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# EUROPEAN PERSPECTIVES



JOURNAL ON EUROPEAN PERSPECTIVES OF THE WESTERN BALKANS

## EUROPEAN PERSPECTIVES

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# Letter from the Editor

Off we go, one shall say, with a new issue of our journal. This means leaving the anniversary tenth issue behind, but not to forget, save for to remember and to compare, while the new ones are on their way. We are glad for this, since it continues to provide us with new contributions, adding to the rich and diverse pool of expertise, experiences and policy hints that this journal has been vibrating. All the previous ones are carefully listed and presented in the jubilee issue.

This has been, after all, our mission: to offer, with the help of promising, consistent and enthusiastic authors, under careful eyes of peer-reviewers, various views that could shape and profile what is the European perspective of the countries as well as of the region of the Western Balkans. This endeavour isn't easy coming for anybody. After last year's Croatian membership one should not or at least much less lament on the enlargement fatigue, though. But at the same time it is not quite clear if structural dynamics across the region has gained much on momentum. One would wish that the notion of the European integration process would be stronger, more visible and would offer more for those who have to benefit from it – the people. This is surely something what the new top team in Brussels should think about.

There are five articles in this issue, paying attention to various topics: the question of the energy sector in Europe, an ever challenging and also changing subject; followed by a discussion on the common European competition policy and lessons that could be drawn from it for the region; we also dwell on the way Slovenia sees and understands its minorities in the neighbouring countries, a topic that on a general and concrete level deserves constant attention and political sense; the case of the Iceland's highly changeable attitude towards the EU membership has gained much attention during last couple of years and we believe its messages and experience could serve for much political and policy use for the region; not much less could be answers to the question why do leaders lie, in the region and elsewhere (with this contribution we start our series of articles each of them contemplating a single outstanding book from the IR area).

The recent Guest View discusses the role and the mission of the oldest international organization in Slovenia, which dates well back to 1974: the International Center for Promotion of Enterprises, widely known, not only among its eighteen current members, as the

ICPE. We point out some of its most important and echoed activities (programmes, projects, area) that could be broadly summed up as a constant concern for the efficiency of the public sector. Our Croquis goes this time well back to the spring of European philosophical and intellectual tradition as a whole, to the place of Ephesus that has provided human cognition with a clear understanding of dynamics as a driving force of everything: it was Heraclites who there and then claimed *pantha rei*.

Sarajevo 2014 section has marked the previous period as a remembrance of the historical avalanche, but is staying with us as a *memento* also in this and in future issues. History neither starts nor stops with calamities like those of the previous century. Humans need a piece of orientation, a point of departure and this is what we try to offer with this section, this time focusing on some selected specifics of contemporary market communication with Islam.

Wishing you, as usual, a fruitful and critically coloured reading. Thanks for being with us and hope to see you again in the spring of 2015, our sixth year in a row.

The Castle of Jable, November 2014

M. J.



P. S. As the world is contemplating the 25<sup>th</sup> anniversary of the fall of the Berlin Wall, let us remember that we started our journal with its first issue five years ago, focusing on the twentieth anniversary of this tectonic shift that marked our recent political history.

guest view

**Developing Enterprises and the Public Sector  
in Transitional Economies**

*Janez Podobnik*



# Developing Enterprises and the Public Sector in Transitional Economies

Janez Podobnik<sup>1</sup>

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## INTRODUCTION

The International Center for Promotion of Enterprises (ICPE) is an intergovernmental organization headquartered in Ljubljana, Slovenia. It was established in 1974 as a research, training and consulting organization for the then developing countries with the support of the United Nations Organization and the Non-Aligned Movement. In 1976, ICPE became a joint institution of the developing countries with thirty-four member states. ICPE's activities were defined as carrying out studies, research projects and exchanging information on all aspects and developments of public enterprises.

In 1997, the ICPE Statute was revised and amended due to the changed international environment, as well as social and economic circumstances in the Center's member states. ICPE was restructured into the International Center for Promotion of Enterprises, while its main objective became to support and promote enterprise development in developing and transitional economies.

Besides its flagship educational program in good governance issues and public enterprises, ICPE's more recent focus is in the field of sustainable energy, environment, spatial planning, and public-private partnerships through education, knowledge sharing and networking.

Today ICPE has 18 member states from Latin America, Asia, Africa and Europe, and three core sets of activities: long-term education, short-term trainings and organization of expert meetings, conferences and seminars.

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## **PROGRAM AREAS, PROJECTS AND PRIORITIES**

ICPE's role and potentials are being timely rediscovered. Its mandate is to pursue and promote international cooperation in areas related to the transfer of technology, sustainable entrepreneurship and promotion of knowledge-based societal change through research, training, consultancy and information services in these fields. ICPE focuses on international cooperation in areas related to: public sector enterprises, social responsibility, entrepreneurship development, SME, infrastructure sector, corporate governance and economic diplomacy, all of which have a significant potential within ICPE's member states and partner countries.

