two years Telenor, Coca-Cola, (Gazprom Neft-) NIS and Vip mobile became much more active than in the preceding three years (e.g. protection of environment).

Still, the answers in the interview show that the Government is the biggest culprit for corruption and nepotism. Managers think that higher transparency in the processes would improve the poor situation in the country. However, some answers to certain questions in the interview show that the managers have a poor insight into business activities and practices of their affiliations in the EU member states and in the third countries, and they do not follow the processes of passing new laws in Serbia directly relating to the CSR issues and that are in compliance with the legal framework of the EU.

A comparison between the selected international companies and their CSR concept implementation in the EU member states, in Serbia and in the third countries was not possible because the relevant online sources did not provide such an opportunity. For example, Coca-Cola Hellenic issued a joint annual report for 28 countries and Telenor Hungary¹⁷⁴ provided financial performance indicators (Telenor Serbia does not) in its 2009 CSR report but they have not posted their

¹⁷³ Coca-Cola Hellenic, 2011, "CSR report 2010" (Human Rights, p. 44), Athens, The Coca-Cola Company, http://csrreport.2010.coca-colahellenic.com/images/pages/files/download_center/cch_CSR2010.pdf

¹⁷⁴ <http://www.telenor.hu/en/corporate-responsibility/economics/sustainability/>

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

2010 CSR report on the website yet. Also, Telenor Group's Head of Corporate Responsibility¹⁷⁵ was contacted but resource constraints (for the sake of the credibility of the research the population count and the country's area must be approximate) prevented the research. The same applies to the other three companies.

6.2.2 Motives and benefits of environmental responsibility

Motives of companies are various and this fact gives room for moderate optimism. For instance, sophisticated technology cuts down the costs of production processes, poses fewer risks to employees, as well as to the environment of local communities, focuses the attention of the public and upgrades the company's rating as well as the level of public awareness. An average score for environmental issues for the management (2.69 – high importance) emphasizes the awareness of the importance of nature preservation and future dedication, long-term planning and investments into preservation of nature.

It could be concluded that companies' environmental responsibility is more about wisdom than about resourcefulness. The biggest weakness was noticed in voluntary environmental initiatives (both response and results) because the work/home balance is the most sensitive dimension of the company–employee relation, and many people remember or have heard from their elders that the practice of voluntary work ended in the 1980s in complete demotivation due to the hypocrisy of the then elite.

6.2.3 Motives and benefits of social responsibility

Investing into equipment of universities/science, rewarding best projects, awarding scholarships and gradual employment of students are the main internal focuses that decrease unemployment to a certain extent, slowly upgrade the level of science and technology, motivate young people to work, become creative and enterprising, sometimes even genuine entrepreneurs (Philip Morris International awarded start-up loans to small enterprises in Niš in 2010). The most important thing is that after 20 years of stagnation the practice of companies cooperating with universities has been revived again. Investing into culture, sports, humanitarian actions and various events/manifestations represents marketing/corporate branding to a greater extent than social responsibility (all managers claim that the media are the most important external stakeholders). Average score of social issues for the managements (1.48 – low importance) is close to the average score for external social improvements (1.33).

Naturally, for employees internal social improvements (e.g. pay rise, investment into further education of employees and improving working conditions – 2.74) are more important than external social improvements (1.33). Still, apart from low importance of social issues for the management, medium importance of integration is also alarming (economic, social and environmental issues – 2.0) i.e. lack of awareness of comparative and mutual interdependence of all

¹⁷⁵ <http://www.telenor.com/en/corporate-responsibility/contact-corporate-responsibility/>
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

three dimensions of sustainable development. Managements assessed internal stakeholders as highly important (2.71) and external stakeholders as medium important (2.25). Companies' social responsibility is more about resourcefulness (internal/corporate responsibility, marketing/PR, new CSR legal requirements, market trends, etc.) than about wisdom.

6.2.4 Recommendations for further researches

In the course of research it was noticed that the implementation of the CSR concept is easier in some industrial sectors (e.g. the pharmaceutical sector - Merck & Co. globally, while Hemo-farm¹⁷⁶ has been achieving the best results in the local community¹⁷⁷/Vršac in Serbia in the past two decades) than in others. The pressure on the secondary sector (Coca-Cola) is higher than on the primary, and much higher than on the tertiary (Société Générale) and the quaternary sector. Also, pressure varies greatly within a single sector and is much higher on employees than on shareholders. Furthermore, we have seen interesting and not accidental coincidences between the CSR activities of Telenor and Vip mobile and the same perception applies to their stakeholders.

It may be that such cases actually point to the fact that researching the CSR concept exclusively is incomplete and that future theoretical and empirical comparative research will have to be conducted in one industrial sector (or in one TNC which operates and implements CSR concept in different regions in the world) and simultaneously with the legal system(s) and economic situation(s) in the country/countries in which the company/companies operates/operate and also monitoring global/regional trends in international trade.

Only when implementing the CSR concept becomes normal practice in companies as well as publishing annual CSR reports and researches become more frequent in Serbia comparative analyses of the implementation of the CSR concept between different industrial sectors should be undertaken.

6.2.5 Forecast of future developments

The completion of Corridor X (the major axis linking Central Europe to Greece and Turkey through the Balkans) and the South Stream Project is of vital importance to Serbia. The latter will provide the supply of Russian gas to the Balkans, Hungary, Austria and Italy through pipelines under the Black and Adriatic Seas by the year 2016. In the spring of 2012 elections will be held, so the next Government is facing challenges such as recycling, SPP, increasing the number of projects in cooperation with the SIGMA and IPA programmes, transparency of processes (although the core of the problem is nepotism and subsequently corruption and inseparability of the

¹⁷⁶<http://www.hemofarm.rs/ViewNewsItem.aspx?Page=DummyNewsItem&Layout=Komunikacije&Lang=en&NewsId=441>

¹⁷⁷ "surely the most controversial [stakeholder]" - Phillips, R. 2003, *Stakeholder Theory and Organizational Ethics* (p. 166), San Francisco, Berrett-Koehler Publishers Inc.
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

legislative, executive and judicial powers¹⁷⁸), completion of works in Corridor X and the South Stream project, etc. Dedication of the next Government will be reflected in the level of their engagement in the modernization of economy, reduced grey economy, more successful payment collection, incentive schemes for small enterprises, attracting greenfield, brownfield and portfolio investments (this being SIEPA's task, as well) and most importantly – reducing unemployment in Serbia. Unfortunately, almost no one mentions the possible modernization of Serbian railway transport which is an indispensable prerequisite for a serious economy (incomparably cheaper and more efficient transport with lower emission of CO₂).

The media started¹⁷⁹ and will further raise the awareness of CSR and SD issues. Local communities and companies are facing the challenge of organizing waste selection. BLF shall continue to exercise their influence on companies, attract new members, promote the concept and organize events and activities. Companies will be forced to implement the CSR concept more intensively so that they can gain access to the EU and USA SRI funds.

As far as legislation is concerned, the future Government should continue to harmonize the Serbian legal framework with the EU's which should automatically increase the commitment of companies to CSR. This would definitely lead to the customization of the CSR market trend which will compel companies to competitiveness in CSR engagement. For example, the rivals Telenor and Vip mobile established base stations on solar and wind power in 2010 and 2011 respectively; Internet company Infostud¹⁸⁰ conducts an employee satisfaction research on the basis of which the Association of Employers proclaims three best employers in Serbia. Also, if a company management makes wise moves in the gradual introduction of the CSR strategy, the costs of CSR activities could be compensated with the reduction in the costs of PR (e.g. media coverage of employee/local community satisfaction, company investments in renewable energies, etc.) and marketing, i.e. an increase in costs does not necessarily mean reduction of the number of employees and/or their salaries. Companies are paying little or nothing for the damage incurred by pollution. This is the policy failure.

Potential payments could be invested in cleaner processes to avoid future payments and/or into augmenting natural resources (e.g. forest management and forestation, cleaning rivers, etc). Use of pollution will "sink" if it is priced appropriately (regulations on pollution, taxes and charges for rational resource use and technological innovations).¹⁸¹

Coca-Cola and Gazprom Neft-NIS annual reports show their efforts in reducing pollution on one side but on the other pollution increases due to increased production/sales. For example, Coca-Cola energy-efficient cold drink equipment emits up to 50% less CO₂ than in 2004 and

¹⁷⁸ For instance, "the Constitution (...) creates a real threat of a control of the judicial system by political parties" – Venice Commission, 2007, *"Opinion on the Constitution of Serbia"* (p. 22, para. 106), Strasbourg, Council of Europe, [http://www.venice.coe.int/docs/2007/CDL-AD\(2007\)004-e.pdf](http://www.venice.coe.int/docs/2007/CDL-AD(2007)004-e.pdf)

¹⁷⁹ Especially on the Internet, National broadcasting TV and B92, as well as in some printed media

¹⁸⁰ <http://www.infostud.com/eng/>

¹⁸¹ Examples of current pricing of pollution in Serbia are in Appendix 4
European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

they no longer use HFCs/hydro fluorocarbons; Gazprom Neft-NIS SO₂ and NO₂ emissions were reduced in 2010 and the bioremediation of contaminated soil commenced. But Coca-Cola CO₂ and Gazprom Neft-NIS powdery substance emissions increased in 2010.

It could be concluded “that the discussion about the relationship of growth and the environment cannot be resolved with scientific means, mainly because it is not only concerned with facts but also with shaky extrapolations of past trends, values, and (optimistic or pessimistic) world views. Thus, it can be assumed that also the future economic growth controversy will produce more heat than light”. (Steurer, 2010)¹⁸² Nevertheless, “the idea of giving financial markets a “sustainability reflex” may today appear novel, even radical, even intrusive and misguided. But markets, driven by forces both within and without, are developing such a reflex, which really is the reflex of a growing number of people. If it does not happen, or does not happen fast enough, an unsustainable human population will descend toward poverty and chaos”. (Schmidheiny & Zorraquín with the World Business Council for Sustainable Development, 1998)¹⁸³ “The “corporate veil” and “business judgment rule” are not necessary evils, but positive contributions to the spirit of pragmatic experimentalism. (...) We must recognize that the instrumental and prudential aspects of this pursuit are two sides of the same coin.” (Phillips, 2003)¹⁸⁴

The harmonization of the own/Serbian legal framework with the EU legal framework, the Government’s *Action Plan* for the 2009-2017 SD strategy and the *2010-2015 CSR strategy*, and involvement of the media in raising awareness produced marked improvements over the past two years, so there is a likelihood that Boda’s causal chain will be established in the future: “fair procedures of leaders and (political and business) institutions – trust in leaders/institutions – increased effectiveness, or governing capacity”.¹⁸⁵

PART III – APPENDIXES

APPENDIX 1: Internal Survey – managers’ answers in the questionnaire¹⁸⁶ in selected international companies in Serbia

Abbreviations:

Telenor Serbia – TEL

Coca-Cola HBC Serbia – CC

¹⁸² Steurer, R. 2010, “*The Economic Growth Controversy in the Infinite Loop: Themes and Paradigms in Retrospect*” (Abstract), Wien, Wirtschaftspolitische Blätter

¹⁸³ Schmidheiny, S. & Zorraquín, F. with the World Business Council for Sustainable Development 1998, “*Financing Change*” (p. 175), Cambridge, The MIT Press

¹⁸⁴ Phillips, R. 2003, “*Stakeholder Theory and Organizational Ethics*” (pp. 166, 167), San Francisco, Berrett-Koehler Publishers Inc.

¹⁸⁵ Boda, Z., *Institutional trust, fairness and leadership – the right way to effectiveness*, in Jakobsen, O. & Pedersen, L.J.T. (eds.) 2011, “*Responsibility, Deep Ecology and the Self: Festschrift in Honor of Knut J. Ims*” (pp. 49-64), Oslo, Forlag 1

¹⁸⁶ The following part of questionnaire is made on the basis of the Chartered Institute of Management Accountants and Institute of Business Ethics, 2008, *Managing Responsible Business*, London, CIMA,

http://www.cimaglobal.com/Documents/ImportedDocuments/Managing_Responsible_Business.pdf

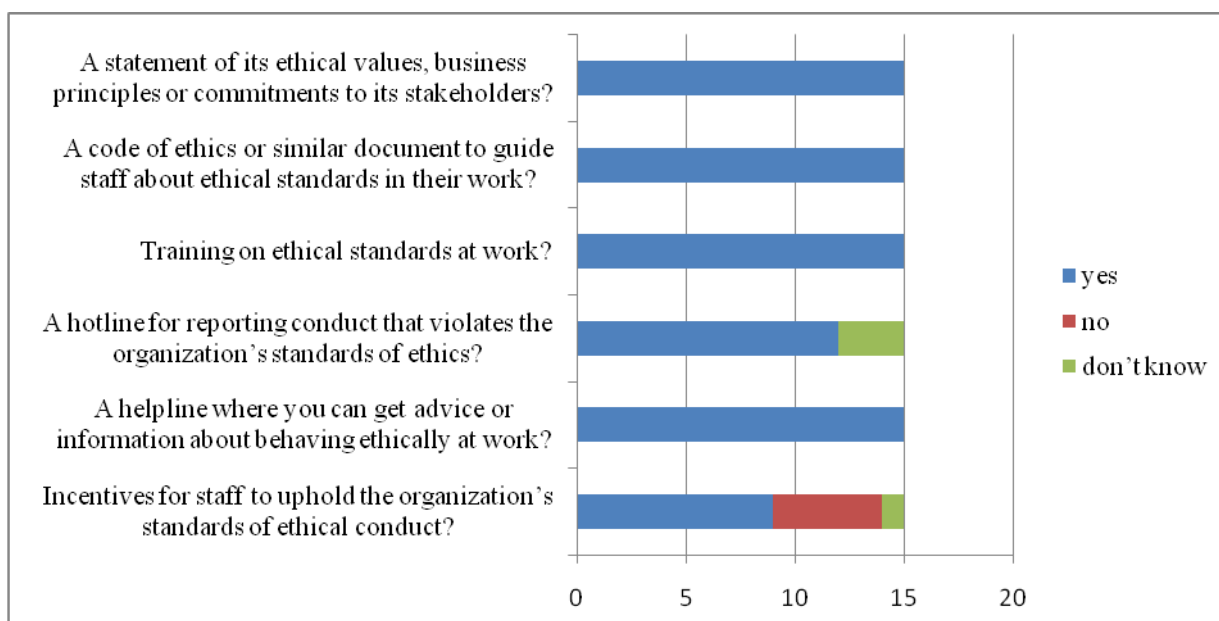
European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Gazprom Neft-NIS – GAZ
 Société Générale Serbia – SG
 Vip mobile – VIP
 Question(s) – Q

Graph 1 – Ethical advice/services provided in selected companies

Q: Does your organization provide?



Base: All respondents (15)

Table 1 - Ethical advice/services provided in selected companies

	Telenor			Coca-Cola			Gazprom			Société Générale			Vip mobile		
	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know

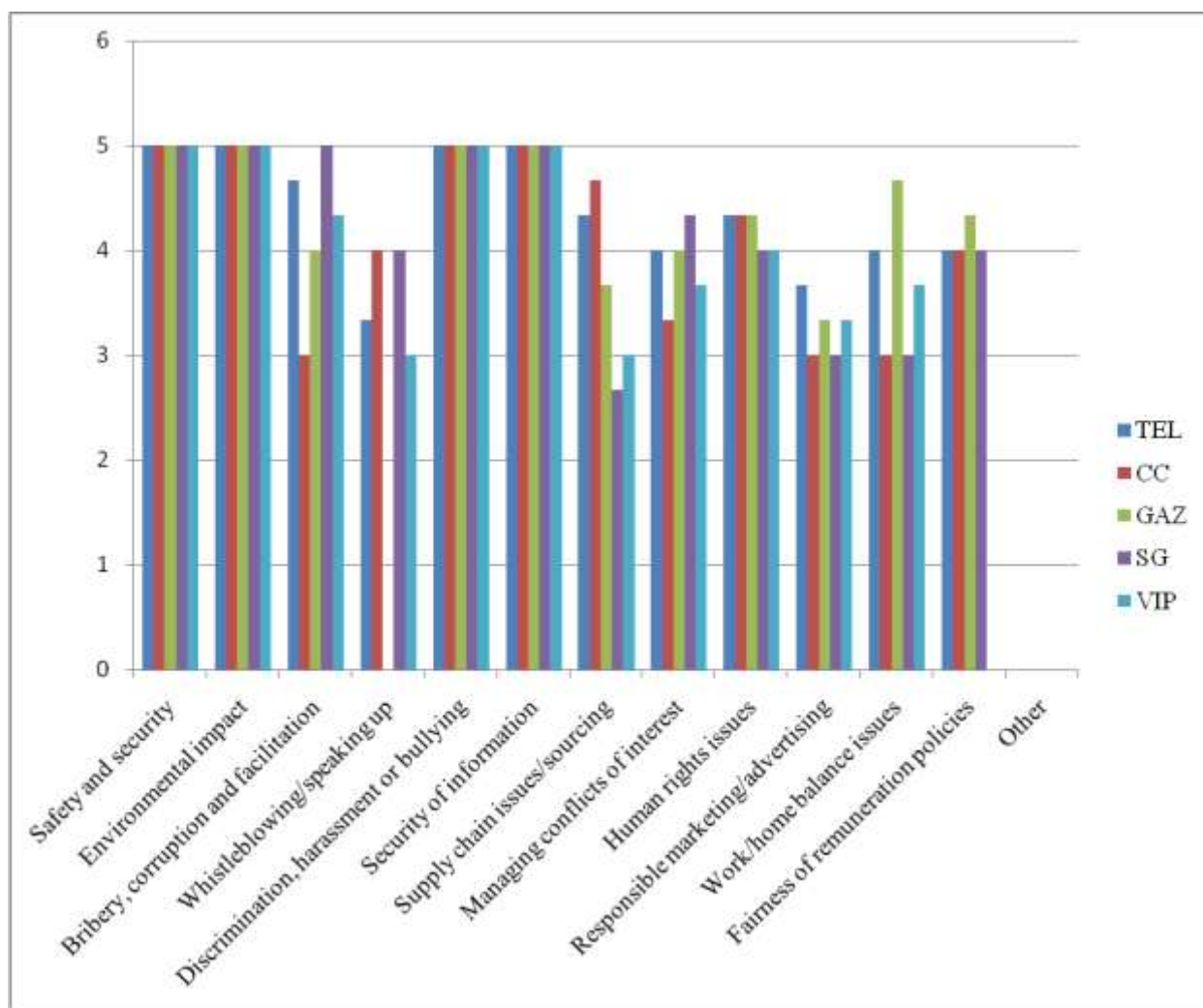
1)A statement of its ethical values, business ...	3			3			3			3			3		
2)A code of ethics or similar document to guide...	3			3			3			3			3		
3)Training on ethical standards at work?	3			3			3			3			3		
4)A hotline for reporting conduct that violates...	3			3			3			3					3
5)A helpline where you can get advice...	3			3			3			3			3		
6) Incentives for staff to uphold...	3			2	1		1	1	1	3				3	

Graph 2 – Importance of ethical issues to managements

Q: Currently, how important are the following ethical issues to your organization?