### **LONG-TERM EDUCATION - INTERNATIONAL POSTGRADUATE MBA PROGRAM**

The international postgraduate ICPE MBA program is conducted in partnership with the Faculty of Economics, University of Ljubljana (FELU), and combines the top-notch academic program of the FELU with the rich historical and experience-rooted international context of ICPE. The EQUIS and AACSB accredited program, conducted by leading experts from Slovenia and other countries, provides all core business management concepts and essential knowledge for successful managers and public servants. The two accreditations place the FELU among the top 1% of the world business schools.

The program is accredited as a two-year postgraduate program compressed into an intensive one year program designed for executives and policy makers. The teaching curriculum is additionally supplemented by practical field excursions organized by ICPE in cooperation with relevant Slovenian companies.

As the program has been conducted for 25 years, the ICPE Alumni Club, established at the end of 2012, connects more than 650 former students from 45 countries around the world who studied with us as executives, senior managers and policy makers. Today their mission is to promote ICPE, as well as to share their knowledge and experience with the future MBA participants and graduates. Moreover, the Alumni Club - currently presided by Dr. Pradeep Monga (Director, Energy&Climate Change Branch, UNIDO) - represents an enormous potential for connecting experts from most diverse

fields. In 2014 the ICPE Alumni Club was incorporated under the umbrella of the FELU Alumni Club.

### **SHORT-TERM TRAINING PROGRAMS**

All ICPE short-term training programs are customized according to the needs and objectives of the training set as priorities by each individual partner institution. ICPE provides training programs for government offices and different public sector institutions, as well as other interested institutions from its member states and beyond.

ICPE has established a long-term cooperation with a diverse pool of members of the academia and other highly qualified professionals from the governmental and business sectors. Therefore the structure of the training programs at ICPE ensures the balance between academic lectures, visits to relevant institutions, meetings with top-level representatives of different Slovenian ministries and other governmental and non-governmental institutions, and workshops, with the aim to most efficiently tackle each individual topic of the training. Such an approach allows the participants to experience first-hand the dynamic of the institutions in question, while having the opportunity to learn from top-management professionals in an interactive way. The training programs usually last from a few days up to two weeks.

Due to the specific position and size of Slovenia, the training programs are conducted also in its neighboring countries, namely Italy, Austria and Hungary. This offers the participants the unique opportunity to learn and experience many different aspects of the European Union (EU) in a short period of time. ICPE can also arrange meetings at different research and business institutes in these countries, their Chambers of Commerce and Industry, etc. As ICPE also maintains strong ties with countries of South Eastern Europe, study visits may also take place in these parts of Europe.

The concrete topics covered by the ICPE training programs are: good governance, e-Governance, energy efficiency, lean management for public enterprises, public administration: budgeting, accounting and financial management, sustainable spatial planning management, training programs on EU funds, climate change management, wastewater management.

Recently the following programs took place: the International Training Program on e-Governance for the National Institute for Smart Government (NISG), Hyderabad, India; the International Training Program on Wastewater Management and Solar Energy in cooperation with OFID - OPEC Fund for International Development (touching on the new approach to wastewater management and the world best practices in the field of solar energy); the Professional Training Program on the System of Civil Status organized in cooperation with the Ministry of Foreign Affairs and the Ministry of the Interior of the Republic of Slovenia for public servants in Afghanistan to share the experience of the ICPE member states in the field of civil status and migration for enhancing government's efficiency; ICPE – UNIDO Training Program on Sustainable Energy Futures for young experts (energy sustainability, combined with Slovenian innovative solutions and best practices).

## **INTEGRATED MANAGEMENT OF PROTECTED NATURE AREAS**

The program on the integrated management of protected nature areas is a continuation of ICPE's long-term efforts focused to the principle of sustainable development (e.g. research and educational work on the project of Integrated Coastal Management, 1990s; International Conference on Integrated Environmental Management of the Adriatic/Mediterranean Black Sea Coastal Areas and the Danube/Sava River Basins, 2010; conference on Management of protected nature areas: the example of Nature Park Goričko, 2011). Two projects are part of this program.

Firstly, in 2014 a thematic issue of ICPE's quarterly journal *Public Enterprise* on Integrated Management of Protected Nature Areas was published in cooperation with the Association of Nature Parks of the Republic of Slovenia. The volume presents the Slovenian experience of the nature parks' management, coupled with contributions by experts from relevant international organizations and best-practice cases and it will serve as a background material for the related conference to be organized by ICPE in spring 2015. The conference aims to bring together decision-makers, experts active in state organizations as well as in the non-governmental sector coming from the ICPE's member states, partner states and other countries, representatives of international organizations and other interested stakeholders

to present their views and share their knowledge in the field of sustainable development and sustainable growth.

Secondly, ICPE also has an active role in the project of the institutionalization of the Trilateral Nature Park Goričko-Raab-Örség, which crosses the borders between Slovenia, Austria and Hungary, and involves the cooperation of the three corresponding governments towards reaching the goal of an integrated management of this specific protected nature area.

## **EVENTS, CONFERENCES, SYMPOSIA**

ICPE's events are organized in cooperation with member states or various partners on the relevant topics of ICPE's key priority programs and take place at the ICPE premises, at other locations in Slovenia, other member states or at partner institutions.

The following events have been organized recently: the International Conference on Public – Private Partnership: The Need of The Hour (January 2014 – Hyderabad, India) organized in cooperation with the Institute of Public Enterprise (IPE), Hyderabad; the International Conference on Corporate Social Responsibility (CSR): the Good Outweighs the Costs, organized together with the Faculty of Economics, University of Ljubljana (April 2014 – Ljubljana); the 3<sup>rd</sup> International Conference Africa Day (May 2014 – Ljubljana) co-organized by ICPE, the Ministry of Foreign Affairs of the Republic of Slovenia, the Club of Former Slovenian Ambassadors, the Chamber of Commerce and Industry of Slovenia and the African Forum; the 3<sup>rd</sup> International Conference on Economic Diplomacy and Internationalization (June 2014 – Sarajevo, Bosnia and Herzegovina) organized in partnership with the Ministry of Foreign Affairs of Bosnia and Herzegovina and the Foreign Trade Chamber of Bosnia and Herzegovina in cooperation with the Ministry of Foreign Affairs of the Republic of Slovenia; the Round Table on Trends and Developments in IT Supported Systems of Civil Status Registration (September 2014 – Ljubljana) organized together with GENIS, the International Association Connecting Technologies for Citizens (Interact4C); the ICPE-UNCTAD Workshop on Non-Tariff Measures in World Trade (October 2014 – Ljubljana) jointly organized by ICPE and UNCTAD.

## **DEVELOPMENT PROJECTS**

Through the Ministry of Economic Development and Technology of the Republic of Slovenia and with the UNIDO financial mechanism for development, ICPE is preparing a development project on “Low-Cost Solar Industrial Heat in Kosovo and Macedonia”. The project will be implemented in cooperation with Talum, a highly successful Slovenian aluminium company providing technology solutions. The aim of the project is to provide knowledge and equipment to produce solar energy in a sustainable way.

## **MEMBERSHIP**

Currently counting eighteen member states from four continents ICPE has an excellent relationship with its host state, the Republic of Slovenia, and with India, which is ICPE’s largest and a very active member country. In the recent period the cooperation between ICPE and its member states from Eastern Europe – Bosnia and Herzegovina, Macedonia and Albania – has been considerably enhanced. The relationship with these countries will be strengthened even further with the opening of the ICPE Regional Office in Sarajevo whose official functioning is expected to start by the end of 2014.

In accordance with the ICPE Statute, interested states may apply to become members of the Center if they accept the statute and assume the obligations entailed by membership. The membership formality can be initiated by forwarding a request for it, i.e. an official letter from the competent Government authority informing ICPE of its desire to become a member of the Center. Membership becomes effective as soon as the ICPE Council approves the membership of the candidate and after the applicant country deposits its instrument of ratification, acceptance or approval of membership to the Government of the Republic of Slovenia.

## **PARTNERSHIPS**

The concept of partnership, as a more recent practice of the Center for establishing cooperation within individual programs and projects, is broadly defined as the intent of cooperation between ICPE and an individual organization. The scope of cooperation, be it exclusively for a single project, short-term, mid-term or long-term, is agreed on by signing a Memorandum of Understanding between ICPE and the organization in question.

The ICPE has formed a number of partnerships with government or non-governmental institutions from member states as well as from several non-member states (for example from Nigeria and Russia), extending the scope of ICPE's networks worldwide and contributing to the rich possibilities for cooperation and exchange of knowledge and experience. Several projects were implemented under the scope of these partnerships and further joint activities are already envisaged in the wake of the first successfully conducted initial projects.

ICPE also forms partnerships with other international organizations, like with the United Nations Industrial Development Organization, Vienna; the United Nations Conference on Trade and Development, Geneva, and the International Telecommunication Union, Geneva.



**Energy Security in the EU – Concept or Reality?**

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# Energy Security in the EU – Concept or Reality?

Vladimir Prebilič<sup>1</sup>

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## ABSTRACT

The years after the end of the Cold War have brought dramatic changes to the existing security architecture. New threats have been posed and still greatly challenge all national or collective security systems. The transformation of defence systems, upgrading of other elements and parts of national security systems and the passing of new doctrinal and strategic documents were just a few important steps toward eliminating threats, however in many cases more sophisticated and indirect threats are arising. Among them is the question of energy security. Growing energy consumption on one side and scarce resources for energy production lead more and more into energy dependence. Energy has become vital for normal economic production and consequently for the well-being of nations. It has enormous consequences on many other fields of national security, like food security, environmental questions, and sustainable development... Because of these facts, the European Union (EU) began to deal with this new phenomenon by accepting general strategic documents, passing new policies on the issue, and imposing new directives and requirements on the Member States. But common actions of the EU in the area of energy security are still not possible. Many Member States deal with this issue through bilateral agreements that do not improve general energy security for the EU.