Which ethical issues are significant to your organization?

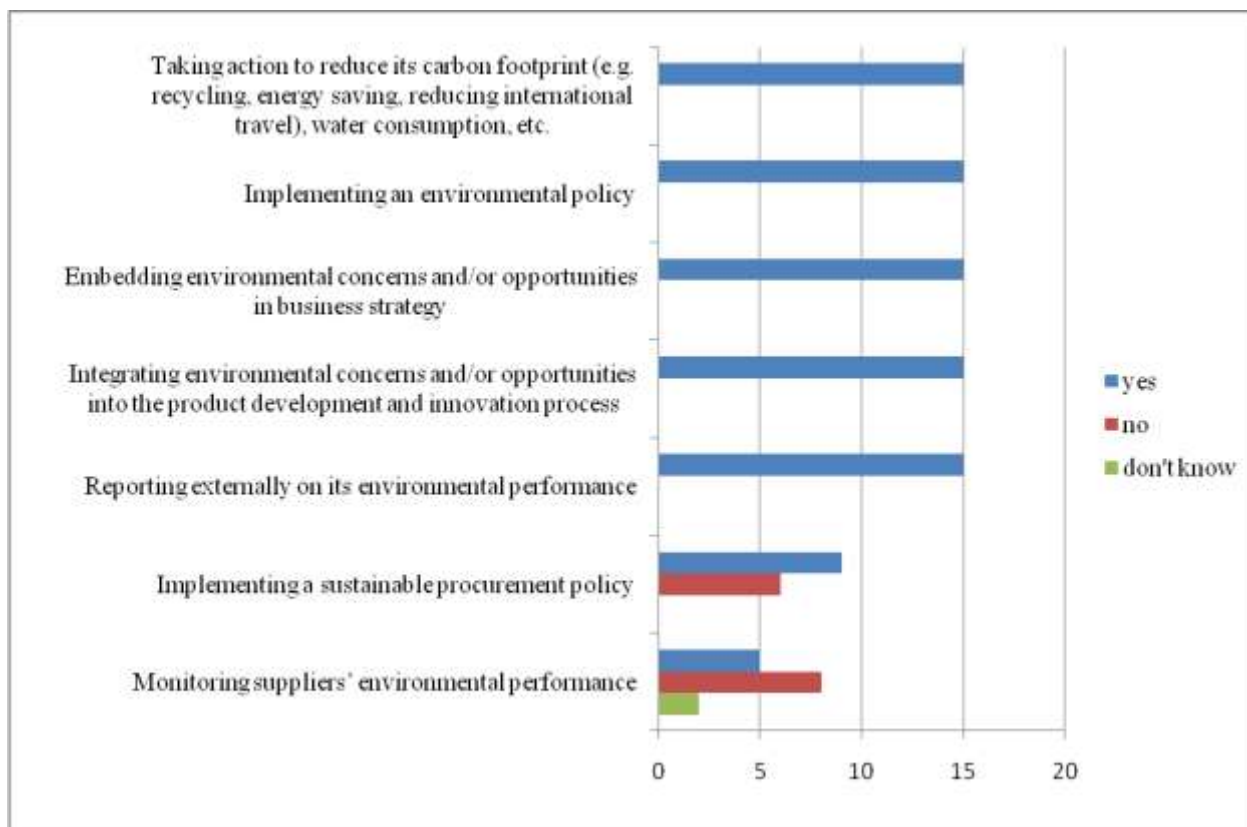
Answer categories: 1 - not at all important; 2 – less important; 3 - important; 4 – very important; 5 - most important



Base: All respondents (15)

Graph 3 – Taking action to reduce environmental impact

Q: What is your organization doing to reduce its impact on the environment?



Base: All respondents (15)

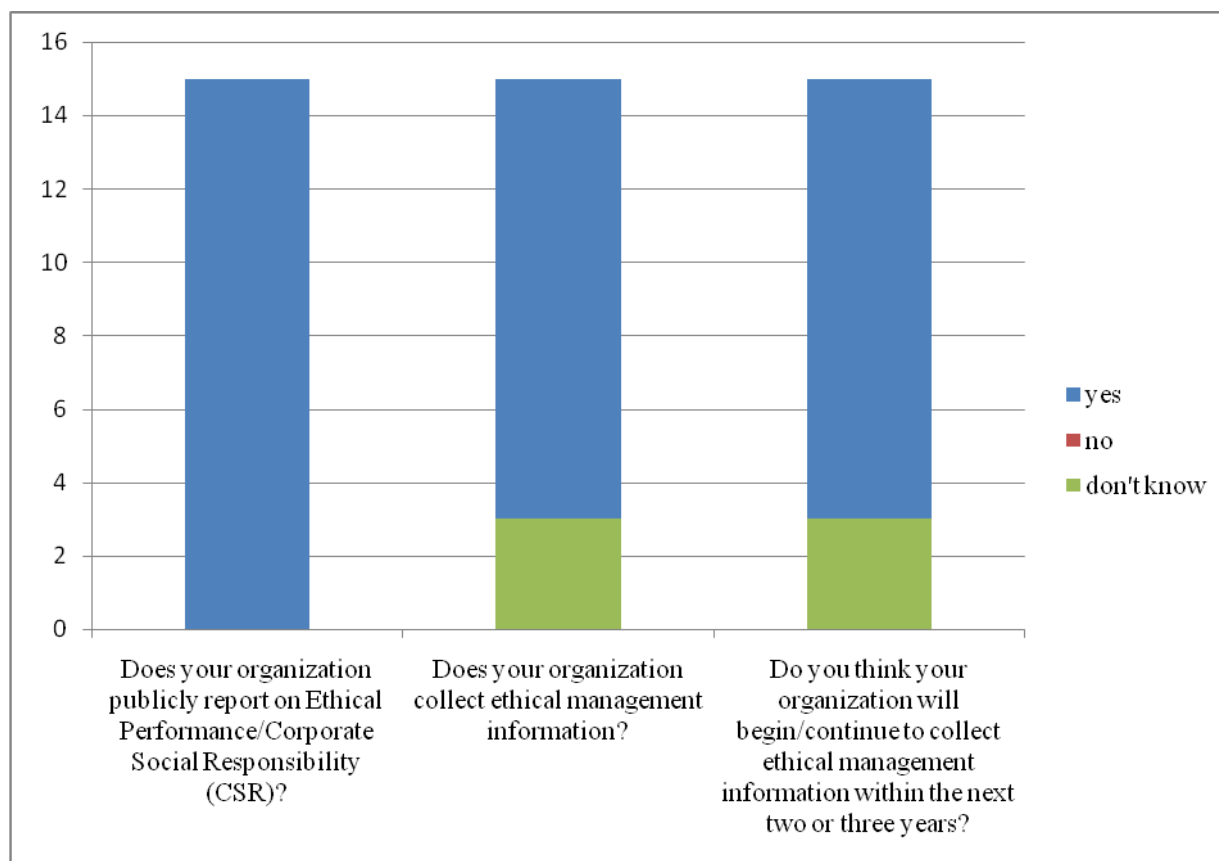
Table 2 - Taking action to reduce environmental impact

	Telenor	Coca-Cola	Gazprom	Société Générale	Vip mobile
--	---------	-----------	---------	------------------	------------

	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know
Taking action to reduce its carbon footprint (e.g. recycling, energy saving, reducing international travel), water and paper consumption, etc.	3			3			3			3			3		
Implementing an environmental policy	3			3			3			3			3		
Embedding environmental concerns and/or opportunities in business strategy	3			3			3			3			3		
Integrating environmental concerns and/or opportunities into the product development and innovation process	3			3			3			3			3		
Reporting externally on its environmental performance	3			3			3			3			3		
Implementing a sustainable procurement policy	3			3			3				3			3	

Monitoring suppliers' environmental performance	1	1	1	3			1	1	1		3			3	
---	---	---	---	---	--	--	---	---	---	--	---	--	--	---	--

Graph 4 - Managing ethical performance and corporate social responsibility

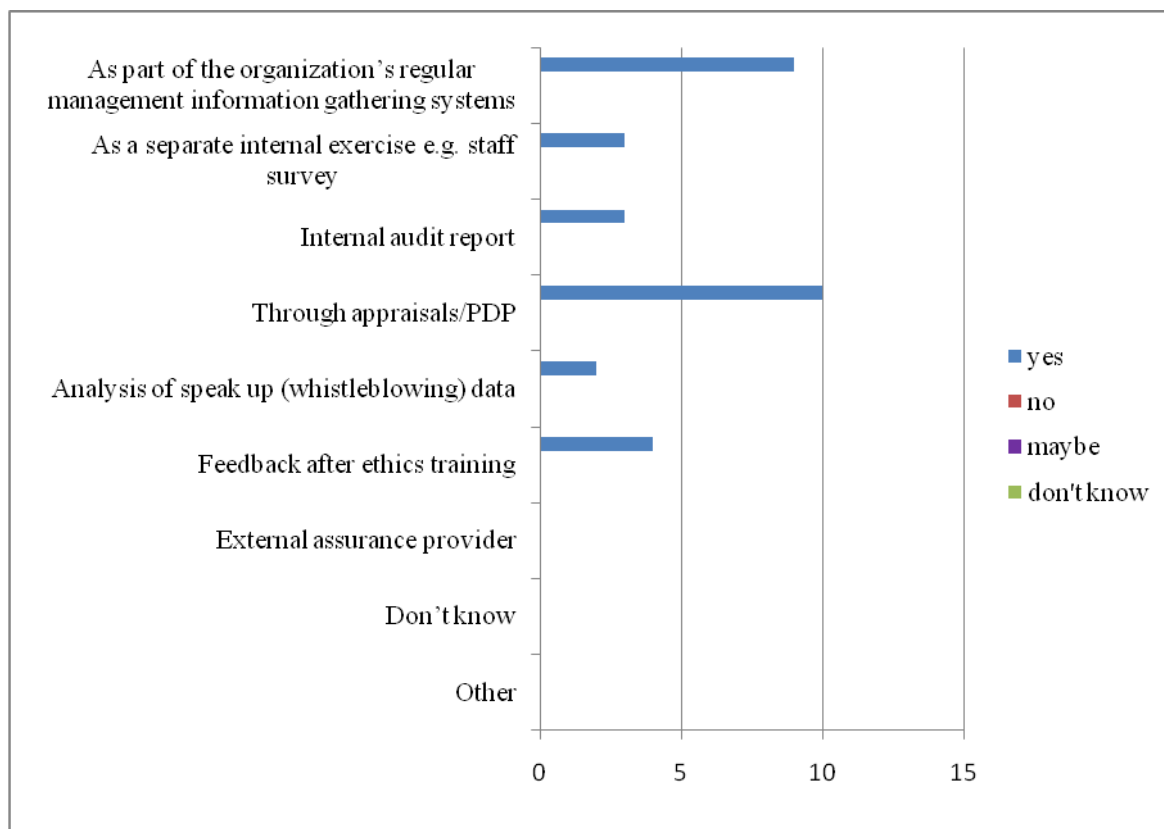


Base: All respondents (15)

Table 3 - Managing ethical performance and corporate social responsibility

	Telenor			Coca-Cola			Gazprom			Société Générale			Vip mobile		
	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know
1) Does your organization publicly re-port...	3			3			3			3			3		
2)...collect ethical management information?	3			3			3			3					3
3)Do you think your organization will begin/continue...	3			3			3			3					3

Graph 5 - How ethical management information is collected



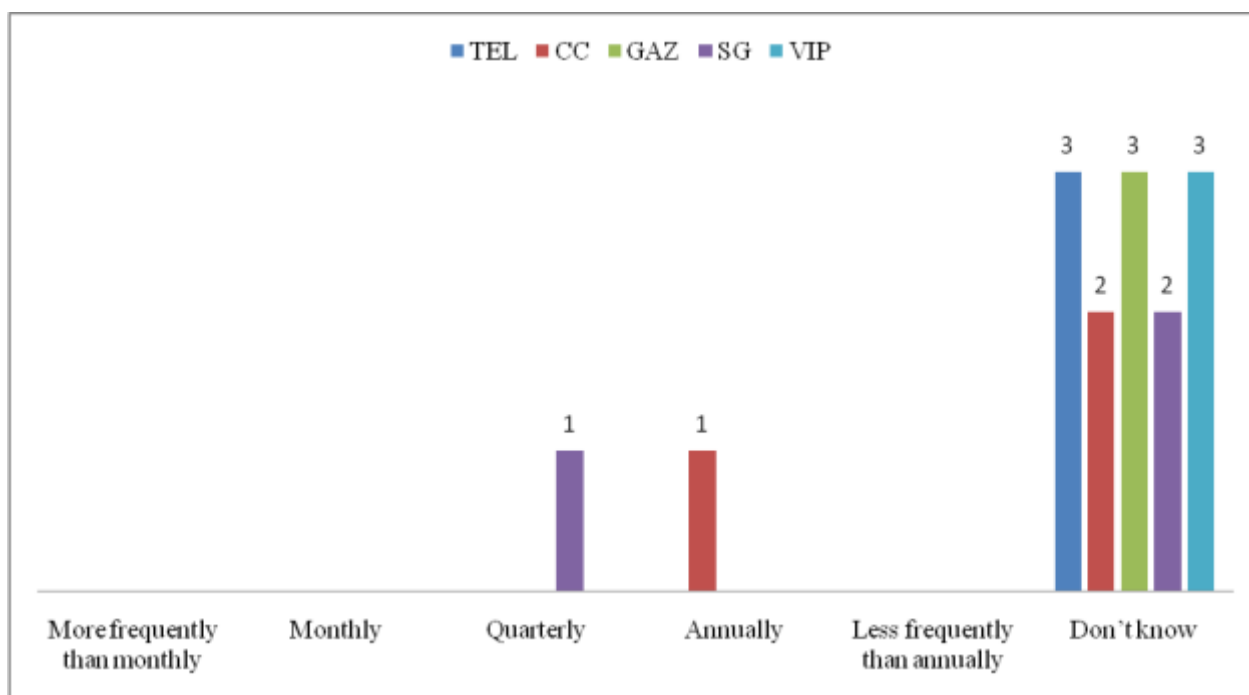
Base: All respondents (15)

Table 4 - How ethical management information is collected

	Telenor			Coca-Cola			Gazprom			Société Générale			Vip mobile		
	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know	yes	no	Don't know
As part of the organization's regular management...	3			3									3		
As a separate internal exercise e.g. staff survey				3											
Internal audit report										3					
Through appraisals/PDP	1			3			3			3					
Analysis of speak up (whistleblowing) data	2														
Feedback after ethics training	1						3								

Graph 6 – Frequency of analysis of ethical management information

Q: How frequently is ethical management information analyzed?

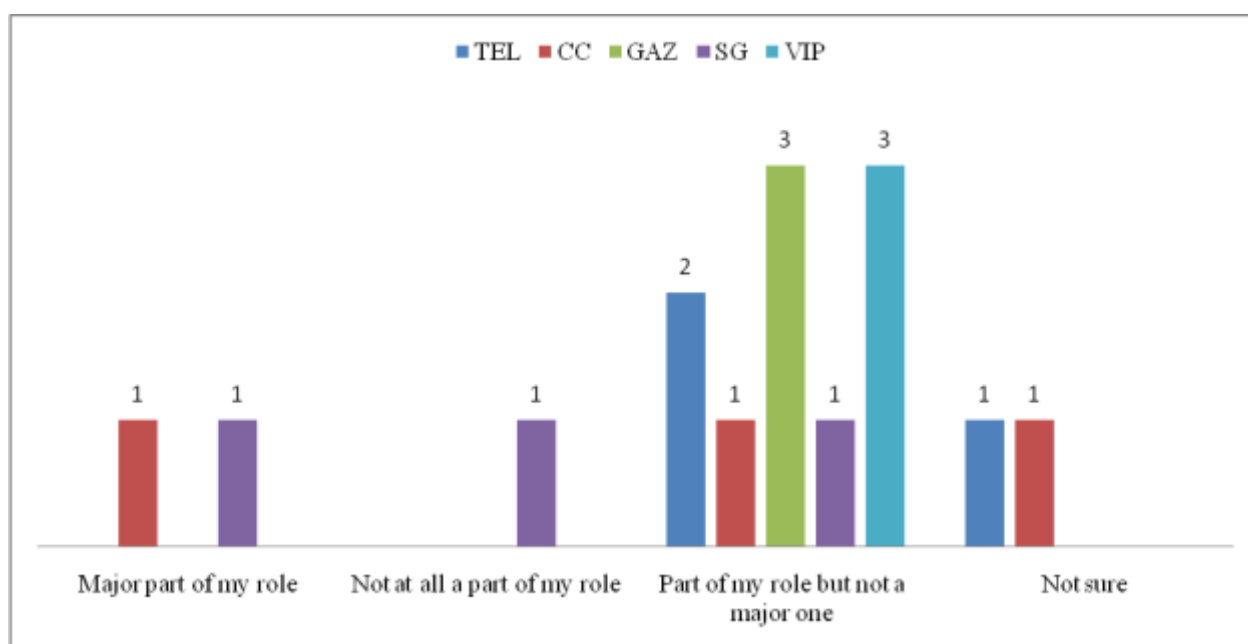


Base: All respondents (15)

Graph 7 – The role in ethical performance management (now)

European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

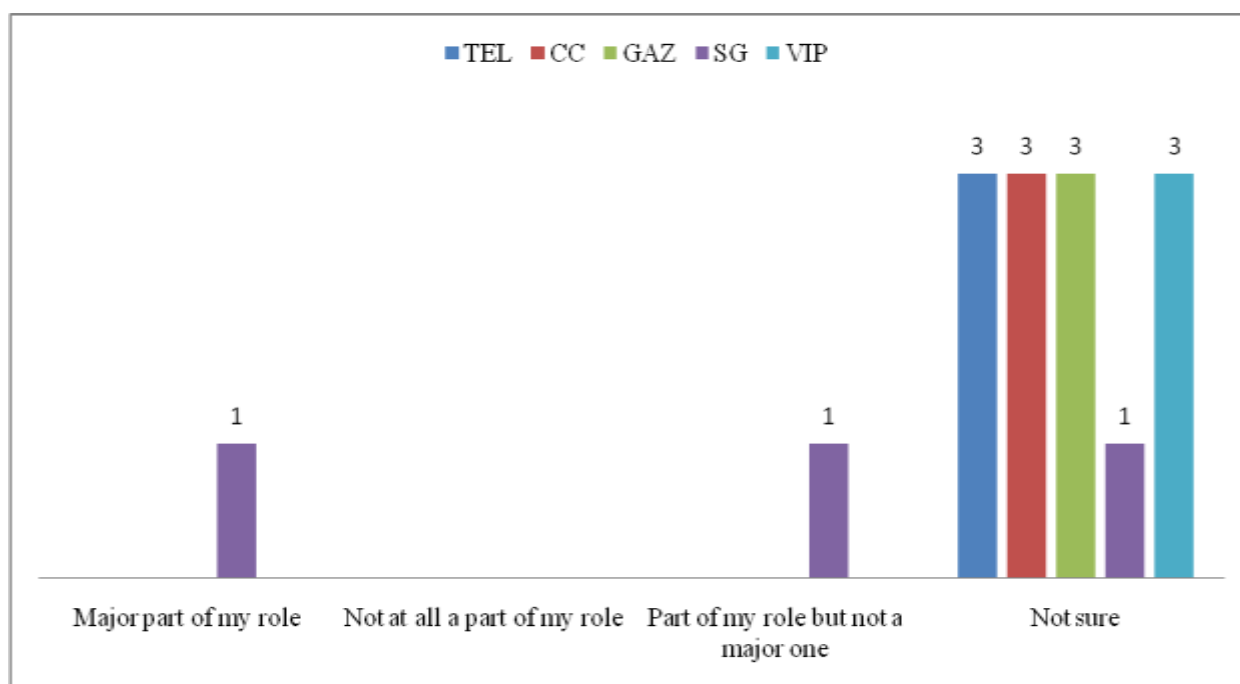
Q: To what extent is managing your organization's ethical performance a part of your role now?



Base: All respondents (15)

Graph 8 – The role in ethical performance management in the future

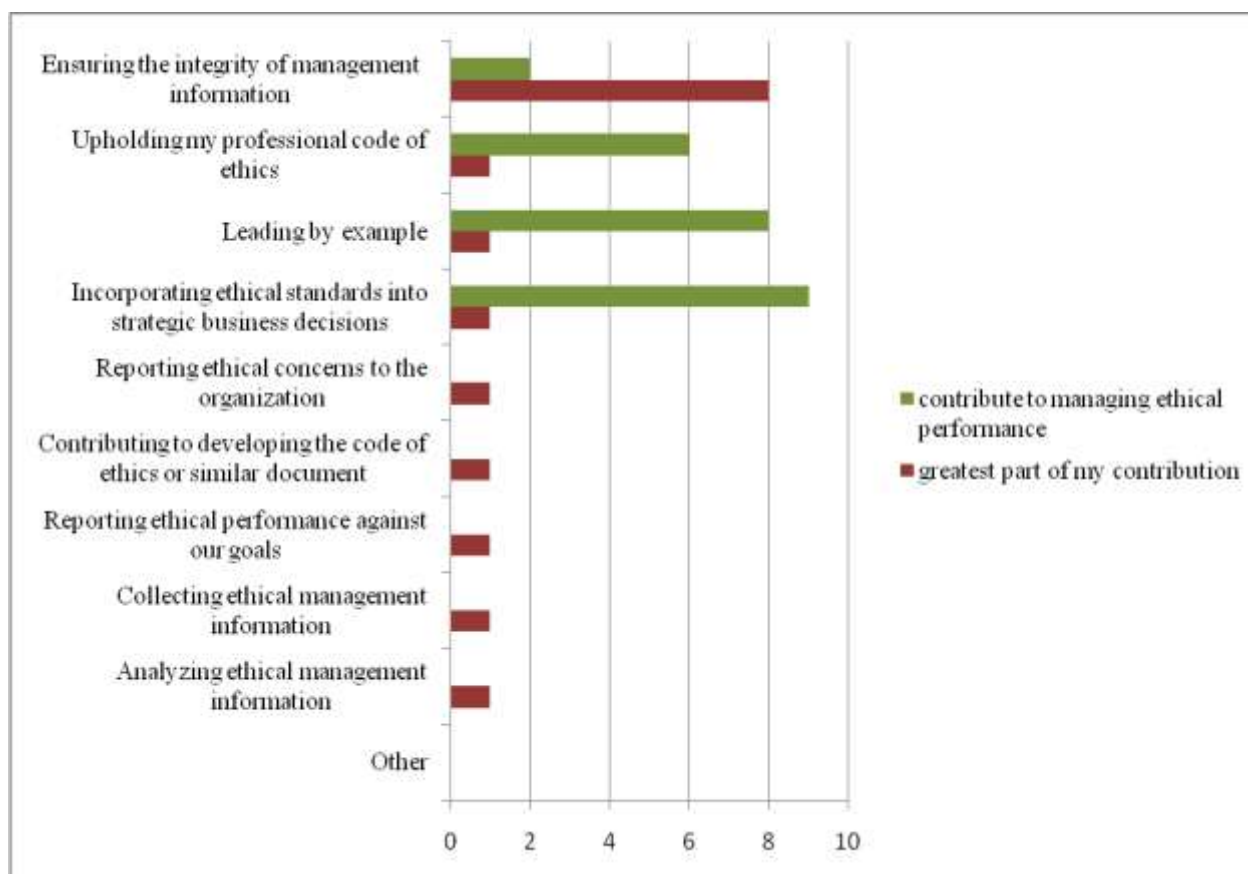
Q: To what extent do you predict that managing your organization's ethical performance will be a part of your role in two or three years' time?



Base: All respondents (15)

Graph 9 – How managers contribute to the ethical performance

Q: In what ways do you contribute to managing the ethical performance of your organization?
Which makes up the greatest part of your contribution?



Base: All respondents (15)

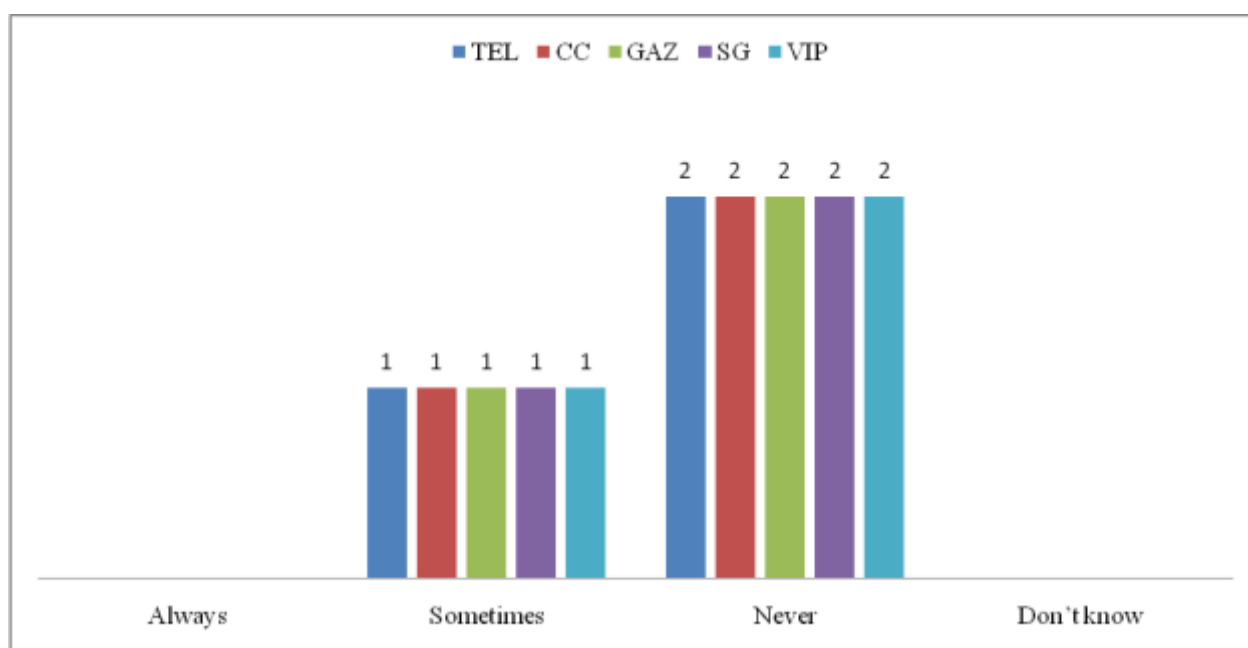
Table 5 - How managers contribute to the ethical performance

	Telenor		Coca-Cola		Gazprom		Société Générale		Vip mobile	
	contribute to managing ethical performance	greatest part of my contribution	contribute to managing ethical performance	greatest part of my contribution	contribute to managing ethical performance	greatest part of my contribution	contribute to managing ethical performance	greatest part of my contribution	contribute to managing ethical performance	greatest part of my contribution
Ensuring the integrity of management information	2	1		3				1		3
Upholding my professional code of ethics	3				3			1		
Leading by example	3				3		2	1		
Incorporating ethical standards into strategic business decisions	3		1		3		2	1		
Reporting ethical concerns to the organization								1		
Contributing to developing the code of ethics or similar document								1		
Reporting ethical performance against our goals								1		
Collecting ethical management information								1		

Analyzing ethical management information								1		
--	--	--	--	--	--	--	--	---	--	--

Graph 10 – Pressure to compromise ethical standards

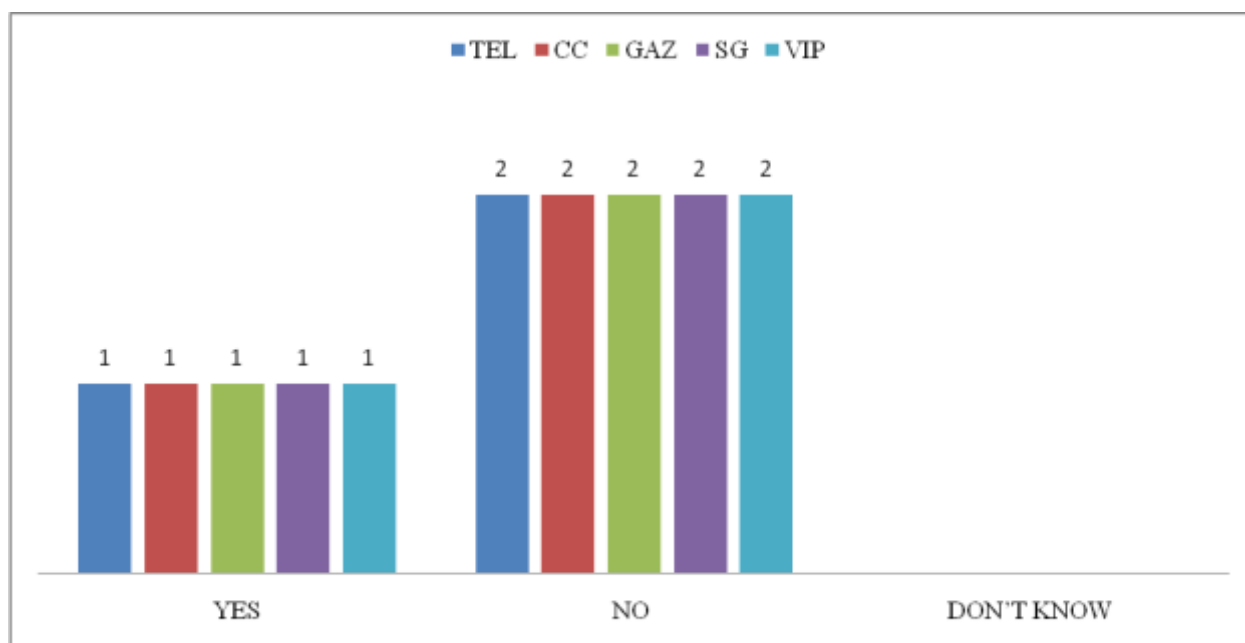
Q: Do you ever feel under pressure from your colleagues or manager to compromise your organization's standards of ethical business conduct?



Base: All respondents (15)

Graph 11 – Witnessed violation of ethical standards

Q: In your current role, have you personally observed conduct that violated organizational ethics standards, policy, or the law in the last 12 months?



Base: All respondents (15)

Dimensions and issues of SD¹⁸⁷

Answer categories in the following questions are:

0: not important for corporation/no change

1: low importance for corporation/slight increase

2: medium importance for corporation/significant increase

3: high importance for corporation

Average scores:

Not important for corporation (0 – 0.49)

Low importance for corporation (0.5 – 1.49)

Medium importance for corporation (1.5 – 2.49)

¹⁸⁷ The following part of questionnaire is made on the basis: Konrad, A., Steurer, R., Langer, M.E., Martinuzzi, A., 2006, *Empirical Findings on Business-Society Relations in Europe*, Dordrecht, Springer Science European Union Foreign Affairs Journal – N° 2/3-2011

High importance for corporation (2.5 – 3.0)

Table 6 - Importance of economic issues of SD

	Telenor	Coca-Cola	Gazprom	Société Générale	Vip mobile
Financial performance (3.0)	3.00	3.00	3.00	3.00	3.00
Long-term competitiveness (3.0)	3.00	3.00	3.00	3.00	3.00
Economic impact on stakeholders (2.4)	2.33	2.33	2.33	2.67	2.33

High importance of economic issues - 2.8

Table 7 - Importance of social issues of SD

	Telenor	Coca-Cola	Gazprom	Société Générale	Vip mobile
Equity within a corporation (1.07)	1.33	1.00	1.00	1.00	1.00
International equity (0.80)	1.00	1.00	0.67	0.67	0.67
Internal social improvements (2.74)	3.00	2.67	2.67	2.67	2.67
External social improvements (1.33)	1.67	1.00	1.00	2.00	1.00

Low importance of social issues - 1.48

Table 8 - Importance of environmental issues of SD

	Telenor	Coca-Cola	Gazprom	Société Générale	Vip mobile
Resources (2.4)	2.00	3.00	3.00	2.00	2.00
Emissions (2.67)	2.67	3.00	3.00	2.00	2.67
Environmental damages and risks (3.0)	3.00	3.00	3.00	3.00	3.00

High importance of environmental issues - 2.69

Table 9 - Importance of second-order requirements of SD

	Telenor	Coca-Cola	Gazprom	Société Générale	Vip mobile
Transparency (3.0)	3.00	3.00	3.00	3.00	3.00
Reflectivity (2.0)	2.00	2.00	2.00	2.00	2.00
Integration of dimensions XII-XIV (2.0)	2.00	2.00	2.00	2.00	2.00

Medium importance of second-order requirements 2.33

Table 10 - Importance of four dimensions of SD in selected companies in Serbia (2011) and in companies in the EU (2006)

	Economic dimension	Social dimension	Environmental dimension	Second-order requirements
Importance of four dimensions of SD (2.32)	2.8	1.48	2.69	2.33
In 2006 in the EU (2.32)	2.7	2.1	2.1	2.4

Medium importance of four dimensions of SD 2.32

Table 11 - Stakeholder groups and their importance

	Telenor	Coca-Cola	Gazprom	Société Générale	Vip mobile
1. Providers of capital ¹⁸⁸	2.73	2.60	2.60	3.00	2.73
2. Internal stakeholders ¹⁸⁹	2.78	2.67	2.67	2.67	2.78
3. External stakeholders ¹⁹⁰	2.25	2.67	2.33	1.75	2.25
4. Civil society (not organized) ¹⁹¹	2.42	2.17	1.83	2.25	2.50
5. Civil society (organized) ¹⁹²	1.89	2.17	1.89	1.67	1.83

Medium importance of stakeholder groups – 2.36

Providers of capital – 2.73 – high importance

Internal stakeholders – 2.71 – high importance

External stakeholders – 2.25 – medium importance

Civil society (not organized) – 2.23 – medium importance

Civil society (organized) – 1.89 – medium importance

Different individual responses from Telenor's and Vip mobile's managers (the same industry) yielded three equal final results (providers of capital, internal and external stakeholders importance). Medium importance of the external stakeholders for banking and telecommunication industry is determined by low scores for the suppliers importance. In the case of Gazprom Neft-NIS' responses, medium importance of the external stakeholders is determined by low scores for consumer organizations. Local media received low scores (in questions group 4). Religious organizations, and particularly social and economic NGOs received low scores (in questions group 5).

¹⁸⁸ First rating group: owners, major shareholders, free-float shareholders, fund managers/analysts, banks/lenders

¹⁸⁹ Second rating group: management, employees organized, employees not organized

¹⁹⁰ Third rating group: major customers, suppliers, private consumers, consumer organizations

¹⁹¹ Fourth rating group: media/public, local media, local communities, scientists

¹⁹² Fifth rating group: government/regulators, environmental NGOs, social NGOs, economic NGOs, educational institutions, religious organizations

APPENDIX 2: Internal survey – managers’ answers in the semi-structured interview in selected international companies in Serbia¹⁹³

Abbreviations:

Telenor Serbia – TEL

Coca-Cola HBC Serbia – CC

Gazprom Neft-NIS – GAZ

Société Générale Serbia – SG

Vip mobile – VIP

Question(s) – Q

1. Number of employees?

TEL – 1150

CC – 1500

GAZ – 10,000

SG – 1300

VIP – 850

2. Do you have the ethics committee?

TEL – ‘Yes.’

CC – no response

GAZ – ‘No.’

SG – ‘No.’

VIP – ‘No.’

3. Do you have the code of ethics?

TEL – ‘Yes.’

CC – ‘Yes.’

GAZ – ‘Yes.’

SG – ‘Yes.’

VIP – ‘Yes.’

¹⁹³ The questions for telephone interviews: first question by author of this paper, next eight by Professor Boda, supervisor and the last eleven by author of this paper
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

4. When did the implementation start?

TEL – ‘In 2006.’

CC – ‘In 2009.’

GAZ – ‘In 2010.’

SG – ‘In 2008.’

VIP – ‘In 2007.’

5. Who enforced the implementation?

TEL – ‘Foreign owners.’

CC – ‘Group management.’

GAZ – ‘Serbian government and managers.’

SG – ‘Group management.’

VIP – ‘Foreign owners and managers.’

6. Is the code of ethics/ethical committee effective or is it just a piece of paper?

TEL – ‘Effective.’

CC – ‘Effective.’

GAZ – ‘Effective.’

SG – ‘Effective.’

VIP – no response

7. What are the main ethical issues in Serbian economy?

TEL – ‘Corruption and lack of transparency.’

CC – ‘Transparency.’

GAZ – ‘There are no ethical incentives and low standard of living decrease ethical motivation.’

SG – ‘Corruption.’