**KEY WORDS:** European Union, energy security, natural resources, consumption.

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**POVZETEK**

Leta po koncu hladne vojne so prinesla pretresljive spremembe v dotedanji varnostni strukturi. Pojavile so se nove grožnje, ki ostajajo izziv za vse nacionalne kot tudi kolektivne varnostne sisteme. Čeprav se pojavljajo še bolj specifične in posredne grožnje, so bili najbolj pomembni koraki kodpravi groženj spremembe nacionalnih obrambnih sistemov, nadgradnja različnih delov in elementov nacionalnih varnostnih sistemov ter sprejemanje novih doktrinalnih in strateških dokumentov. Ena izmed groženj je vprašanje energetske varnosti. Naraščajoča energetska potrošnja na eni strani in omejeni viri za proizvodnjo energije na drugi strani, vedno bolj vodijo v energetske odvisnosti. Energija je postala ključnega pomena za normalno gospodarsko proizvodnjo in posledično za blaginjo narodov. To ima velike posledice na številna druga področja nacionalne varnosti, kot so varnost hrane, okoljevarstvena vprašanja, trajnostni razvoj... Zaradi navedenih dejstev, se je Evropska unija (EU) začela ukvarjati s tem novim pojavom in sprejela splošne strateške dokumente, predlagala politike na tem področju ter za članice uvedla nove direktive in zahteve. Kljub temu skupno ukrepanje EU na področju evropske varnosti še vedno ni mogoče. Mnoge države članice se reševanje tematike lotevajo preko bilateralnih sporazumov, kar pa ne izboljšuje splošne energetske varnosti Evropske unije.

**KLJUČNE BESEDE:** Evropska unija, varnost, naravni viri, potrošnja

**INTRODUCTION**

Energy supply has never been as important as it is in modern society. The reason is to be found in the energy dependence of almost all social systems; therefore, it is not surprising that there is an ongoing and growing amount of annual energy consumption. Consequently, as it is normal in market economy, the price of energy grows accordingly and affects individuals financially. Therefore countries are trying to achieve the most stable, secure and above all cheapest energy supply. For most countries this is becoming a security issue, which leads to redefining geo-strategic concepts that in most cases also provide for the use of force to maintain energy security or to prevent other countries from obtaining an energy supply. It is even possible to identify situations of armed conflict between or within countries whose essential objective is energy security or access to or transport of an energy source.<sup>2</sup>

Energy security has a big impact on everyday life. It affects the operation of companies, where energy represents a basic fixed energy cost. This lowers the market competitiveness of enterprises due to higher prices of their products, while companies are forced to lower costs in other areas — usually at the expense of workforce. By reducing the purchasing power of the people, this has a direct implication on consumption and, consequently, demand, resulting in lower production. More directly, energy (in)security is obvious whenever the price of energy increases. This is exactly what is even more important in the context of the aforementioned decline in purchasing power.

Due to these facts, energy security is becoming an increasingly important element of national (in)security, which some authors identify as a reason for a new type of war — the war for resources.<sup>2</sup> This is not surprising, since energy (in)security is directly linked to economic stability. In this regard energy (in)security, coupled with the economic crisis (in some countries we can even talk about recession), poses a remarkable destabilizing moment for the whole of society. Strategically planned energy policy inevitably leads to energy security and creates a positive economic environment. Moreover, rational risk management in the energy sector can be used to address numerous environmental issues associated with energy deficiency.

The energy issue is extremely important in the EU, as demand and need for energy supply is constantly increasing, causing exceptional dependence on energy imports, which is currently at 50% and expected to increase to 65% by 2030, assuming unchanged energy production in the EU.<sup>3</sup> Even more alarming is the fact that the EU imports from a small group of countries or even from a single country.<sup>4</sup> The EU realizes that its energy market is unbalanced, and therefore strategic objectives were formed within European energy policy that will seek to achieve a less energy-dependent future. These objectives are: limiting external vulnerability to imports of oil and natural gas exploration and exposure to rising prices of hydrocar-

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<sup>2</sup> Engdahl (William) connects many modern conflicts and USA foreign policy in Middle East, Northern Africa and Central Asia to the phenomena of Oil Wars (Vojne za nafto: za vslo nafto, vsepovsod, Založba Ciceron, Mengeš, str. 15).

<sup>3</sup> In this article we use the term “EU” as an association of 27 members, thus before Croatia joined the EU.

<sup>4</sup> The EU imports natural gas and oil from the Russian Federation, Algeria, Libya and Norway. Imports of these two fuels will increase by 93% (in the case of oil) and 84% (for gas) by 2030 (Government of the Republic of Slovenia RS; Doma v Evropi 2013).

bons and creating a more competitive energy market. In addition, the EU is committed to further mitigate its dependence through closer cooperation in the field of investment and technology transfer and increasing solidarity among Member States in the event of an energy crisis in an individual State or group of States (Budna, 2013: 21).