VIP – ‘Nepotism and corruption.’

8. Whose responsibility would it be (the government, businesses, or civil society)?

TEL – ‘Everybody’s.’

CC – ‘The government’s.’

GAZ – ‘Equally shared by everyone in the list, but poor ethics is the result of individuals.’

SG – ‘The government and businesses.’

VIP – ‘The government and civil society’s.’

9. What could be done about it?

TEL – ‘More transparency and responsibility.’

CC – ‘More transparency.’

GAZ – ‘State focusing on the issues and production activities.’

SG – ‘More intense involvement and efficiency on part of the government, better legal regulation and control in the companies.’

VIP – no response

10. Should the CSR concept be given a legal framework?

TEL – 3 no

CC – 3 no

GAZ – 3 yes

SG – 1 yes, 1 no, 1 don’t know

VIP – 3 yes

11. Is the government slowly fostering the so-called soft-law requirements by means of the CSR strategy 2010-2015 and/or fiscal incentives in order to redistribute corporate’s funds to public causes?

TEL – 1 yes, 2 no

CC – 3 don’t know

GAZ – 3 yes (‘But they are also jointly investing with for example FIAT, and offering to employers incentives of € 10,000 for each new job, as well as tax relief.’)

SG – 1 yes, 1 no, 1 don’t know

VIP – 3 no

12. What are the advantages and disadvantages in the Serbian legal framework which directly or indirectly affect the CSR engagement and/or investments for such purposes?

TEL - ‘I do not notice that there are legal obstacles for investments into CSR projects’ (Telenor’s legal manager). The CSR manager added: ‘But, there are also no facilitating means’. The legal manager replied: ‘At the moment, redistribution to public causes is quite high’. The CSR and financial managers corrected his statement: ‘The redistribution is optimum’.

CC - ‘The government sometimes highly increases a price of water for industry without considering how this will affect the downsizing’ (Coca-Cola’s CSR manager)

GAZ - ‘Since the government owns 29.88% of company’s shares, they are indirectly involved in CSR.’ (Gazprom Neft–NIS legal manager)

SG - ‘The significance of the CSR concept and what specific benefits the implementation of this concept yields is still not understood. The short-term commercial benefits are top priority in the government and businesses’ activities compared with the common benefits to society.’ (Société Générale’s CSR manager)

VIP - 'The state does not provide enough support for socially responsible companies. Socially responsible companies do not have tax exemptions, cooperation with the state institutions on joint projects is weak.' (Vip Mobile's CSR manager)

13. Are you planning new partnerships in 2012?

TEL – 'Yes.'

CC – 'Yes.'

GAZ – 'Yes.'

SG – 'Yes.'

VIP – 'Yes.'

14. Do you primarily support one-off projects or long-term initiatives?

TEL – 'Primarily long term initiatives.'

CC – 'Long term initiatives.'

GAZ – 'Long term initiatives.'

SG – 'Long term initiatives.'

VIP – 'Long term initiatives.'

15. What consequences, in your company worldwide and in your Serbian subsidiary, have been caused by the global financial crisis, particularly in terms of the commitment to CSR / ethical standards?

TEL – 'Crisis has not affected CSR funding.'

CC – 'Lower budget for CSR and more effort to protect jobs.'

GAZ – 'Spending less in the CSR fields in the first half of 2010, but we only started the CSR implementation.'

SG – 'Crisis has not affected our CSR approach.'

VIP – 'Lower budget for CSR, stagnation trend in Serbia.'

16. How is the commitment to the CSR concept in terms of your overall activities in public relations rated?

TEL – 'High.'

CC – 'Same.'

GAZ – 'It is synchronized.'

SG – 'More than PR.'

VIP – 'Same.'

17. Which CSR field is your company primarily focused on, where is most engaged and where is the best realization?

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

TEL – ‘Investing in culture, vulnerable groups, professional development of young people and environment.’

CC – ‘Waste water treatment, professional development of employees and sport.’

GAZ – ‘Cooperation with local administrations in the fields of culture, science, sport, and humanitarian activities.’

SG – ‘Supporting vulnerable groups and education.’

VIP – ‘Education, culture, investments in local communities.’

18. What have been the company’s biggest projects for the preservation of nature?

TEL – ‘In 2010 the first base station was set up in the Telenor network that runs on solar and wind energy.’

CC – ‘\$ 200,000 for the joint project *Wetland restoration* with the WWF and local communities in the Gornje Podunavlje area which should be finished in December 2012.’¹⁹⁴

GAZ – ‘Modernization of one refinery worth € 500 million.’

SG – ‘Investments in green buildings.’

VIP – ‘The ecological base station which uses only solar and wind energy and will start operation in a few days.’

19. A question to the CSR and financial managers - How much does your company allocate from annual budget for CSR activities in Serbia, the EU (e.g. Hungary or Bulgaria) or a third state that is not a member of the EU – in money or percentages?

TEL – ‘Don’t know.’

CC – ‘Don’t know.’

GAZ – ‘Don’t know.’

SG – ‘In Serbia about 1.5%.’

VIP – ‘Don’t know.’

20. A question to the CSR and legal managers – Make a short comparison of major advantages and disadvantages of the legal frameworks in Serbia, the EU (e.g. Hungary or Bulgaria) or a third state that directly or indirectly affect your company’s implementation and investment into CSR and SD.

TEL – ‘Don’t know.’

CC – ‘Don’t know.’

GAZ – ‘Don’t know.’

SG – ‘Don’t know.’

VIP – ‘Don’t know.’

APPENDIX 3: Marks for annual reports, responses in the questionnaire and semi-structured interview

¹⁹⁴ http://www.thecoca-colacompany.com/citizenship/pdf/wwf_partnership_fact_sheet.pdf

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

1. *Transparency of report*¹⁹⁵: GAZ [5 pt], CC [4 pt], TEL [3 pt], VIP [2 pt], SG [1 pt]
2. *Corporate responsibility*: VIP [5 pt], SG [4 pt], TEL [3 pt], CC [2 pt], GAZ [1 pt]
3. *Social responsibility*: GAZ [5 pt], TEL [4 pt], VIP [3 pt], SG [2 pt], CC [1 pt]
4. *Environmental responsibility*: GAZ [5 pt], TEL [4 pt], CC [3 pt], VIP [2 pt], SG [1 pt]
5. *Availability of CSR reports* (SEO issue/report accessibility)

GAZ [5 pt]

TEL [4 pt]

SG [3 pt]

VIP [2 pt]

CC [1 pt]

6. *Simplicity of CSR reports for the sake of research* (additional relevant online sources in order to gain a more detailed insight into CSR activities and/or legal framework of nature protection)

SG [5 pt]

TEL [4 pt]

GAZ [3 pt]

VIP [2 pt]

CC [1 pt]

7. *Management responsiveness to survey proposal* (negotiations about the content of the survey, how quickly they filled in and returned the questionnaires, enthusiasm during the telephone interview)

TEL [5 pt]

SG [4 pt]

VIP [3 pt]

GAZ [2 pt]

CC [1 pt]

8. *Expressed goals even in terms of future CSR reporting*

CC [5 pt]

GAZ [4 pt]

VIP [3 pt]

SG [2 pt]

TEL [1 pt]

¹⁹⁵ Use of technology, useful information, accountability, involvement, openness
 European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

9/10/11. Congruities/incongruities between the managers responses and/or between their responses and facts in CSR reports¹⁹⁶

A) Table 1/question 6 (between managers responses)

CC [-1 pt]

GAZ [-2 pt]

B) Table 2 with Graph 7 (between managers responses)

TEL [-2 pt]

GAZ [-2 pt]

C) Table 3 (between managers responses and facts in CSR reports)

CC [-2 pt]

VIP [-1 pt]

D) Table 4 (between managers responses)

TEL [-2 pt]

E) Graph 6 with Table 1/question 4, Table 3/questions 2 and 3 (between managers responses)

VIP [5 pt]

SG [4 pt]

CC [3 pt]

TEL [2 pt]

GAZ [1 pt]

F) Semi structured interview

SG [-1 pt] (answers to Questions 15 and 19)

10/11/12. Stakeholders opinions/feedbacks in CSR report

None [-1 pt for all companies]

Calculated marks:

TEL [25 pt : 12 = 2.08; 25 pt : 10 = 2.5] 2.29

CC [17 pt : 12 = 1.42; 17 pt : 10 = 1.7] 1.56

GAZ [26 pt : 12 = 2.17; 26 pt : 10 = 2.6] 2.38

SG [24 pt : 11 = 2.18; 24 pt : 10 = 2.4] 2.29

VIP [25 pt : 11 = 2.27; 25 pt : 10 = 2.5] 2.38

Final marks for annual reports, responses to the questionnaire and semi-structured interview

¹⁹⁶ Points will be given for congruities and taken away for incongruities
European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

1. Gazprom Neft–NIS 2.38
2. Vip mobile 2.38
3. Telenor Serbia 2.29
4. Société Générale Serbia 2.29
5. Coca-Cola HBC Serbia 1.56

APPENDIX 4: Three articles from the Governments' regulations (2010/2011) that specify fees for environmental pollution

Article 13 (2010)

The tax for substances damaging the ozone layer is € 0.45 per one kilogram of imported substance.

Article 2 (2011)

- 1) for one ton of emission of SO_x – € 77.49
- 2) for one ton of emission of NO_x – € 61.99
- 3) for one ton of emission of powdery substances – € 124.

Article 3 (2011)

- 1) for one ton of deposited non-hazardous industrial waste – € 2.63
- 2) for one ton of produced hazardous waste – € 13.18.¹⁹⁷

Book references

Aggarwal, V.K., 1996, *Debt Games: strategic interaction in international debt rescheduling*, Cambridge, Cambridge University Press

Aristotle, 1958, *Nicomachean Ethics*, Belgrade, Kultura

Aristotle, 1966, *Politics*, Belgrade, Kultura

Aumann, J.R., 1981, *A Survey of Repeated Games in Essays in Game Theory*, Mannheim, Wissenschaftsverlag

¹⁹⁷ The Government of Serbia, 2011, *Regulations 2010/2011*, Belgrade, The Ministry of Environment and Spatial Planning, <http://www.ekoplan.gov.rs/srl/1-2-Pravilnici-254-document.htm> ;
 The Government of Serbia, 2010, *Law on Air Protection*, Belgrade, The Ministry of Environment and Spatial Planning, <http://www.ekoplan.gov.rs/srl/1-Zakon-o-zastiti-vazduha-269-document.htm>
 European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

Boda, Z., *Institutional trust, fairness and leadership – the right way to effectiveness*, in Jakobsen, O. & Pedersen, L.J.T. (eds.), 2011, *Responsibility, Deep Ecology and the Self: Festschrift in Honor of Knut J. Ims*, Oslo, Forlag 1

Boda, Z., *Respecting the Commons* in Zsolnai, L. & Ims, K.J. (eds.), 2005, *Ecology, Ethics and the Limits of Business*, Oxford, Peter Lang

Dorđević, V., 2009, *The Myth of Patriarchy*, Belgrade, Metaphysics

Friedman, M., 1962, *Capitalism and freedom*, Chicago, The University of Chicago

Hegel, G.W.F., 2006, *Lectures on the Philosophy of History*, Banja Luka, Romanov

Hume, D., 1988, *An Enquiry Concerning Human Understanding*, Zagreb, Naprijed

Kelsen, H., 1967, *Pure Theory of Law*, Berkley, University of California Press

Krugman, P., 1999, *Pop Internationalism*, Cambridge, The MIT Press

Maak, T. & Pless, N.M. (eds.), 2006, *Responsible Leadership*, Routledge, London

Mitroff, I. & Silver, A., 2009, *Dirty Rotten Strategies*, Stanford, Stanford University Press

Olson, M.L., 1965, *The Logic of Collective Action: Public Goods and the Theory of Groups*, Cambridge, Harvard University Press

Pelević, B. & Vučković, V., 2007, *International Economics*, Belgrade, Faculty of Economics Belgrade

Phillips, R., 2003, *Stakeholder Theory and Organizational Ethics*, San Francisco, Berrett-Koehler Publishers Inc.

Richardson, J.E. (ed.), 2000, *Business Ethics*, Guilford, Annual/Twelfth Edition of Dushkin/McGraw-Hill

Schmidheiny, S. & Zorraquín, F. with the World Business Council for Sustainable Development, 1998, *Financing Change*, Cambridge, The MIT Press

Stojanović, B., 2005, *Theory of Games: elements and implementation*, Belgrade, Official Gazzete

Tencati, A. & Zsolnai, L. (eds.), 2010, *The Collaborative Enterprise: Creating Values for a Sustainable World*, Oxford, Peter Lang

Zinoviev, A., 1985, *Homo Sovieticus*, Boston, Atlantic Monthly Press

Zsolnai, L. (ed.), 2002, *Ethics in the Economy - Handbook of Business Ethics*, Oxford, Peter Lang

Online references

Advanced information on the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel, 2005, *Robert Aumann's and Thomas Schelling's Contributions to Game Theory: Analyses of Conflict and Cooperation*, Stockholm, The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, viewed on July 1, 2011, available at http://nobelprize.org/nobel_prizes/economics/laureates/2005/ecoadv05.pdf

Advanced information on the Prize in Economic Sciences, 2002, *Foundations of Behavioral and Experimental Economics: Daniel Kahneman and Vernon Smith*, Stockholm, The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, viewed on July 1, 2011, available at

European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

http://nobelprize.org/nobel_prizes/economics/laureates/2002/ecoadv02.pdf.

Bird, A. & Brown, M., 2005, *The History and Social Consequences of a Nationalized Oil Industry*, Stanford, Stanford University, viewed on July 20, 2011, available at ["The History and Social Consequences of a Nationalized Oil Industry"](#)

BLF, 2011, *CSR network*, Belgrade, BLF Serbia, viewed on May 22, 2011, available at <http://www.fpl.rs/home.60.html>

Boden, T., Marland, G. & Andres, B., 2008, *Ranking of the world's countries by 2008 total CO2 emissions*, Oak Ridge, Carbon Dioxide Information Analysis Center, viewed on July 26, 2011, available at <http://cdiac.ornl.gov/trends/emis/top2008.tot>

British American Tobacco, 2011, *BAT Group*, London, BAT, viewed on May 22, 2011, available at <http://www.bat.com/>

Bruno, K. & Karliner, J., 2000, *Tangled Up In Blue*, San Francisco, CorpWatch, viewed on July 6, 2011, available at <http://www.corpwatch.org/article.php?id=996>

Buchanan, J.M., 1975, *The Limits of Liberty: Between Anarchy and Leviathan*, Chicago, The University of Chicago, viewed on May 28, 2011, available at http://oll.libertyfund.org/index.php?option=com_staticxt&staticfile=show.php%3Ftitle=1827&Itemid=27

Business Info Group, 2011, *Business portal*, Belgrade, BIG, viewed on September 4, 2011, available at <http://www.bigevents.rs/>

B92, 2011, *Corporate Social Responsibility*, Belgrade, B92, viewed on September 4, 2011, available at <http://www.b92.net/eng/search/index.html?q=corporate%20social%20responsibility>

Cardona, F., 2002, *Building a Civil Service System*, Paris, SIGMA, viewed on July 16, 2011, available at <http://www.oecd.org/dataoecd/37/30/38736319.pdf>

CEKOS IN, 2011, *Minimum monthly base for social security contributions in 2011*, Belgrade, CEKOS IN, viewed on August 7, 2011, available at <http://www.cekos.rs/index.php?page=2898>

Center for a World in Balance, 2011, *Our Common Future & Agenda 21*, Center for a World in Balance, viewed on July 10, 2011, available at <http://worldinbalance.net/intagreements/1987-brundtland.php>

Chartered Institute of Management Accountants and Institute of Business Ethics, 2008, *Managing Responsible Business*, London, CIMA, viewed on June 10, 2011, available at http://www.cimaglobal.com/Documents/ImportedDocuments/Managing_Responsible_Business.pdf

Coca-Cola, 2011, *Goals and Performance*, Atlanta, The Coca-Cola Company, viewed on August 13, 2011, available at <http://www.thecoca-colacompany.com/citizenship/goals.html>

Coca-Cola HBC Serbia, 2011, *Towards sustainability*, Belgrade, Coca-Cola HBC Serbia, viewed on August 13, 2011, available at <http://en.coca-colahellenic.rs/Towardssustainability/Reportingourprogress/>

Coca-Cola Hellenic, 2011, *CSR Report 2010*, Athens, The Coca-Cola Company, viewed on May 22, 2011, available at http://csrreport.2010.coca-colahellenic.com/images/pages/files/download_center/cch_CSR2010.pdf

Consolandi, C., Nascenzi, P. & Jaiswal-Dale, A., 2008, *Ethical Stock Indexes: Does Sustainability Pay Off?*, Belfast, Queen's University, viewed on June 11, 2011, available at <http://www.crrconference.org/downloads/2006consolandietaethicalstockindexes.pdf>

CSR Europe, 2011, *The European business network for CSR*, Brussels, CSR Europe, viewed on May 22, 2011, available at <http://www.csreurope.org/>

Dadusch, U. & Stancil, B., 2011, *Should Capital Flow to poor countries?*, Washington, D.C., Carnegie Endowment for International Peace, viewed on July 2, 2011, available at http://www.carnegieendowment.org/files/capital_flows1.pdf

Deputy prime minister of Government of Serbia, 2010, *Major problem in youth employment in Serbia is nepotism and employment through kinship and parties*, Belgrade, Euraxess, viewed on August 13, 2011, available at <http://www.euraxess.rs/sitegenius/article.php?id=806>

Dohmen, T., Falk, A., Huffman, D. & Sunde, U., 2006, *Homo Reciprocans: Survey Evidence on Prevalence, Behavior and Success*, Bonn, Forschungsinstitut zur Zukunft der Arbeit, viewed on July 3, 2011, available at <http://ftp.iza.org/dp2205.pdf>

Eichholz, P., Kok, N. & Quigley, J.M, 2009, *Why Companies Rent Green: CSR and the role of real estate*, Briarcliff Manor, Academy of Management, viewed on June 13, 2011, available at <http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=5&hid=24&sid=c0b5ede9-bc91-4ac8-a4cb-0758e53ffdc0%40sessionmgr13>

eKapija, 2010, *Business portal*, Belgrade, eKapija.com d.o.o., viewed on August 20, 2011, available at <http://www.ekapija.com/website/sr/>

Electricity Board of Serbia, 2011, *Annual Report 2010*, Belgrade, EPS, viewed on September 4, 2011, available at http://www.eps.rs/publikacije/godisnji_izvestaji/EPS%20Godisnji%20izvestaj%202010.pdf

Environment Assessment Institute, 2011, *Copenhagen Consensus*, Copenhagen, The Copenhagen Consensus Center, viewed on May 29, 2011, available at <http://www.copenhagenconsensus.com/CCC%20Home%20Page.aspx>

European Commission, 2011, *Green Paper*, Brussels, EC, viewed on July 9, 2011, available at http://ec.europa.eu/research/horizon2020/pdf/com_2011_0048_csf_green_paper_en.pdf#page=2

European Commission, 2011, *Packaging and Packaging Waste*, Brussels, EC, viewed on July 9, 2011, available at http://ec.europa.eu/environment/waste/packaging_index.htm

European Commission, 2011, *Sustainable and Responsible Business - CSR*, Brussels, EC, viewed on July 9, 2011, available at http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm

European Commission, 2011, *Sustainable Development*, Brussels, EC, viewed on July 10, 2011, available at <http://ec.europa.eu/environment/eussd/>

Expertisecentrum Aanbesteden, 2011, *The Dutch Public Procurement Expertise Centre*, Den Haag, PIANOo, viewed on July 10, 2011, available at <http://www.pianoo.nl/about-pianoo>

Flaherty, D., 2007, *Self-Management and Requirements for Social Property: Lessons from Yugoslavia*, Amherst, University of Massachusetts, viewed on July 30, 2011, available at http://www.nodo50.org/cubasigloXXI/congreso/flaherty_15abr03.pdf

Friedman, M., 1970, *The Social Responsibility of Business is to Increase its Profits*, New York City, The New York Time Magazine, viewed on June 12, 2011, available at <http://www.umich.edu/~thecore/doc/Friedman.pdf>

Gazprom Neft-NIS, 2011, *Report on Sustainable Development 2010*, Novi Sad, Gazprom Neft-NIS, viewed on May 22, 2011, available at http://www.nis.rs/images/stories/drustvena_odgovornost/NIS-odrzivi-razvoj-2010.pdf

Gill, I. & Pinto, B., 2005, *Public Debt in Developing Countries: Has The Market-Based Model Worked?*, Washington D.C., World Bank, viewed on June 4, 2011, available at

European Union Foreign Affairs Journal – N° 2/3-2011
www.eufaj.eu, e-mail: eufaj@libertas-institut.com

<http://siteresources.worldbank.org/INTDEBTDEPT/Resources/4689801190907436115/wps367.pdf>

Global Policy Forum, 2011, *NGOs in Consultative Status with ECOSOC by Category (1948-2010) and NGOs in Consultative Status with ECOSOC by Region (1996 & 2007)*, New York City, GPF, viewed on July 6, 2011, available at <http://www.globalpolicy.org/ngos/tables-and-charts.html>

GRI, 2011, *GRI Certified Training Partners in Central and Eastern European countries*, Amsterdam, Global Reporting Initiative, viewed on July 10, 2011, available at http://www.globalreporting.org/learningandsupport/trainingandworkshops/certifiedtrainingprogram/countrypage_centralandeasterneuropeancountries.htm

GRI, 2011, *Reporting Framework*, Amsterdam, Global Reporting Initiative, viewed on August 27, 2011, available at <http://www.globalreporting.org/ReportingFramework/ReportingFrameworkDownloads/>

Heinrich Böll Foundation, 2002, *World Summit on Sustainable Development*, Johannesburg, UN, viewed on July 9, 2011, available at <http://www.worldsummit2002.org/>

Hemofarm, 2011, *Support to Local Community*, Vršac, Hemofarm AD, viewed on September 11, 2011, available at <http://www.hemofarm.rs/ViewNewsItem.aspx?Page=DummyNewsItem&Layout=Komunikacije&Lang=en&NewsId=441>

Henderson, D., 2001, *Misguided Virtue: False Notion of Corporate Social Responsibility*, London, The Institute of Economic Affairs, viewed on June 3, 2011, available at <http://www.iea.org.uk/sites/default/files/publications/files/upldbook126pdf.pdf>

Henderson, D., 2009, *Misguided Corporate Virtue: the case against CSR, and true role of business today*, London, Institute of Economic Affairs, viewed on June 3, 2011, available at <http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=4&hid=25&sid=951b0716-b4bf57a79d40%40sessionmgr15-9e2c-4a2f-a82b->

Hofstede, G., 2011, *Six Dimensions*, Velp, Hofstede, viewed on May 28, 2011, available at <http://www.geerthofstede.nl/>

Holcim, 2008, *Sustainable Development*, Popovac, Holcim d.o.o., viewed on May 22, 2011, available at <http://www.holcim.rs/no/odrzivi-razvoj.html>

IMF, 2011, *Republic of Serbia and the IMF*, Washington D.C., IMF, viewed on July 12, 2011, available at <http://www.imf.org/external/country/SRB/index.htm>

Impression of the Week, 2011, *Where is the Civil Sector Today*, Belgrade, B92, viewed on August 17, 2011, available at http://www.b92.net/info/emisije/utisak_nedelje.php

Independent Media Center, 2011, *Non-Corporate Coverage*, San Francisco, IMC, viewed on July 21, 2011, available at <http://www.indymedia.org/en/index.shtml>

Infostud, 2011, *Corporate Social Responsibility*, Subotica, Infostud 3 d.o.o., viewed on August 25, 2011, available at <http://www.infostud.com/eng/drustvena-odgovornost.php>

International Energy Agency, 2011, *Greenhouse Gas Emissions By Country*, Adelaide, Carbon Planet, viewed on August 11, 2011, available at http://www.carbonplanet.com/country_emissions

IOE-ICC-BIAC, 2011, *Joint IOE-ICC-BIAC comments on the draft guiding principles on business and human rights*, Geneva, IOE-ICC-BIAC, viewed on July 14, 2011, available at <http://www.iccwbo.org/uploadedFiles/ICC/policy/anticorruption/Statements/Final%20IOE-ICC-BIAC%20Comments%20on%20the%20Guiding%20Principles%202.pdf>

Jimena, J., 2009, *There's nothing 'standard' about Standardization*, Toronto, Canadian Mining Journal, viewed on July 16, 2011, available at <http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=6&hid=25&sid=951b0716-9e2c-4a2f-a82b-b4bf57a79d40%40sessionmgr15>

Journal of Financial Planning, 2005, *10 Questions with David Henderson*, Denver, FPA, viewed on June 3, 2011, available at <http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=7&hid=25&sid=951b0716-9e2c-4a2f-a82b-b4bf57a79d40%40sessionmgr15>

Konrad, A., Steurer, R., Langer, M.E. & Martinuzzi, A., 2006, *Empirical Findings on Business-Society Relations in Europe*, Dordrecht, Springer Science, viewed on June 12, 2011, available at <http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=8&hid=25&sid=951b0716-9e2c-4a2f-a82b-b4bf57a79d40%40sessionmgr15>

Lewis, W.A., 1979, *Nobel Prize Lecture*, Stockholm, The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, viewed on June 25, 2011, available at http://nobelprize.org/nobel_prizes/economics/laureates/1979/lewis-lecture.html

Liotta, P.H., 2001, *Paradigm Lost: Yugoslav Self-Management and the Economics of Disaster*, Paris, Balkanologie, viewed on August 7, 2011, available at <http://balkanologie.revues.org/index681.html#tocto1n3>

Madsen, E., Tunney, R., Fieldman, G., Plotkin, H., Dunbar, R., Richardson, J.-M. & McFarland, D., 2006, *Kinship and Altruism: A Cross-Cultural Experimental Study*, London, The British Journal of Psychology, viewed on July 6, 2011, available at http://nottingham.academia.edu/RichardTunney/Papers/345809/Kinship_and_Altruism_A_Cross-Cultural_Experimental_Study

Merck & Co., 2011, *Our values and standards*, New Jersey, Merck & Co., viewed on July 2, 2011, available at http://www.merck.com/about/code_of_conduct.pdf

Ministry of Foreign Affairs, 2011, *Constitution of the Republic Of Serbia*, Belgrade, MFA, viewed on September 4, 2011, available at http://www.mfa.gov.rs/Facts/UstavRS_pdf.pdf

Netherlands Environmental Assessment Agency, 2011, *Long-term trend in global CO₂ emissions; 2011 report*, The Hague, PBL, viewed on July 16, 2011, available at <http://www.pbl.nl/en/publications/2011/long-term-trend-in-global-co2-emissions-2011-report>

Norwegian Ministry of Foreign Affairs, 2009, *CSR in a global economy*, Oslo, Norwegian Ministry of Foreign Affairs, viewed on May 23, 2011, available at http://www.regjeringen.no/pages/2203320/PDFS/STM200820090010000EN_PDFS.pdf

OECD, 2011, *Guidelines for Multinational Enterprises*, Paris, OECD, viewed on July 8, 2011, available at <http://www.oecd.org/dataoecd/43/29/48004323.pdf>

OECD, 2011, *Intergovernmental Activity*, Paris, OECD, viewed on July 9, 2011, available at <http://webnet3.oecd.org/OECDGROUPS/Bodies/ListByChapterView.aspx?book=true>

OECD, 2011, *Reports on Serbia*, Paris, OECD, viewed on July 9, 2011, available at http://www.oecd.org/newsearch/0,3766,en_2649_201185_1_1_1_1,00.html?q=Serbia&sa=Search&cx=012432601748511391518%3Axzeadub0b0a&cof=FORID%3A11&ie=UTF-8#1208

OECD, 2010, *Supply Chains and the OECD Guidelines for MNEs*, Paris, OECD, viewed on July 8, 2011, available at <http://www.oecd.org/dataoecd/17/37/45534720.pdf>

OECD and UNEP, 2008, *Conclusions by the Conference on Resource Efficiency*, Paris, OECD, viewed on July 10, 2011, available at <http://www.oecd.org/dataoecd/7/35/40526786.pdf>

Online Parallel Bible, 2011, *The New Testament* (The Gospel According to Matthew 10:16), Glassport, Biblos, viewed on May 26, 2011, available at <http://bible.cc/matthew/10-16.htm>

Paunović, Ž., 2009, *Civil Society and Citizens Participation*, Belgrade, University of Belgrade, viewed on August 23, 2011, available at http://jlpmr.files.wordpress.com/2009/12/gradjanska_participacija-paunovic.ppt

People's Global Action, 2011, *Archive of Global Protests*, Ottawa, PGA, viewed on July 21, 2011, available at <http://www.nadir.org/nadir/initiativ/agp/>

Philip Morris International, 2011, *Homepage*, New York City, PMI, viewed on May 22, 2011, available at <http://www.pmi.com/eng/pages/homepage.aspx>

Press Online, 2011, *They return to society 70 times less than in the West*, Belgrade, Press, viewed on July 13, 2011, available at http://pressonline.rs/sr/vesti/vesti_dana/story/168226/Vra%C4%87aju+dru%C5%A1tvu+70+puta+manje+nego+na+Zapadu.html

Rawlins, B., Paine, K. & Kowalski, P., 2008, *Measuring the transparency of environmental sustainability reporting through websites of Fortune 50 corporations*, Provo, Brigham Young University and KDPaine & Partners, viewed on June 13, 2011, available at <http://www.themeasurementstandard.com/Images/EnvironSustainReport.pdf>

Rogers, A.R., 2011, *Nepotism and Kin Selection*, Salt Lake City, University of Utah, viewed on June 15, 2011, available at <http://www.anthro.utah.edu/~rogers/ant1050/Lectures/nepotism-2x3.pdf>

Ruggie, J., 2010, *Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises*, New York City, UN, viewed on July 14, 2011, available at http://www2.ohchr.org/english/issues/trans_corporations/docs/A-HRC-14-27.pdf

Schmidtchen, D., 1999, *To Help or not to Help: The Samaritan's Dilemma Revisited*, Saarbrücken, Universität des Saarlandes, viewed on July 3, 2011, available at <http://www.econstor.eu/bitstream/10419/23060/1/9909help.pdf>

Schultz, T.W., 1979, *Nobel Prize Lecture*, Stockholm, The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, viewed on June 25, 2011, available at http://nobelprize.org/nobel_prizes/economics/laureates/1979/schultz-lecture.html

Scoppa, V., 2009, *Intergenerational transfers of public sector jobs: a shred of evidence on nepotism*, Dordrecht, Springer Science, viewed on June 13, 2011, available at <http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=9&hid=25&sid=951b0716-9e2c-4a2f-a82b-b4bf57a79d40%40sessionmgr15>

Segerlund, L., 2007, *Thirty Years of Corporate Social Responsibility within the UN: From Codes of Conduct to Norms*, Stockholm, Stockholm University, viewed on July 10, 2011, available at <http://turin.sgir.eu/uploads/Segerlund-thirtyyearsofcorporate.pdf>

Sekopak, 2011, *National operator for managing packaging waste*, Belgrade, Sekopak d.o.o., viewed on August 13, 2011, available at <http://www.sekopak.com/index.php>

Serbia Investments and Export Promotion Agency, 2011, *Database, Publications, Newsletter*, Belgrade, SIEPA, viewed on August 7, 2011, available at <http://www.siepa.gov.rs/site/en/home/>

Serbian Association of Employers, 2010, *Analysis of the economy*, Belgrade, UPS, viewed on August 5, 2011, available at http://www.poslodavci.rs/media/uslovi_i_opterecenja_ser.pdf

Société Générale Serbia, 2011, *CSR annual report 2010*, New York City, UN Global Compact, viewed on May 22, 2011, available at http://www.unglobalcompact.org/system/attachments/9635/original/Izve_taj_o_dru_tvenoj_odgovornosti_u_2010.pdf?1300651622

Support for Improvement in Governance and Management, 2011, *Sigma and Serbia*, Paris, OECD, viewed on July 9, 2011, available at http://www.sigmaxweb.org/document/58/0,3746,en_33638100_33638200_44394746_1_1_1_1,00.html

Statistical Office of the Republic of Serbia, 2011, *Publications*, Belgrade, RZS, viewed on August 8, 2011, available at <http://web.rzs.stat.gov.rs/WebSite/Public/PageView.aspx?pKey=27>

Steurer, R., 2010, *The Economic Growth Controversy in the Infinite Loop: Themes and Paradigms in Retrospect*, Wien, Wirtschaftspolitische Blätter, viewed on June 11, 2011, available at <http://web.ebscohost.com/ehost/detail?vid=10&hid=25&sid=951b0716-9e2c-4a2f-a82b-b4bf57a79d40%40sessionmgr15&bdata=JnNpdGU9ZWZWhvc3QtbGl2ZQ%3d%3d#db=ecn&AN=1160075>

Steurer, R., 2010, *The role of governments in corporate social responsibility: characterising public policies on CSR in Europe*, Dordrecht, Springer Science, viewed on June 12, 2011, available at <http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=12&hid=25&sid=951b0716-9e2c-4a2f-a82b-b4bf57a79d40%40sessionmgr15>

Steurer, R., Berger, G., Konrad, A. & Martinuzzi, A., 2007, *SPP in EU member states*, Wien, Rimas, viewed on July 22, 2011, available at http://www.sustainability.at/pdf/csr/Sustainable%20Public%20Procurement%20in%20EU%20Member%20States_Final%20Report.pdf

Steurer, R. & Konrad, A., 2009, *Business–society relations in Central-Eastern and Western Europe: how those who lead in sustainability reporting bridge the gap in corporate (social) responsibility*, Kidlington, Scandinavian Journal of Management, viewed on June 13, 2011, available at <http://web.ebscohost.com/ehost/detail?vid=13&hid=25&sid=951b0716-9e2c-4a2f-a82b-b4bf57a79d40%40sessionmgr15&bdata=JnNpdGU9ZWZWhvc3QtbGl2ZQ%3d%3d#db=bth&AN=36897153>

Telenor Serbia, 2011, *Corporate Responsibility Diary 2010*, Belgrade, Telenor Serbia, viewed on May 22, 2011, available at http://www.telenor.rs/media/TelenorSrbija/fondacija/teleno_cd_diary_2011_cd-2.pdf

The Economist, 2011, *The Non-Align Movement - not dead yet*, Westminster, The Economist Newspaper Ltd., viewed on September 11, 2011, available at <http://www.economist.com/node/21528599>

The Foreign Investors Council, 2010, *White Book*, Belgrade, FIC, viewed on August 1st 2011, available at <http://www.fic.org.rs/cms/item/whitebook/en.html>

The Government of Serbia, 2009, *Action Plan for National Sustainable Development Strategy 2009-2017*, Belgrade, The Government of Serbia, viewed on August 2, 2011, available at <http://www.odrzivi-razvoj.gov.rs/uploads/documents/Akcioni-plan-za-sprovedjenje-NSOR.pdf>

The Government of Serbia, 2010, *CSR Strategy 2010-2015*, Belgrade, Ministry of Labor and Social Policy, viewed on July 31 2011, available at www.minrzs.gov.rs/folder_1/Strategija_konacno.doc

The Government of Serbia, 2011, *Documents*, Belgrade, Ministry of Environment and Spatial Planning, viewed on August 9, 2011, available at <http://www.ekoplan.gov.rs/srl/document.php>

The Government of Serbia, 2008, *National Sustainable Development Strategy 2009-2017*, Belgrade, The Government of Serbia, viewed on August 2, 2011, available at <http://www.odrzivi-razvoj.gov.rs/assets/download/Nacionalna-strategija-odrzivog-razvoja-Republike-Srbije.pdf>

The Heritage Foundation, 2011, *Conservative Policy Research and Analysis*, Washington D.C., The Heritage Foundation, viewed on July 30, 2011, available at <http://www.heritage.org/>

The Instrument for Pre-Accession Assistance, 2011, *Cross Border Cooperation 2007-2013*, Pescara, IPA Adriatic, viewed on July 26, 2011, available at <http://www.adriaticpacbc.org/>

The International Labour Organization, 1998, *Declaration on Fundamental Principles and Rights at Work*, Geneva, ILO, viewed on July 11, 2011, available at <http://www.ilo.org/declaration/lang--en/index.htm>

The International Organization for Standardization, 2010, *ISO 26000 – Social responsibility*, Geneva, ISO, viewed on July 12, 2011, available at http://www.iso.org/iso/iso_catalogue/management_and_leadership_standards/social_responsibility.htm

The Prize Committee of the Royal Swedish Academy of Sciences, 2008, *Trade and Geography – Economies of Scale, Differentiated Products and Transport Costs*, Stockholm, The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, viewed on July 1, 2011, available at http://nobelprize.org/nobel_prizes/economics/laureates/2008/ecoadv08.pdf

The Sigma Project, 2003, *A Guide for Organizations*, London, British Standards Institution, viewed on July 4, 2011, available at <http://projectsigma.co.uk/Guidelines/SigmaGuidelines.pdf>