## EU SECURITY: FACTS AND FIGURES

EU institutions are becoming more aware of the importance of energy security. Therefore, the European Commission and the International Energy Agency formed a clear definition of energy security: it is the provision of reasonably priced, reliable and environmentally friendly energy (Kraenner-Müller, 2007, p.xi). Over the next four years this was expanded by the European Commission to include two additional aspects: energy must be founded on the principle of sustainability and accessible to all (European Commission 2011, 2). Savacool (2011, 8-9) categorises these features of energy security into four most essential elements: availability, reliability, affordability and sustainability.<sup>5</sup> At the same time, the multidimensionality of the concept of energy security should not be overlooked. Baumann (2008, 4-5) defines four main dimensions of energy security, which may overlap and complement each other: the dimension of internal policies<sup>6</sup>,

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<sup>5</sup> **Availability:** all energy consumers are able to access sufficient quantities of energy. This is enabled by large energy markets, where consumers can buy and bidders sell energy under acceptable conditions. A prerequisite is a sufficient amount of physical energy, which is enabled by the appropriate infrastructure, investments and technology. Regulators and a legal framework that control and support all these processes are also essential. **Reliability:** elimination of various disruptions of supply, which is only possible through diversity of sources of supply (such as various energy technologies), diversification of supply routes (breaking one of them does not mean disruptions), the ability to deal with failures, reducing energy needs (new and better technologies etc.) to relieve infrastructure, rapid recovery and reimbursement in the event of errors and providing timely and accurate information to the market. **Affordability** means both low and fair prices in relation to income, as well as stable prices that do not fluctuate; consumers are informed about changes in prices with arguments and in a timely manner. **Sustainability** means ensuring the lowest possible social, environmental and economic damage that may result from energy infrastructure (pollution, which affects both the environment and human health) (Sovacool, 2011: 9).

<sup>6</sup> **Internal policies** means primarily the appropriate construction and maintenance of energy infrastructure, which prevents any disruption in the distribution of energy in particular; contingency planning, which increases the resistance of the power system in an emergency situation (planning, priority care, alternative sources, management of inventory etc.); providing energy efficiency that delivers savings in energy consumption, reduces the burden on the energy system and consequently reduces energy dependence and decision-making on energy sources, providing strategic direction for development of consumption of affordable and most local energy sources (Baumann 2008: 6-7).

the economic dimension<sup>7</sup>, the geopolitical dimension<sup>8</sup> and the dimension of security policy.<sup>9</sup> A more detailed overview allows the conclusion: if all four dimensions are well coordinated, there should be no difficulties in successfully providing energy security.

The primary focus of EU action in the field of energy security is to provide a reliable energy supply while ensuring the competitiveness and the decarbonisation of energy production, which indirectly leads to a reduction of the carbon footprint of companies in the area. Such strategic thinking of the EU should lead to economic progress and well-being for all citizens. However, the objectives will not be reached easily. The increase in the energy dependence of the EU should be at its highest by 2020, when energy imports will amount to around 56%. Then a gradual decline should be expected due to increased energy efficiency, more renewable energy sources and the implementation of the EU 2020 strategy (European Commission, 2008: 19). All this is necessary because the EU produced only 7% of the world's energy, or 813 Mtoe<sup>10</sup>, in 2009, and the energy produced has continuously decreased since 2000 (Eurostat, 2012: 539). This is undoubtedly due to depleted stocks of raw materials in Europe and cost-ineffective use of remaining stocks. As a result, there are changes that the structure of energy products in the production of energy, in particular, is characterized by the reduction of the share of fossil fuels. Thus coal in 2000 accounted for 22.6% of total fossil fuels, and in 2011 only 20.8%, while the share of oil in the same period fell from 18.4% to 10.6%. The least decline was recorded in natural gas, from 22.1% to 17.5%. All this was possible only because of increased production of energy from renewable sources — from 10.3% to 20.2% within the same timeframe (Eurostat, 2013). The decrease in energy produc-

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<sup>7</sup> The economic dimension refers mainly to three elements: the existence of the energy market, international trade and energy and technology. The first provides an affordable and reliable energy supply, the second represents the possibility of providing sufficient quantities of energy to energy-dependent countries, while the technological solutions should bring greater rationality and seek alternative and environmentally friendly solutions for energy management (Baumann 2008: 6-7).

<sup>8</sup> It is the creation of transnational networks to enable countries to successfully deliver energy security. This area, in particular, means the establishment of new relationships between international corporations and countries, particularly in terms of increasing the role of the countries. Practices of corporations often even trigger energy hazards, since they are consequently dependent on energy prices, seeking greater profit (Baumann 2008: 7).

<sup>9</sup> The dimension of security policy relates to the preparation of plans and procedures, in case the energy infrastructure is at risk (of natural and technological disasters, terrorist or criminal groups' attacks or war) (Baumann 2008: 6-7).

<sup>10</sup> Million tonnes of oil equivalent.

tion in the EU has unfortunately not been followed by a decrease in consumption. In the same timeframe, between 2000 and 2011, there has been a fluctuation in energy consumption, particularly in the period of 2009-2011. Detailed insight into the dynamics of energy consumption across EU Member States can identify the reason, as it implies a direct correlation between the national economy (the economic crisis) and energy consumption (Eurostat, 2013).

Total gross inland consumption of primary energy in the EU-27 Mtoe<sup>11</sup> (2000-2011)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EU-27	1.724	1.763	1.758	1.799	1.820	1.824	1.825	1.808	1.801	1.702	1.759	1.697

Source: Eurostat (2013).