Transparency International, 2011, *Corruption perceptions index 2010*, Berlin, TI, viewed on August 2, 2011, available at http://www.transparency.org/policy_research/surveys_indices/cpi/2010/in_detail

Transparency Serbia, 2011, *Publications*, Belgrade, TI, viewed on August 2, 2011, available at <http://www.transparentnost.org.rs/english/PUBLICATIONS/index.html>

UN and NGOs, 2011, *64th Annual UN Department of Public Informations and NGOs Conference*, Bonn, UN, viewed on July 11, 2011, available at <http://www.un.org/wcm/webdav/site/ngoconference/shared/Documents/Final%20Declaration/Chair%27s%20Text.pdf>

UN Conference on Environment and Development, 2012, *Earth Summit on Sustainable Development 2012*, Rio de Janeiro, Stakeholder Forum for a Sustainable Future, viewed on July 11, 2011, available at <http://www.earthsummit2012.org/>

UN Framework Convention on Climate Change, 1992-1997, *Kyoto Protocol*, Rio de Janeiro-Kyoto, UNFCCC, viewed on July 6, 2011, available at http://unfccc.int/kyoto_protocol/items/2830.php

UN Global Compact, 2011, *Annual Review*, New York City, UN, viewed on July 3, 2011, available at http://www.unglobalcompact.org/docs/news_events/8.1/UN_Global_Compact_Annual_Review_2010.pdf

UN Global Compact, 2011, *The CEO Water Mandate*, New York City, UN, viewed on August 13, 2011, available at http://www.unglobalcompact.org/Issues/Environment/CEO_Water_Mandate/index.html

UN Global Compact and OECD, 2005, *Guidelines for Multinational Enterprises: Complementarities and Distinctive Contributions*, New York City-Paris, UN Global, Compact Office and OECD Secretariat, viewed on July 10, 2011, available at <http://www.oecd.org/dataoecd/23/2/34873731.pdf>

UN Press Release, 2011, *World Population to reach 10 billion by 2100 if Fertility in all Countries Converges to Replacement Level*, New York City, UNDP, viewed on May 30, 2011, available at http://esa.un.org/unpd/wpp/Other-Information/Press_Release_WPP2010.pdf

UNCTAD, 2011, *Investment, Technology and Enterprise Development*, Geneva, UNCTAD, viewed on July 4, 2011, available at <http://www.unctad.org/Templates/Page.asp?intItemID=2095&lang=1>

UNCTAD, 2011, *Transnational Corporations Journal*, Geneva, UNCTAD, viewed on July 4, 2011, available at <http://www.unctad.org/Templates/Page.asp?intItemID=2926&lang=1>

UNDP, 2011, *Human Development Index and its Components*, New York City, UNDP, viewed on August 15, 2011, available at http://hdr.undp.org/en/media/HDR_2010_EN_Table1_reprint.pdf

UNDP, 2011, *Millennium Development Goals in Serbia*, Belgrade, UNDP Country Office, viewed on July 31, 2011, available at <http://www.undp.org.rs/?event=public.mdgs>

UNDP, 2009, *Perceptions of individual well-being and happiness*, New York City, UN, viewed on August 15, 2011, available at http://hdr.undp.org/en/media/HDR_2010_EN_Table9_reprint.pdf

US Steel Serbia, 2011, *Corporate Responsibility*, Smederevo, USS, viewed on May 22, 2011, available at <http://www.cs.uss.com/index.php?link=en/>

Venice Commission, 2007, *Opinion on the Constitution of Serbia*, Strasbourg, Council of Europe, viewed on September 4, 2011, available at [http://www.venice.coe.int/docs/2007/CDL-AD\(2007\)004-e.pdf](http://www.venice.coe.int/docs/2007/CDL-AD(2007)004-e.pdf)

Vip mobile, 2011, *Communication on Progress*, New York City, UN Global Compact, viewed on August 27, 2011, available at <http://www.unglobalcompact.org/COPs/detail/12255>

Vip mobile, 2011, *Corporate Social Responsibility*, Belgrade, Vip mobile, viewed on May 22, 2011, available at <http://www.vipmobile.rs/about-vip/corporate-social-responsibility/introduction.649.html>

Williams, J.S, 2010, *The OECD Guidelines for Multinational Enterprises and ISO 26000: An Evaluation and Comparison*, London, International Bar Association, viewed on July 10, 2011, available at http://www.ibanet.org/PPID/Constituent/CSR_Committee/Projects.aspx

World Bank, 2011, *Gross Domestic Product 2010 (PPP)*, Washington D.C., WB, viewed on August 16, 2011, available at http://data.worldbank.org/sites/default/files/gdp_ppp.pdf

World Trade Organization, 2011, *Accession status: Serbia*, Geneva, WTO, viewed on July 10, 2011, available at http://www.wto.org/english/thewto_e/acc_e/a1_serbia_e.htm

Financial and Material Support Obligations in Kyrgyz Family Networks

Altyn Kapalova

What means family in Central Asia? This question is met by every European or American advisor, working for governments in those countries, businessman, visitor or tourist. Altyn Kapalova, Bishkek/Kyrgyzstan, informs here the readers about family networks. She is pursuing her Candidate of Science degree at the Department of Ethnology of the Kyrgyz National Academy of Science. She was awarded the Fellowship of the Central Asia and Caucasus Research and Training Initiative (CARTI). Ms. Kapalova has worked as a senior research specialist at the Gapar Aitiev National Museum of Fine Arts in Bishkek, and is currently a faculty member at Kyrgyz National University of Transport, Construction and Architecture.

This study began as an attempt mainly to understand why and to what extent are the kinship issues so important in the modern Kyrgyz society. The working on this question narrowed my research object to seek financial and material support obligations in kinship networks. Financial obligations, which represent a thoroughly fixed system of monetary turnover between relatives is a theme of my research. The overarching aim of this research project is to examine this system within a broader context i.e. how the system operates with regard to migration, religion (as in Islam, all sort of money collections or borrowing are banned) and socio-economic factors.

This paper is based on fieldwork (2011) in the North Kyrgyzstan: Naryn and Issyk-Kol regions. I used both qualitative and quantitative research techniques such as open ended interviews, surveys, observations as well as study of family personal histories: support incomes (*yraja*) of family events like funeral (*olgon*) and daughter's wedding (*kyz uzatuu*), which were held during my fieldwork in Saruu and At-Bashy villages. During my research, I collected interview and survey data from 142 informants, 123 of them answered survey questions about their financial relations among relatives. 19 respondents (kinship leaders and Muslim clergy) were selected for additional interview.

Concept of financial and/or material obligations between families and relatives represents a fixed system of money turnover amongst relatives. This is mainly expressed in compulsory monetary contribution during all sorts of events such as: funerals, weddings, buying a new home or health related issues, when relatives collect and contribute money towards the cost of a health recover fees of a particular relative. It is noteworthy that the process of monetary turnover is followed with certain provisions i.e. monetary contributions are usually processed during a particular family event and in presence of majority of families and relatives. Amount of such contributions varies depending on the relationship context and extent of relationship closeness.

As such, this is expressed roughly in 5-8 levels:

1. First level: the family, family members, parents;
2. Second level - relatives on the father's side;
3. Third level - relatives on the mother's side;
4. Fourth level - distant relatives;
5. Fifth level - tribesmen, etc.

Each conditional level is broken into smaller pieces with their nuances depending on the level of relationship maintenance, which is different among relatives.

It is believed that the relationship issues in all parts of the country are of almost equal significance. Due to the fact that the main feature of a city in Kyrgyzstan is population, rather than the industrial way of life, it is difficult to talk about urban and rural differences. Second, even though relatives may live across geographically wide spaces, there is a tradition of maintaining their close ties. Relatives come from different towns and villages of the country to attend a particular family event.

It has to be noted that commitment in such relationships expressed not only in monetary terms, but in material things, such as cattle, household goods, and home appliances. For instance, rural families often give material things such as sheep, instead of the prescribed amount of money. Relatives who come from the city do not take away given present immediately and usually sheep remains with the old masters till it has to be slaughtered and most often such things are done in the villages. This is a coordinated system of mutual assistance and preservation of traditions in modern conditions.

For the very members of this culture, the whole system of monetary contribution and material support represents a way cooperativeness and communication. This is itself called '*yntymak*' (from Kyrgyz means *friendship* or *harmony* in relations) by people. Also, this has a synonym as '*yraja*'. One of the respondents, when asked what this word means, said that is an '*invisible rope which connects relatives*'. (Sovetbek Babaev, At-Bashy village, fieldwork notes).

Depending on the extent of relationship closeness, there are various groups of such 'invisible rope' are built. According to initial findings of survey conducted, a person himself/herself chooses in which circle he or she wants to be included. In fact, however, it is a circle that makes a choice on who needs to be included in the circle and in which 'invisible rope' you and your family needs to be tied. As such one is under the exposed communication mechanisms built by a community a person moves in. In my opinion, responses of research participants stating that it is up to them to choose which group of 'invisible rope' to be a member of is just an illusion since there is no way to do so on your own. One is to be included in a particular group irrespective of his/her preference. This can be explained by the effect of cultural-psychological issues of existing kinship and community affiliation. If you are not together with a particular group of 'yraja', then you are not together with a whole community. It is impossible for a person to be separated from his/her community. In the given context, community means a place where a person was

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

born and grew up and now moves in. It is a place which one cannot just abandon as the place itself will not let a person to do so. Generally people themselves approve the structure and mechanisms of the system created by them, although there are a few numbers of people who do not want to be a member of any groups existing. As such they do not want to participate in monetary contributions and accordingly do not want to attend events. Out of all 123 surveyed respondents, there was only one family who wanted and tried to step down from their group of kinship as it negatively impacts on their family budget.

‘My wife and I had decided to step down of our kinship group as it is hard for us in terms of money issues. For this reason, we purposefully had missed four family events and accordingly had not contributed money. But my brother (who was in the same group) contributed money on our behalf and explained our absence for other good cause. Once money is contributed, you are a still a member of a group. So we had to go back into our group’ (interview with a family in Naryn region, 2011).

In this particular context, a debt of this mentioned family, which in the system of ‘yraja’ has more impersonal form, has transferred into more personal form-a debt to brother, who claimed that he would keep contributing on the behalf of his brother’s family as he does not want them to step down of their group and accordingly to be outside of their larger community.

There are also cases when one can be refused to be a member of a particular group of ‘yraja’. This can be explained by that fact that the whole system is processing according to particular set of internal mechanisms, which can be interpreted in different ways such as: a vague relationship closeness, far territorial distance, etc. For instance, if you want to be a member of a particular group of ‘yraja’, you may be refused for a reason of your remote residency. A leader of a group might say:

‘We cannot accept him as he lives very far from us. If something happens in his family, who will go there? Who will cover the travel expenses? A money contribution for travel expenses is not considered in our group.’ (Interview, Issyk-Kol region, fieldwork notes, 2011).

This does not affect migrants or people living and working abroad or at least outside of particular region. They still keep being members of their groups of ‘yraja’ and contribute the same amount of money as others. Families of these people are still in the region and contributing through them, they still are moving in the group.

‘My son went to Russia for work long time ago. He found a job there and said he might not return back. While living there, he’d kept contributing money needed for close family members’ events, but had refused to do so for events held within a larger group of kinship. Although the sum was not that big. But when he’d finally returned back, he was excluded from the group. We had to beg pardon of the Zhuzbashy (leader of 100 families) and Onbashy (leader of 10 families) and paid all outstanding debts, which was around 19 thousand soms. Only then, they accepted my sons back into the group.’ (Interview, Issyk-Kol region, fieldwork notes, 2011).

European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

The system was so thoroughly planned that those 19 thousand soms were redistributed into those families whose events the young man had missed and had not contributed money to while he was away. To keep an accurate account of this, the group leaders keep a written record of all events and contributions made and/or made not by other members of the group. There are other, similar to this, numerous examples of how the small mechanisms of such ‘big machine’ operate.

Managing of money contribution is a hierarchical system. There are Zhuzbashy (Head of 100 families) and Onbashy (Head of 10 families). In fact amount of families in one circle is from 100 till 350. Accordingly Onbashy manages from 10 till 35 families. Collecting money is Onbashy’s duties. Zhuzbashy performs control function. Under supervision of Zhuzbashy there are about 15 Onbashy. In *Danke uruu* in Saruu village the agreed cost of yaja is 100 soms per family. Amount of *tutun* (families) is 32. So sum of collected money for funeral is 32 000 soms.

Table 1

Structure and funeral support finance of the *Danke uuru* in Saruu village

#	Name of the <i>uruu</i> (tribe)	Amount of <i>tutun</i> (families)	Amount of collecting money in soms
1	Jangy tuugan	23	2300
2	Kapal uulu	24	2400
3	Kyljyr uulu	26	2600
4	Bapai uulu	28	2800
5	Mantike uulu	28	2800
6	Namzbek	19	1900
7	Nazarbek	40	4000
8	Chekir	26	2600
9	Sayk	11	1100
10	Matai	14	1400
11	Suiunbek	25	2500
12	Ailchy	19	1900
13	Muimuk	25	2500
14	Myshyk	14	1400
15	Jeentai	10	1000
		332	33200

The circular raising of money decreases from the center. For example, if the amount raised in the event of the death of an immediate family member comprises 30 000 soms, then in a similar case for an extended family member it is 300 soms. Intervals from 300 to 30 000 soms are filled up by all other relatives: cousins, the relatives of the father, mother, grandfather, the relatives of the

wife, in-laws and others and depending on the results of the collection. The average varies from 50 to 50 000 soms. There is no sufficient source for disclosing the question about how an economically heterogeneous society solves the question of the sum of the gathered money. But the answer to the question about the fixed nature of the sum is obvious. 100% of respondents answered that the sum is fixed and identical for all. There is “no reduction whatsoever”, until the control mechanism of a similar strictness of the collection of money is understood. To the question: “What do you do, if at the moment of collection, you do not have money?” 84% of respondents answered “Borrow money from others and later return it” and 16% answered “other” and answered that they would get a loan with interest (!). These are the respondents to whom no one will loan money because of their unstable economic position.

In the beginning of my fieldwork research, I aimed to conduct a comparative analysis of financial and material obligations between relatives and members of a larger relatives group within the contexts of Soviet and independency periods. Now based on the initial findings of the fieldwork research, I can state there the existing forms of kinships were not in much force as they are now, particularly, during the Soviet period, the mechanism of kinship was not as thoroughly planned and broadly operating as nowadays. Although in the Soviet time there was a practice of “taking up a collection”, it was not so fixed and structured. The very large depreciation of the currency makes it possible to construct this scenario.

Without the participation of the state, society creates its own mechanisms, turning to the more traditional forms, and adapting them to the new realities and creating new social networks. Financial and material support obligations system plays the main rule in building a new form of the social network, which provides social security.

References:

David Gullette (2010). The genealogical construction of the Kyrgyz Republic kinship, state and tribalism, Global Oriental

Kuehnast, K. R. and N. Dudwick (2004). Better a hundred friends than a hundred rubles?: social networks in transition--the Kyrgyz Republic, World Bank Publications.

Donald Dox (2008) Extended Family And Kinship Networks: Economic Insights And Evolutionary Directions. Handbook of Development Economics

Ledeneva, A. V. (1998). Russia's economy of favours: Blat, networking, and informal exchange, Cambridge Univ Press

Werner, C. (2000). "Gifts, bribes, and development in post-Soviet Kazakstan" Human Organization

Yan, Y. (1996) "The Flow of Gifts: Reciprocity and Social Networks in a Chinese Village". Stanford: Stanford University Press.



Réseau d'analyse et d'information sur l'actualité internationale

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.

Sa première et principale réalisation est le site <http://reseau-multipol.blogspot.com/> plateforme d'échanges, d'analyses et d'informations en temps réel sur l'actualité internationale. Ce nouveau media se positionne ainsi entre les publications journalistiques, qui manquent parfois de recul et de données précises sur les événements de la scène internationale, et les publications scientifiques, qui paraissent dans un délai souvent tardif.

Multipol est né à Genève, durant l'été 2006, de la rencontre de passionnés de relations internationales. Le réseau est régi par une association de droit suisse, apolitique, non religieuse et à but non lucratif. Il est composé d'une vingtaine de membres spécialisés dans les différentes branches des relations internationales (droit international, science politique, géopolitique, économie internationale, géostratégie, etc.).

Objectifs

- Animer un réseau de chercheurs et de professionnels issus de cultures, de nationalités, de localisations, de formations et d'environnements professionnels différents.
- Proposer un support d'information innovant, rigoureux et gratuit, offrant à la fois des analyses de fond et des brèves d'actualité internationale, publiés par des chercheurs et des experts en relations internationales.
- Permettre aux membres de ce réseau de publier leurs analyses et les informations dont ils disposent dans un délai très court, et susciter des commentaires pertinents de la part des autres membres du réseau et des lecteurs.
- Organiser des colloques visant à diffuser la connaissance du droit et des relations internationales.
- Établir des liens avec des institutions et organismes poursuivant des buts analogues ou voisins.
- Proposer l'expertise scientifique des membres du réseau.

Contacter Multipol : contact.multipol@gmail.com

Empowering Language Professionals

Closing conference of 3rd programme of ECML activities

Over 200 language education specialists from all over Europe and from Canada participated in the recent closing conference of the *Empowering Language Professionals* programme of activities (2008-2011) coordinated by the European Centre for Modern Languages in Graz/Austria.

The conference featured the results of 23 projects supporting member states in promoting and disseminating innovation and good practice in the learning and teaching of modern languages. Over 400 events directly involving 4000 participants in 40 states in Europe and beyond, contributions to over 300 conferences, seminars and workshops worldwide, 23 sets of publications made available to language professionals – this is the impressive balance of the activities coordinated by the ECML over the last four years.

In her opening address, Ólöf Ólafsdóttir, Director of Education and Languages, representing the Secretary General of the Council of Europe, congratulated the Centre and thanked all those who contributed to its success: the many European experts involved in the Centre's project activities and the representatives of the ECML member states which oversee, support and disseminate the results of the Centre's work. Referring to the current economic and budgetary crisis in Europe which places significant pressure on many member states to examine their level of contribution towards international cooperation she stressed that their efforts to sustain this cooperation are to be valued today more than ever. She added that the most efficient way to deal with the crisis in the contemporary globalised world is precisely through solidarity and cooperation at international and intergovernmental level. Her special thanks went to the Austrian authorities for their longstanding commitment and generous support – to the Austrian Ministry for Education, Arts and Culture, the Austrian Ministry for Science and Research, the authorities of the Province of Styria and the City of Graz, and to the Austrian ECML Association which manages this support.