The structure of energy consumption should also be noted, as it follows the reduction in consumption of non-renewable resources (with the exception of natural gas). The share of solid fuels fell from 18.6% to 16.8% between 2000 and 2011, and the share of oil and petroleum products fell from 38.3% to 35.2%. At the same time, the share of renewable energy rose in gross consumption from 5.6% in 2000 to 10.0% in 2011, although there are enormous differences between individual EU Member States — a 46.8% share in Sweden, while Malta had only 0.4% (Eurostat, 2013).

Total gross energy consumption in the EU-27 Mtoe by fuel (2000 and 2011)

	2000	Delež v %	2011	Delež v %
<b>EU-27</b>	1.724,9	100	1.697,7	100
<b>Solid fuel</b>	320,8	18,6	285,5	16,8
<b>Oil and products</b>	661,4	38,3	597,9	35,2
<b>Natural gas</b>	393,7	22,8	397,5	23,4
<b>Nuclear power</b>	243,8	14,1	234	13,8
<b>Renewable energy</b>	96,8	5,6	169	10
<b>Other</b>	8,4	0,6	13,8	0,8

Source: Eurostat (2013).

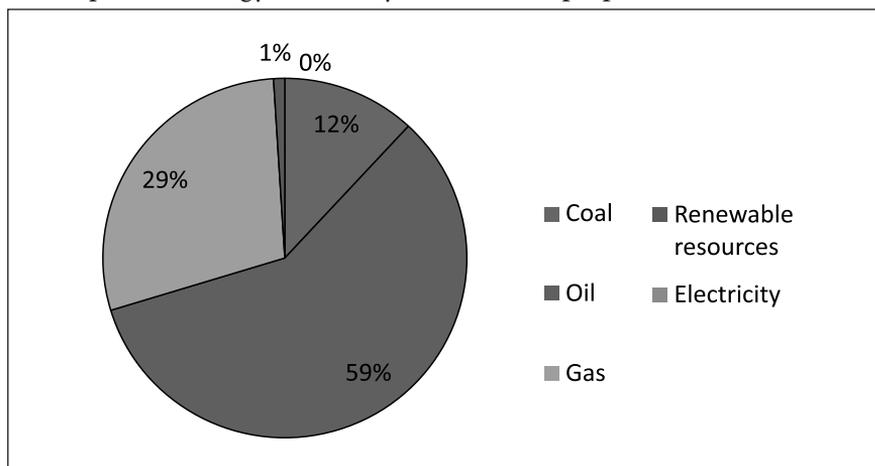
These differences between the produced and consumed energy within the EU and the structure of the energy should also be observed through the prism of the available stock of EU energy supplies (reserves). Although there is no transparent and uniform methodology for determining reserves, a report of the European Commission (2008: 23) states: the fact is that the reserves of energy resources (especially fossil fuels) are reduced, and at the same time energy

<sup>11</sup> Million tonnes of oil equivalent.

resources are still relatively abundant but concentrated in a small number of countries. Thus, British Petroleum (2012: 6) estimated that the reserves of EU oil decreased from 8.800 million barrels in 2001 to 6.700 million in 2011. This is only 0.4% of the world's oil reserves. Similarly, the EU holds only 6.5% of the world's coal reserves, and 90% of them are of poor quality (mostly lignite). The EU holds only 1% of global reserves of natural gas, of which the majority are in the Netherlands, the UK, Poland, Romania and Italy (British Petroleum, 2012: 20).

EU Member States are therefore characterized by continuous reduction of all types of fossil fuels (which at the very beginning did not represent a significant share of world reserves), and essential imports of energy products, resulting in dependence on global energy markets. Data show that from 2000 to 2006, energy imports in the EU were increasing, after which there was a decline in imports, which could be explained by increased production of energy from renewable sources and the stabilisation of energy consumption in general in the EU. Despite this stabilisation, the gap is still huge — while the EU imports 1.433,1 Mtoe of energy, it exports only 493.4 Mtoe. There is a huge 939.7 Mtoe of energy deficit or net energy imports in the EU (Eurostat, 2013). The internal structure of the energy dependence of the EU draws attention primarily to two areas: about 60% of oil and oil products and 30% of natural gas are imported (European Commission 2012: 37-38).

Net imports of energy sources by 2010 in their proportions



Source: Evropska komisija (2012: 37-38).

The EU's energy dependency increased from 47% to 54% from 2000 to 2011. The only energy-independent country is Denmark, which generates 9% of excess energy and is the only European net energy exporter. Among the most dependent countries are Malta (100%), Luxembourg (97%), Cyprus (93%), Ireland (89%), Lithuania (81%) and Italy (81%). In the last 10 years energy dependence decreased in 18 countries, while in eight countries it has increased, including in the two largest European economies, which contribute most to the overall energy consumption and consequent dependence: the UK and Germany. Above all, this applies to the former, which in the year 2000 was even a net exporter but now shows an import dependency of 36% (Eurostat, 2013).