Teresa Condeço from the Multilingualism Policy Unit of the European Commission highlighted the need for continued cooperation between the Commission and the Council in the area of languages. In this, she referred to the joint Declaration signed by Commissioner Vassiliou and Secretary General Jagland to mark the 10th anniversary of the European Day of Languages on 26 September 2011.

Keynote speeches were offered by Anne Brasseur, Luxembourg member of the Parliamentary Assembly of the Council of Europe and Jim Cummins from the University of Toronto, Canada.

In a session chaired by Thomas Hajnoczi, Ambassador, Permanent Representative of Austria to the Council of Europe, a speech by Graham Fraser, Canadian Commissioner of Official Languages, European Union Foreign Affairs Journal – N° 2/3-2011

www.eufaj.eu, e-mail: eufaj@libertas-institut.com

guages, on bilingualism and multilingualism was presented. Ana Perona-Fjeldstad from the European Wergeland Centre (EWC) in Oslo indicated possible areas for cooperation between the EWC and the ECML. Johanna Panthier from the Language Policy Division provided an overview of the Council of Europe's work in support of languages in and for education.

The conference concluded with the launch of the next (4th) ECML programme *Learning Through Languages – Promoting inclusive, plurilingual and intercultural education* (2012-15) featuring innovative approaches to language education, mediation (dissemination of developments and dialogue with stakeholders) and targeted support to the ECML member states.

For more details see: www.ecml.at

German Law on GmbH in English: Interesting for Investors

Carsten Jungmann, David Santoro: German GmbH Law. Das deutsche GmbH-Recht (A Guide to the German Company with Limited Liability Including Bilingual Versions of the Relevant Statutes).

146 pages, München 2011, 39,00 EUR, C. H. Beck Verlag; ISBN 978-3-406-61795-9

Nowadays, in a time characterized by entrepreneurs' necessity of choosing the most fitting rules for their activity, having at disposal the widest possible knowledge about tools provided by different lawmakers appears of the greatest importance. This is one of the goals pursued by this "Guide to the German Company with Limited Liability". Indeed, this book is not only an extremely useful bilingual version of the German GmbH-Recht, but a proper guide to the German Limited Liability Company, to the *Gesellschaft mit beschränkter Haftung*.

Several categories of "stakeholders" will be interested in referring to this publication; first of all, it is a book for entrepreneurs, in order to acquire a deeper knowledge of German Limited Liability Company; for managers and directors, to discover the possibilities of this kind of Company in the structure of the groupings they are leading (e.g.: GmbH as a daughter one-person-Company of a mother holding Corporation); for not-German-speaking creditors, who will take advantage of the content of this book to improve their awareness of their own rights towards the GmbH; for not-German-speaking academics, for comparison purposes, minimizing the "lost-in-translation risks"; for students, coming from Germany and willing to develop their knowledge of English language on a not unknown field, and coming from other countries, but desiring to improve their awareness of the GmbH.

Indeed, the structure of the book is very clear and reflects the usefulness of the treatment. It opens with a long and detailed Guide to the German GmbH, updated to 2008 Reform; it is properly underlined the impact that the 2008 Reform law had on several facets of the GmbH discipline, first of all the introduction of the *Unternehmergeellschaft (haftungsbeschränkt)* (Entrepreneurial Company [limited liability]), but also the promotion of the incorporation of the GmbH and the change of perspective in considering the legal capital system, from a formalistic to a more substantial point of view.

Inside the guide it is possible to find, in lower point fonts, little dossiers about most important issues of German company law, even not directly related to GmbH (e.g.: company types, annual profits, and several examples); such a solution makes it possible also to a not-experts audience to take advantage of this book; in addition to that, a glossary, containing most useful words and concepts used throughout the guide and the law text, has been placed at the end of the book, in

order to enhance the comprehension of the legal system to people not accustomed to German laws.

For what concerns the translation of the law, the choice of the authors was for a literal one; such a solution is extremely respectful of the original structure of the law and, as the book contains a Glossary, allows however a full comprehension of the statements. Another remarkable solution found by authors has been to add, besides the full text of the GmbH law – complete with extremely useful sample protocols as annexes – excerpts of more German laws, relevant for GmbHs.

We can thus find articles coming from *Handelsgesetzbuch* (Commercial Code), *Aktiengesetz* (Stock Corporation Act) and *Insolvenzordnung* (Insolvency Code); such an insertion makes this book an extremely useful and complete first approach guide to the German limited liability company.

Alessio Bartolacelli

Neither Young Nor Old

Giandomenico Majone: Europe as the Would-be World Power: The EU at Fifty

266 pages, Cambridge 2009, paperback edition 19,99 GBP/37,99 US\$, Cambridge University Press; ISBN 978-0-5217-5845-1

The paths, processes, capacity as well as the perspectives of the European integration have always been of extensive discussions and debates among political scientists and analysts. To the point, while on the one hand, the Euro-enthusiasts keep on praising the EU and presenting it as a current and future global power, denoting its achievements and successes: the enlargements, a common market, a single monetary union, the Schengen Area, the developments in foreign and security policies, etc., on the other hand, the Euro-sceptics argue that the European integration has lost its momentum and envisage its further decline, pointing out the existing democratic deficit and over-bureaucratization within the EU and claim that the European commonality dies out whenever a matter relates to the national interests, economic and security issues.

The latter approach has recently become broadly speculated and has served as a subject topic for a wide range of analyses and researches. The standpoint is also spotted in the book “Europe as the Would-be World Power: The EU at Fifty” by Giandomenico Majone who is a distinguished political analyst and Emeritus Professor of Public Policy. His study aims to pinpoint and assess the challenges the EU faces, discuss its shortcomings and failures as well as propose ways out. Majone expresses his doubts about the EU’s credibility, stating that the Union is incapable to handle “such everyday problems as unemployment, soaring prices of food and energy or transnational crimes - not to mention major financial crises”. His viewpoint is that the root cause lies in the conventional ways of integration; in the so-called “operational codes”: prioritization of inte-

gration over all other values, ‘fait accompli’ and uncertain destination of the European Union. The salvage he offers is a ‘differentiated integration’ which, he hypothesizes, will “give substantive meaning to the twin notions of unity in diversity and competition with cooperation”. These are the key points that Majone focuses on in his 8-chapter book through sophisticated and elaborate descriptions, analyses and examples.

On his way he presents the governance of the European integration as elite-based and legitimacy-lacking and continues, arguing, that when faced up to the predicament of integration vs. democracy, all the integrationist leaders have been in support of the former. To provide evidences to the propositions, Majone denotes the extent and the imprecise nature of the authorities given to the Commission and the ECB. To him this sort of policy is the reason for the alienation of the citizens from the Union, the proof being a number of rejections of popular referendums.

As for the federal solution of the Union, he realistically marks it unfeasible. In the proceeding chapters, pragmatically enough, he presents and analyzes the ideology of federalism and crypto-federalism, the failed attempts to federalize the union, the setbacks of the EU policies, their inadequacy to ensure the legitimacy of the EU as well as the adherence to the nation states. His proposition is that the “growing heterogeneity in the member states’ socioeconomic and geopolitical conditions, hence in policy preferences, makes it increasingly difficult to enact rules that are both uniform and (Pareto) efficient”.

Subsequently, he focuses on the ‘unintended consequences’ caused by EU-led policies and actions. Particularly, he discusses the EMU and states that it split up the Union into three camps: euro-zone, de jure and de facto opt-outs, and possible future dropouts. One more fallacy he attaches to the EMU is that it revealed ‘the difficulty of reaching agreement on key questions of economic governance’. In addition, he denotes that what the ECB also caused is that the decisions undertaken by it directly influence on the daily routine of the euro-zone citizens. Concerning the enlargements, he criticizes the Union, stating that it brought ‘unemployment, wage competition, and petty and organized crime linked to deregulated immigration’ as well as weakened the EU’s international position. Furthermore, he undermines Monet’s model of integration, blaming it on bringing sub-optimal results.

Regarding the establishment of a Social Europe, he characterizes it as implausible. He investigates it in the next chapter, where, having discussed the economic slump of the union, uncertain destination of the integration process as well as the centralized harmonization, he argues that the concept of Social Europe is pointless, featuring the rationales (the fear of ‘social dumping’, asymmetry between negative and positive integration, and the perception that social Europe will increase the legitimacy) based on which this concept is promoted as invalid. According to Majone, the key to the obstacles towards Social Europe are public opinion and regional policy.

The ‘democratic deficit’ of the EU is under discussion in the next chapter. He presents it referring to the national ministers in the Council, non-elected members of the European Commission, the weak political accountability of the EU policy-makers, the absence of truly European elec-

European Union Foreign Affairs Journal – N° 2/3-2011

tions, the failure of the union to ensure sufficient equality and social justice and the democratic deficit of the ECB. Majone argues that the “root cause of the phenomenon... lies in the priority given to the promotion of integration”. In addition he also mentions “the neglect of the continuous expansion of the Union powers as a possible cause of the legitimacy problem”. However, what he considers a real problem for the Union is not the ‘democratic deficit’ but rather the ‘accountability deficit’ and his conclusion is that “a less rigid interpretation of Commission’s rights and privileges under the treaties would help reduce the accountability deficit”. Afterwards, he presents the traditional methods of integration, arguing that they are no longer credible. He states that the continuous restriction of the delegations is a sign, showing that there is a rising distrust between the Member States and the supranational institutions. Hence, he hypothesizes that “welfare-enhancing regulations have to be different rather than harmonized”. Concerning the EU’s endeavor to raise its international position, Majone considers it unattainable unless the EU resolves its financial restrictions, structural flaws as well as foreign and defense policy issues.

In the last chapter he argues that in the present day union where MS have different socio-economic positions, geopolitical interests and political precedences, the integration process should not be furthered along one path but rather the approach of ‘clubs’ is to be applied. His assumption is that this model can enhance welfare “not only because it facilitates the design of institutions and policies more closely tailored to the resources and preferences of the members of the various clubs, but also because institutional and policy innovations are more likely to flourish in a decentralized system”.

At the end, it is worth mentioning that despite the distrustful tone of the book towards the potential of the European integration and the EU per se, the book does not lack optimism, either, in the context that it provides policies which, according to the author, can serve as the light at the end of the tunnel, opening a new stage of furthering and strengthening the European integration and the EU. Yet, it is a bit out-dated study in the sense that it was written before the ratification of the Lisbon Treaty which can be defined as the milestone of the model of differentiated integration.

In addition, some controversies in the analyses the author makes can be marked: on the one hand Majone criticizes the Commission for holding unlimited power; on the other hand he mentions that the authorities, prescribed to it, are constantly being reduced by treaties. Moreover, he mentions that to make the model of differentiated integration sustainable the role of the Commission should be further strengthened ‘in certain respects’; however, he fails to detail the so called ‘certain respects’. Nonetheless, on the whole the book provides a practical and multifaceted overview of various predicaments and crises the EU faces. It is a thought-challenging study that provides a provocative approach towards the traditional way of perceiving the EU and its governance. It makes a valuable companion of the growing literature discussing the model of differentiated integration.

Ofelya Sargsyan

Love Thy Neighbour

Alessandra Nervi-Christensen: The Making of the European Neighbourhood Policy

188 pages, Baden-Baden 2011, 29,00 EUR, Nomos; ISBN 978-3-8329-5681-3

Being one of the most significant and novel structures in the world, the European Union daily faces a wide set of issues and policy areas to deal with. Since its establishment its institutions, along with the Member States, have ardently been endeavoring to ensure the Union's credibility and persistence. Moreover, the scope and dimension of the policies, strategies as well as the relations undertaken by the EU have always been directed not only in and within the Union institutions and Member States but also ranged beyond the borders of the Union. To the point the European Neighborhood Policy (ENP) can be mentioned, launched to uphold the relations with the neighboring countries to the east and south of the EU so as to promote stability, security and economic prosperity at the borders of the Union. However, while the EU internal relations have been broadly investigated and analyzed, the studies and researches exploring the EU relationship towards its neighbours are limited. In this context the book "The Making of the European Neighbourhood Policy" by Alessandra Nervi Christensen comes to fill in the existing gap. Alessandra Nervi Christensen is a freelance consultant in Brussels and has earned her PhD from the University of Trier. On the one hand, her book "The Making of the European Neighbourhood Policy" aims to provide a deep insight to the European Neighbourhood Policy per se, on the other hand, it investigates the scope of the internal and external coherence in the EU foreign policy.

The book provides an empirical study of the ENP, presenting its origins, launch and developments. It discusses the actors, their motives and interests that triggered the execution of the ENP, analyzes the validity of the Policy, its relevance to the Eastern neighbours of the Union, assesses it as being successful and in this context also pictures the overall EU foreign policy making as coherent and effective.

The book consists of five chapters, an introduction and conclusions. The first part of the book provides the rationale of the study: "to look at the specific institutional set-up and process which led to the formulation of a concrete foreign policy. It is about understanding and explaining the policy-making process in the concrete case of the ENP including the output and the perception of this policy". This section also presents the structure of the book. The author states that analyzing the policy making process, she relies on "process tracing", determining the actor's preferences as well as internalization and perception of the policy as the decision-making criteria. She calls "process-tracing" her primary approach for assessing the degree of coherence within the EU foreign policy and on the way of fulfilling the objective she gives a clear-cut understanding of the concept of coherence by presenting three types of coherence: horizontal, vertical and institutional. In addition she accurately denotes the factors that might obstruct the coherent EU foreign policy-making: the 3-pillar structure of the EU, the intergovernmental mode of CFSP (Common Foreign and Security Policy), and the deficiency of representation. In this context she

seeks to observe the extent of coherence within the ENP. For that purpose quite successfully she discusses the characteristics of the EU negotiating process, presenting it as a combination of both “hard bargaining” and “arguing or problem solving”.

In the next part of the book the author comprehensively describes the institutional set-up, methods as well as authenticity for acting in the CFSP, considering these as a cornerstone for assessing the efficiency of the ENP. Reasonably enough, she claims that CFSP is an intergovernmental institution and goes on with her judgment, emphasizing the importance of Member States in initiating, developing as well as implementing foreign policies. Her argument is that the efficiency of the work depends on the cooperation and the desire to reach common resolutions.

Subsequently, she presents the internal developments within the EU and critically analyzes how those changes influenced on the EU-neighbouring countries relations. For that purpose she divides the history of the EU-neighbouring countries relations into three stages; the first being from the establishment of the EU until the late 1980s, in which the focus was on the economic relations, the second being the 1990s when along with the economic relations political ties were sketched, and the third being the beginning of the 21st century (and this is also the period when the ENP *per se* was developed and launched). She shares the view that in the first phase the key dimensions of the EU policies were led on the internal developments and integration of the Union itself and the relations with the neighboring regions were of no urgency. As for the second stage, she characterizes it as a “struggle between the EU internal reform and integration and stronger external interdependence and need for external action”. The third stage Christensen convincingly pictures as the period in which the EU has acknowledged its relationship with the neighbouring countries as a primary component of its foreign policy. And in this context she briefly presents the origins of the ENP and truthfully argues that it is about engaging the Southern and the Eastern neighbors of the Union after its enlargement. Afterwards, she sheds light on the negotiation process that concluded the inception of the ENP. For that purpose the chronology of the negotiations and the actors involved are presented. The book denotes Romano Prodi as the developer of the neighbourhood policy, at the same time acknowledging the UK and Sweden as official initiators of the policy. Among the motives that triggered the two countries to initiate the neighborhood policy, the book distinctly discusses the interest of the UK in the Ukraine and Russia and also the concern that the enlargement would cause negative side effects.

A novel reason that the book proposed is that the UK and Sweden were pushing forward the neighborhood policy “to actually counterbalance the geographic focus of the Spanish presidency and the strong emphasis given by the by the Commission to the Mediterranean region”. Yet, Christensen does not go further to provide details or evidence to the proposition. Instead, her focus of the research is, as the title of the book suggests, on presenting and analyzing the process of making the ENP. Therefore, she describes the six rounds of the discussions, the EU institutions involved in the process, their objectives and strategies, as well as the interests and positions of the specific Member States (Sweden, Italy, Germany, Poland and Lithuania) towards the policy. Through comprehensive and sound case studies she shows that almost all the actors inten-

sively supported the policy, with the exception being Poland; while the country did endorse the policy, it had also criticism towards it.

The next section of the book widely discusses the applicability of coherence to the ENP process. On that way the book accurately discusses the internal coherence of the ENP, then pushes forward the hypothesis that “only if a policy is accepted and perceived as a tool to foster the relations between the country in question and the EU” can it be applied and effective. To the point it is to be mentioned that Christensen manages to provide adequate support for her supposition and measure the efficiency level of the ENP in the Eastern neighbourhood by offering another set of case studies (the Ukraine and Belarus). Her analyses influentially assure that the ENP is “horizontally, vertically and institutionally coherent” and that “the most important aspect when it comes to coherence is that all member states support the policy”. Yet, she is also very critical and denotes that “internal and external coherence do not evidently go hand-in-hand” by acknowledging that “the logic of a coherent EU policy does not automatically translate into acceptance followed by effective implementation”.

In conclusion, the book is of a practical use for understanding the European Neighbourhood Policy and the policy-making processes within the EU; it provides comprehensive information, multidisciplinary analyses and deductive explanations. The data provided in the book are based on interviews, national government documents and Council documents showing that the claims and the statements are exhaustive and reliable. The chapters develop coherently and step by step get closer to the key objective of the book. The theses posed initially are supported by multiple evidences and arguments. The book not only covers its objective but also opens room for further studies.

Ofelya Sargsyan

Turkey + USA = EU?

Nathalie Tocci: Turkey's European Future: Behind the Scenes of America's Influence on EU-Turkey Relations

240 pages, New York – London 2011, 37,00 GBP, New York University Press, ISBN 9780814784099

Today Turkey's future in the European Union is seen as the most challenging and debatable enlargement that the EU will face. Hence, the prospect of Turkey's accession to the EU has become of salient importance bringing forward the prerequisite and authenticity of conducting a wide range of studies and researches which would view the issue from manifold perspectives, one of which is the triangular relationship between Turkey, the EU and the USA. This is the subject topic of “Turkey's European Future: Behind the Scenes of America's Influence on EU-Turkey Relations” by Nathalie Tocci who is currently the Deputy Director of the *Istituto Affari Internazionali* and is also the Associate Editor of *International Spectator*. In the past, she worked

at the Transatlantic Academy, Washington, the European University Institute, Florence, and at the Center for European Policy Studies, Brussels.

In her book “Turkey’s European Future: Behind the Scenes of America’s Influence on EU-Turkey Relations” Tocci aims to explore the ways as well as the reasons why the US has influenced on Turkey’s EU accession process. It is worth mentioning, that to a large extent the book succeeds to fulfil that objective, by accurately and critically covering a large number of issues, including the description as well as the analysis of US foreign policy, the transatlantic relations, the EU enlargement, Turkey’s relationship with the EU and the US, as well as Turkish foreign policy. So far as Turkey’s possible membership to the EU has been mostly studied from the European and Turkish perspectives, by discussing the bilateral relationship, public debates, interests, the benefits as well as the disadvantages in case of Turkey’s accession to the EU for both of the parties, “Turkey’s European Future: Behind the Scenes of America’s Influence on EU-Turkey Relations” presents a valuable contribution to the understanding of the field, since the book, as the title suggests, investigates the influence of the US in the “dynamics between Turkey and the EU”, a dimension which previously has not been in depth explored. One more value of the book is the accurate and solid data which the author uses in her analyses and observations.

The book consists of seven chapters throughout of which the author provides a thorough understanding of transatlantic politics, EU enlargement and Turkey per se as well as acknowledges the US as a significant actor, pushing forward Turkey’s European integration through direct as well as indirect influences. To the point it is worth mentioning that the book also successfully covers the indirect and maybe unconscious influences the US has had on the EU-Turkey relations.

The first part of the book provides the history of the US-Turkey and the EU-Turkey relations, as well as discusses fits and misfits in the views and visions of the US and Europe on Turkey. The first chapter provides a general overview of the book. In the second chapter the American viewpoints, stakeholders, interests as well as objectives over Turkey and the EU-Turkey relations are identified and analyzed. Tocci acknowledges correctly that “the driving factor behind American positions is whether and how developments in Turkey and EU-Turkey relations affect American interests and objectives” (p.44). Similarly, chapter three presents the European views, stakeholders, interests and objectives. Here the author effectively manages to reveal the similarities as well as variations between the American and European views on Turkey and EU-Turkey relations by providing a three-level debate regarding the issue: the global level, the European level and the national level. In addition, Tocci argues that while “the American attempts to directly influence EU positions on Turkey in a manner conducive to Turkey’s membership aspirations have been and could be only marginally successful” (p.76), the American indirect influence on the issue is of significant weight.

The second part of the book attempts to portray the divergent forms of the American influence on EU views towards Turkey and EU-Turkey relationship. Namely, chapter four presents the role of the direct American influence on the EU, discussing the arguments the US has made in support of Turkey’s EU accession. Tocci points that while in the 1990s the US had a pivotal role in launching Turkey’s EU membership process, its influence in the process declined in the new European Union Foreign Affairs Journal – N° 2/3-2011

millennium. She argues that to a certain extent the rationale is in the style of the US advocacy. She shares the view that when the US leads quiet advocacy it tends to be more effective, while its loud public diplomacy often generates adversary reactions in Europe. Tocci also finds the contents of the American arguments problematic. Principally, she states that when putting forward “a geostrategic, a liberal or a civilizational conception of Europe (and Turkey)” the United States triggers controversial impact in Europe concerning Turkey’s membership prospects. To the point it is to be said that she manages to present an exhaustive picture of the approaches Europeans have about geostrategic and liberal discourses. As for the civilizational discourses, here while she successfully describes the European controversial views regarding Turkey’s Muslim nature, she does not proceed to discuss the European opposing and supportive reactions on acknowledging the EU as a union of “multiple and hybrid identities, concomitantly Turkish and European” (p. 102).

However, while on the one hand Tocci states that the direct American advocacy on EU-Turkey relationship has lost its premium, on the other hand she convincingly argues that “the indirect channels through which the US influences the relationship between Turkey and the EU have been and are likely to remain of key importance” (p. 103) and this is the subject matter of chapters five and six. Particularly, in chapter five Tocci briefly presents the US-Turkey bilateral relations, sensibly analyzes the American material, discursive and ideational powers on Turkey as well as explores their indirect impact on the European views towards Turkey. Her comprehensive study of the issue concludes that the American material power on Turkey has produced a negative effect on EU-Turkey relations. To support the proposition Tocci brings ‘diametrically opposite reasons’: on the one hand, Turkey’s strategic dependence on the US caused the fear that ‘Turkey would act as an American ‘Trojan horse’ in the EU’ (p.126), on the other hand, discrepancies between the two have frequently been perceived ‘by many Europeans as a signal of Turkish solidarity with the Muslim world rather than with Europe’. Discussing the American discursive power on Turkey, she states that it also produced negative implications in the EU, with the Turkey-sceptics calling Turkey’s difference as a primary ground against its EU membership. As for the impacts of the American ideational power on Turkey (e.g. the US role in pressing political reforms in Turkey as well as in addressing Turkey’s national security issues), Tocci finds that here the US had a positive influence on Turkey’s European accession.

In chapter six Tocci presents and accurately analyzes the indirect influences the US has had on Turkey as well as on EU-Turkey relations through its foreign policy in Turkey’s neighbourhood. The chapter aims to picture when this type of American power was perceived positively and when negatively in Europe. To provide the answer the author states that “we can categorize the impact of this indirect form of influence in geographic terms” (p.167) and goes on in her observations conspicuously showing that while to Turkey’s north the US and Turkey’s policies were welcomed in the EU, to Turkey’s south their policies obstructed Turkey’s membership to the EU.

The last part of the book comes up with conclusions, rationally arguing that “behind the scenes, the US has been and continues to be an important external determinant of Turkey’s tortuous path

European Union Foreign Affairs Journal – N° 2/3-2011

to Europe” (p.173). In addition Tocci provides policy implications regarding how the US can promote Turkey’s accession to the EU. Specifically, she calls the US to lead reforming policies in Turkey and modify its arguments about Turkey, Turkey’s foreign policy and Turkey’s role in the EU.

In the end it is worth mentioning that the book is of notable importance for understanding of transatlantic politics, EU enlargement, Turkey per se and for acknowledging of US as a significant actor in pushing forward Turkey’s European Union membership process through direct as well as indirect influences. Yet, the US policy and how they are put into conclusions by Nocci need to be defended not to be based on suggestions which seem superficial and incomprehensive. How these policies should be fulfilled remains, however, open.

Ofelya Sargsyan

Standpoint:

Europe – A Model for World-Wide Democracy?

Olivier Védrine



In 2012, we had elections in Russia and France and will have later in the USA, apart from many other countries. Also in Syria, people would prefer any kind of democracy to the despotism of Bashir el-Assad. There is a fascinating discussion ongoing about democracy throughout the world. In this context, the following comment has to be perceived.

The author Olivier Védrine, Editor of EUFAJ, lives near Paris/France where he was professor at different business schools. At present he lives also in Kiev/Ukraine where he launches the Continental University (in cooperation with the State Pedagogical University). Member of the experts' network of TEAM EUROPE France (European Commission/GD Information & Communication), he is also associate research fellow at various universities as well as Chief Editor of the Russian language version of the French "Revue de Défense Nationale".

The history of the construction of the Union began over 50 years ago. We have succeeded in constructing an economic union with a common currency but a political Europe remains to be seen. The founding fathers had imagined a more rapid development, but the real question remains: why this fearful and tepid approach to a political union?

Traditionally low voter turnout during European elections reflects more a lack of politicization concerning the European debate than a real disinterest on the part of the population, which has historically expressed a lot of interest in its construction. Today, the European Union stands at a turning point in its history and its future depends largely on the way it responds to the two great challenges facing it at present. On the one hand the blockage of the institutions caused by enlargement into Central and Eastern Europe and on the other hand "blockage of the minds" demonstrated by the resounding "No" from France and The Netherlands when asked to vote on the Constitutional Treaty in 2005. Another challenge arises from differences (economic, political and cultural) between the different societies that make up the Union, these are extremely difficult to resolve as they are perpetuated by a vacuum of ideas and discussion. Is it not this lack of debate that is the reason for our helpless situation?

Conflict and reconstruction in the Balkans has been an excellent test for Europe. The Balkans is a European laboratory where many peoples, religions and cultures are represented in an area of several thousand square kilometres. We have witnessed the disastrous consequences of power hungry nationalists exploiting these differences. It is time to accept our diversity and defend it by

finding a model which incorporates our shared values, a model flexible enough to integrate national differences, but sufficiently pro-active to permit Europe to move beyond the current deadlock.

“We, the Peoples of Europe”

It must not be forgotten and we need to remain convinced that our differences are the source of the rich variety of inspirational thought in Europe. Also, the Balkan experience shows us that it is essential to guard against attacks of this kind. It is important to preserve our cultural diversity and to ensure that it is no longer used by nationalists to gain power. This is why we should seek to recognize and document this diversity and highlight it in a future European Constitution.

Numerous official documents use the phrase, “We the people....” But in the case of Europe we should not hesitate to state now: “We the peoples of Europe...” This expression does not mean that Europe should abandon its diversity but should build its unity around the wide diversity using a dynamic thought process. Another pitfall to avoid is a Europe punctually united, expressing solidarity during crises but incapable of uniting in the long term. The history of our continent is littered with the debris of short term alliances hastily created in times of peril. It is now time to pool our strengths and rise above this feudal legacy that persists in the subconscious of our member states. “We the peoples of Europe” are united precisely to ensure the uniqueness and unity of the European Union based on certain key principles that we will try to define now.

The Driving Engines of a Powerful Europe: The four values

To be a European citizen is to abide by the four values: Democracy, Dialogue, Human rights and Solidarity, these are the driving engines of European power. To become a European power capable of counterbalancing the USA, it is necessary to assert ourselves: militarily, economically, technologically and culturally. American power is made up of both Hard Power (most powerful military force in the world) and Soft Power (economic and cultural, with the symbol of Hollywood acting as a true war machine) these combine to make this country into a global power.

This is why the European Union should guard against the brain drain and put policies into place protecting our grey matter! It is worrying to note that research is the sick child of Europe. The cultural aspect is no less serious as it defines who we are. We are not solely an economic entity. To become a global power, it is necessary to have an overall leader and political unity.

Finally, what also makes a great power is Society itself: it is the desire to adhere to a model. One speaks of the American way of life: it is up to us to promote the European way of life, by delving into our cultures, our philosophers or into what defines us, to find the ideas to create a new social model. Building a European dream is essential as we cannot create a defense force if we do not have the desire from the beginning to live together with the same objectives. This model needs to be constructed and I think that there is still a lack of debate.

What allowed the French Revolution to succeed? One huge united breath, the momentum given to the world by the ideas of many: “Liberty, Equality, and Fraternity”. Men whose status was

European Union Foreign Affairs Journal – N° 2/3-2011

that of subjects became citizens and masters of their individual and collective destiny. The young Republic was saved by military victories arising from its strong armies and also from the conviction that every soldier was a sword.

A Constitution is therefore needed as a first step in building a European dream made up of our individualities. The renowned “European social model” is a good example of what would be a credible alternative to the American model.

The Brakes on a Powerful Europe

A powerful Europe has certain brakes incorporated into its collective memory or sub consciousness which today can be overcome. “It is time to liberate ourselves of the liberators”: Indeed, just as Eastern Europe was liberated from the Soviet Union, we should also free ourselves of all external models and shed this inferiority complex that paralyzes us. Instead of giving up on our future we should take it in hand. The second obstacle is the return of nationalism and regionalism: the Balkans has seen the loss of hundreds of thousands of lives. Recently, Austria, Rumania and Poland have seen a resurgence of nationalist discourse. France is not an exception with votes for Le Pen in 2002 and a “no” vote against the European constitution in 2005. There exists a tangible fear heightened by the lack of debate. This translates into regional and national isolationism. Fear has won the first battle but it must not be allowed to win the final one. Despite the obstacles to European power, the fact remains that a number of projects have been successfully deployed within Europe, notably the structural fund. Countries like Spain and Portugal have seen massive improvements in social and economic development because of these funds. We can make a positive assessment of these European projects, especially that they prompted 12 new countries to want to join the economic union. A certain number of “big jobs” still need to be done, in social and political areas. Resources have been allocated to education and training programs but much remains to be done.

The Need for Political Union

The Union confirmed at the Nice summit its willingness to enlarge from the year 2003, admitting new members who met the conditions of accession. We are now 27! However we must ask ourselves the question that has yet to be answered, what will be the geographical boundaries of Europe? If we do not develop a “hardcore” of members as the vanguard of the political union we will lament the dilution of the Union as it enlarges.

The pressure of enlargement should have made the EU take a qualitative leap by strengthening the common policies, allowing new members to integrate into a reformed institutional framework. Through a complete institutional shake up and the creation of a hardcore of members we could bypass the blockages accumulated since the signing of the Maastricht treaty and stop condemning Europe to impotence. We could avoid a crisis which reveals our weaknesses and may lead to setbacks or even a collapse of the building which began in 1957.

Faced with the strategic challenges of the 21st Century, the construction of a politically unified Europe is necessary. The new challenges cannot be handled by individual states neither by a system of intergovernmental cooperation. The latter showed its limitations in the ex -Yugoslavia.

We really need to organize the building of a political Europe in successive steps.

On centre stage, would be a few states which have chosen to go further in the political union, governed by a constitution. Members of this small group would be members of the EU and share common policies involving internal security (Schengen) and external security (defence). In addition they would jointly manage foreign affairs and the economy. In the first outer circle of states would be those interested only in free trade. However some states in this zone could choose to participate in common policies, including security policies (CFSP) Finally, there is the last group of candidate countries who meet the criteria of a political Europe. The “hard core” would drive the whole Union. This integration within geometric concentric circles would be a realistic way to construct a political Europe. Each country would be able to prepare in its own time for admission to the federation. There would be a shift from total integration to continued sustained influence. Europe must propose a federated civilization and the creation of a new society. Its constitution should be included in this approach if it wishes to be better understood and accepted. Everywhere in the world, peoples are searching for an alternative to the American model. This is an historic opportunity to be seized by our continent.

Many nations are beginning to dislike receiving American aid as they feel it puts them under enforced trusteeship with Washington. The war in Iraq has increased this negative sentiment. There should be several models of development and society in this world so that everybody can find what suits them. We should propose a project which fights precariousness, respects the environment and allows individual citizens to flourish in the pursuit of happiness. We must accept that realistically, the market economy is the only one that functions, but we can adapt it to suit any economy so as to serve the population and not the other way around. Let us hope that the destiny of the European Union will be different to that of the Greek League of ancient times, which vanished with the disappearance of the threat from Persia. We have all the means to become a geopolitical power. The future will demand it if we are to face up to the challenges. We need to build a more humanistic European society whose values give rise to a dynamic federation. A constitution is an essential component to forming any sort of political Union.

If Europe was the theatre for the century of enlightenment it was also the setting for two world wars and some still partially unresolved dramas; these experiences should feed our thoughts and help us to develop a new humanist conscience. As in the drawing rooms of the 18th Century, we would like to debate together with the purpose of envisaging tomorrows’ world and take our destiny into our own hands.

The world needs a powerful Europe, for example towards the Arab spring; the dictators were supported with no need and no justification. Now we have a unique chance to support good values in the North African countries, like freedom of speech, freedom of assembly, and a demo-

European Union Foreign Affairs Journal – N° 2/3-2011

cratic system which is not based upon corruption. In this context a complete renewal of the Mediterranean Union should be launched, where not one country can block everything. The future Mediterranean Union should be pragmatic and allow also bilateral experiments.

The North African revolts are an extraordinary challenge for the EU, in a certain way similar, however not equal, to the evolution of Central and Eastern Europe in the 1990s.

You want to check if EUFAJ has mentioned anything on your (re)search subject?

Go to our Permanent Index:

http://www.libertas-institut.com/de/EUFAJ/Index_1_11.pdf



LIBERTAS – Europäisches Institut GmbH

www.libertas-institut.eu

Aachen - Aberystwyth - Accra - Aix-en-Provence - Albstadt - Almaty - Andorra la Vella - Astana - Athens - Atlanta - Augsburg - Bad Königshofen - Bad Marienberg - Bad Urach - Baia Mare - Baku - Bakuriani - Banff - Banja Luka - Bar - Beijing - Belize City - Belmopan - Beograd - Berlin - Bern - Biberach - Bilbao - Bishkek - Bitola - Bled - Böblingen - Bönningheim - Bonn - Bregenz - Bridgetown - Brno - Bruxelles - Bucharest - Budapest - Cairo - Calgary - Calw - Cardiff - Castries - Catania - Chemnitz - Chicago - Chisinau - Chita - Clermont-Ferrand - Copenhagen - Corozal - Crailsheim - Dangriga - Dinkelsbühl - Dublin - Düsseldorf - Durban - Edmonton - Ekaterinburg - Elabuga - Erfurt - Eschborn - Essen - Feldkirch - Frankenthal - Frankfurt/Main - Frankfurt (Oder) - Freiburg/Breisgau - Fort-de-France - Füssen - Gärtringen - Genève - Gibraltar - Gjakovë - Glasgow - Glauchau - Graz - Guangdong - Gudauri - Gulistan - Hamburg - Hannover - Heidelberg - Helsinki - Hongkong - Hull - Indianapolis - Innsbruck - Islamabad - Istanbul - Johannesburg - Karaganda - Kashka-Suu - Katowice - Kiev - Klaipeda - Köln - Kuala Lumpur - Küstrin-Kietz - Kutaisi - Lahore - Lahr - Lauenburg - Leipzig - Lille - Linz - Lissabon - Ljubljana - London - Los Angeles - Luxemburg - Lyon - Madrid - Manchester - Marbella - Maribor - Marseille - Meerane - Milano - Minneapolis - Минск - Miskolc - Monte Carlo - Montreal - Москва - Mostar - München - Nagold - Nancy - Nanjing - Naumburg - Neuss - Nukuz - Oberhausen - Oberkirch - Ohrid - Oslo - Osnabrück - Ottawa - Padova - Palanga - Paris - Peshawar - Pforzheim - Pfronten - Pittsburgh - Podgorica - Port Louis - Potsdam - Praha - Pretoria - Prishtinë - Quebec - Quimper - Ravensburg - Regen - Rendsburg - Reutlingen - Reutte - Riga - Roma - Rostock - Saarbrücken - Salzburg - San Francisco - Sarajevo - Satu Mare - Saulgau - Schlüchtern - Shanghai - Sindelfingen - Skopje - Slubice - Sofia - Sopot - St. Anton - St. George's - St. Helier - St. Paul - Strasbourg - Straubing - Strumica - Stuttgart - Suceava - Taipeh - Tallinn - Tashkent - Tbilisi - Tetovo - Thessaloniki - Tirana - Torino - Toulouse - Trento - Trieste - Тюмень - Ulm - Usti n/Labem - Vaduz - Valletta - Vancouver - Venezia - Villingen-Schwenningen - Vilnius - Washington D.C. - Wesseling - Wien - Wuppertal - Yerevan - Zenica - Zürich - Zwickau - **RANGENDINGEN**