### **IMPLEMENTATION OF ENERGY SECURITY IN THE EU**

It could be argued that the entire EU member countries cooperation regarding energy is actually based on a common energy policy. It started with the establishment of the European Coal and Steel Community (ECSC) and EURATOM (close mutual cooperation in the field of nuclear energy), which has raised the issue of energy, as it is the prerequisite for economic production and development. However, at least in the initial period, the focus was on establishing an effective internal market by the principle of liberalization. The turn of the millennium indicated the necessity of upgrading such thinking towards the creation of a common energy policy of the Member States. In 2000, the European Commission also launched the publication of the Green Paper towards a European strategy for the security of energy supply. It was upgraded in the form of new legislation and the creation of an independent energy chapter in the Treaty of Lisbon (Baumann and Simmerl, 2011: 4-6).

Today, the EU energy issue is addressed at three basic levels. The first is the establishment and functioning of the internal energy market. Energy security represents a second level, and the third is an ecological perspective focusing on the development of a low-carbon economy.

The EU's legal foundations in the energy field date back to the Maastricht Treaty, which empowered EU authorities to modernize and improve cross-border energy infrastructure. The Maastricht Treaty also ensured the EU's jurisdiction over environmental guide-

lines, which are still a blueprint for an ambitious EU program on climate change known as 20/20/20 (Buchan, 2010: 358). The adoption of the Lisbon Treaty has significantly expanded the EU's powers in the field of energy. The Lisbon Treaty changed the two previous EU legal acts, namely the Treaty on European Union and the Treaty establishing the European Community, adding a new article on energy in the EU, which requires the establishment of a functioning energy market, reliability of energy supply in the EU, promotion of energy efficiency and energy saving, the development of new and renewable energy sources and promotion of the interconnection of energy networks. It also clearly defined the competence of individual EU bodies, in particular, the role of the Economic and Social Committee and the Committee of the Regions (a consolidated version of the Treaty on European Union and the Treaty on the Functioning of the EU, Leaf of Fundamental Rights, 2012: 177). The powers of the energy sector are delineated primarily by the Council of the EU (Committee for Transport, Telecommunications and Energy), the European Parliament (Committee on Industry, Research and Energy), European Commission (Energy), the European Economic and Social Committee (transport, energy, infrastructure and the information society) and the Committee of the Regions (Commission for Environment, Climate Change and Energy). Indirectly the European Investment Bank as well as at least four European agencies (EUR-ATOM; the European company ITER, Fusion for Energy; ACER, the Agency for the Cooperation of Energy Regulators; and the Executive Agency for Competitiveness and Innovation) are also involved.

The European Council, which has no legislative role but gives general guidelines and priorities in the EU, adopted a report in May 2013 focusing on the role and importance of energy security. The guideline in the report is that by 2015 an internal energy market should be in place and, consequently, the energy infrastructure that enables such a market. It is necessary to make investments in new technologies for energy production from renewable sources, as well as to create incentives for energy efficiency and diversification of energy supply and consumption in the EU (European Council, 2013). A more important role is held by the Council of Europe, which through the Committee on Transport, Telecommunications and Energy directly influences legislation in this area and basically just follows the above guidelines and implements them in close cooperation with the European Commission. An example is the recommendations of the Euro-

pean Commission (COM 2012 663 and COM 2013 253) that relate to the creation of an internal energy market and the development of new technologies and innovations in the field of acquisition as well as energy consumption (EU Council, 2013: 18-19).

The European Parliament is very active through the Committee on Industry, Research and Energy (ITRE), The parliament has also adopted a resolution on an energy plan for 2050, which inter alia aims to increase energy efficiency and energy savings — existing buildings are to consume up to 80% less energy, as building heating and cooling alone amount for 45% of all energy consumption in the EU. The European Parliament fights against energy poverty, as 10% of a family's budget is spent on energy needs (European Parliament, 2013). In the field of energy security, the resolution on the current challenges and opportunities for renewable energy sources in the internal European energy market was adopted. In the opinion of the European Parliament it is possible to increase the EU's energy security and, consequently, to ensure Europe's competitiveness in the global market (European Parliament, 2013b).

The European Commission, which constitutes the largest bureaucratic apparatus of the EU and represents the interests of the EU as a whole (by proposing common positions, monitoring and preparing materials for the European Parliament and the European Council) has a separate directorate devoted to energy, which is led by the Commissioner for Energy). The Commission's opinion is not entirely indifferent when representing the EU's achievements in the field of energy. In particular, the implementation of energy policy is simply too slow and takes too much time. The European Commission believes that this is due to the financial resources of Member States and the rigidity of national energy policies (European Commission, 2013: 3-4). This makes it all the more important to include some other indirect instruments and bodies in energy security. In particular, this applies to the Committee of the Regions and the European Investment Bank (EIB). The first draws attention in particular to the significantly more efficient use of cohesion funds, which could allow an important source for the direct implementation of projects at the level of regions, municipalities and cities of the Member States, which is often impossible due to lengthy procedures at the national level (Committee of the Regions, 2013). The other source providing resources is undoubtedly the EIB, which follows the strategy of 20/20/20 and especially supports the technology to

reduce the carbon footprint. In 2012 the EIB ensured 21% of its €55 billion plus €4.4 billion for energy efficiency and an additional €1 billion for projects that increase resistance to energy changes (EIB, 2013: 23-24).

## **CHALLENGES AND STRATEGIES IN THE FIELD OF EUROPEAN ENERGY SECURITY**

EU energy security is a major challenge for the institution of the EU as well as Member States. The aim — the creation of a single, competitive, low-carbon, energy-efficient energy market which will as far as possible be based on renewable energy sources — is actually a key project for the EU and its Member States (manifest through various projects, acceptance of new sectoral legislation and strategies). The first such example is the establishment and functioning of the European Energy Programme for Recovery (EPR) in 2009. Since then €4 billion has been provided, which supported 59 projects, including 44 projects in the field of transport infrastructure for natural gas and electricity, nine wind offshore projects and six carbon capture and storage projects. Another example of direct stimulation of changes in the energy sector in the EU is the Intelligent Energy Europe (IEE) program, which has been operating since 2003 and provides assistance to organizations wishing to improve energy sustainability. It works in the field of renewable energy, energy efficiency in buildings, industry and transport products. The program had a budget of €730 million and concluded in 2013 (European Commission, 2013).

Perhaps the most important strategic direction is a strategy of 20/20/20, which is based on the reduction of greenhouse gas emissions by 20% compared to 1990 levels, raising the share of electricity produced from renewable sources to 20% of EU final energy consumption and a 20% improvement in energy efficiency the EU. Although the norms of the strategy were set out in 2007, they were legally and formally enacted only with a so-called environmental and energy package in 2009. The essential message of this strategy is complementary environmental issues and economic development, as the European Commission estimates an increase to 20% of energy consumption from renewable sources will result in an additional 417,000 jobs, while the 20% increase in energy efficiency leads to 400,000 jobs (European Commission, 2012). Another somewhat less directly binding document in the field of increasing energy security

is Energy Strategy 2020, which focuses on reducing greenhouse gas emissions by an ambitious 80-95% by 2050. The objectives are to be achieved through increased energy efficiency, building pan-European integrated energy market, enhancing safety and reliability in the field of energy, even more intensive investment in energy technology and innovation and through partnerships to deepen cooperation with other European energy markets at the global level (European Commission, 2010: 6-20). On the way to implementing these goals, a Green Paper was issued in 2013 — a framework for climate and energy policy by 2030, which represents corrections due to exceptional circumstances, namely the economic crisis in Europe. The document points out the connection between energy security and economy and calls on Member States to analyse the current actions within the 20/20/20 strategy, but preliminary findings indicate incomplete awareness of the close interaction between economic development and energy security (European Commission, 2013: 2-3).

## **ENERGY SECURITY AS AN IMPORTANT STEP TO POSTCONFLICT RESOLUTION**

Although the article is focused on the energy security in the EU, at this point, in terms of energy it has to be mentioned a strategically important part of the Europe - Western Balkan region. Known as unstable region when discussing security, energy supply is even more important issue to be discussed. Energy security is crucial for sustaining economic development in Balkan region, but the region is facing some significant energy challenges. These challenges include an over-dependence on the utilization of oil and coal in electricity generation; high dependency on oil and gas imports; a severe lack of energy efficiency; under-development of the renewable energy sector; a lack of market integration; and a lack of interconnectors across the region. The main priority of the region is to put into place the government and private institutions, infrastructure and internal policies that can ensure energy security and provision of available, reliable, affordable and sustainable energy (CSIS-EKEM Policy Report, 2010: I). Energy policy in the Western Balkans region is directed by the Energy Community (the “Treaty”<sup>12</sup>), which entered into force in July 2006, signed between the European Union and the countries of the Western

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<sup>12</sup> The Treaty establishing the Energy Community was signed on 25 Oct 2005 in Athens by the European Community and then nine Contracting Parties from South East Europe. Following ratification, the Treaty entered into force on 1 Jul 2006.

Balkans region. The Treaty establishes the Energy Community, which extends the EU internal energy (electricity and gas) market to South East Europe and beyond. The Treaty provides the framework for facilitating investments in the energy systems, promoting energy security for the entire region, direct the necessary reforms, promotes investments, it makes a significant contribution to security of supply in the wider Europe and contribute to improving the state of the environment (The Western Balkans Investment Framework, 2014: 1).

The EU and the Western Balkan countries are facing some common challenges as increasing energy efficiency, reducing import dependency, expanding renewable energy sources and integrations of markets. “Integration and reform, the main themes underpinning the Energy Community Treaty, are also the keys to enhanced energy security in the Western Balkans at both national and regional levels. In this context, public authorities should: Strengthen tools for energy security, including policies and programmes to support the diversification of energy sources and imports, and enhance energy efficiency; pursue commercial development of renewable energy sources, particularly biomass (agriculture and wood waste), solar water heaters and small hydropower. Develop institutions and systems for emergency and crisis management in line with EU standards, including the development of emergency oil stocks. Ensure that policy is in place for a ‘supplier of last resort’ once electricity and gas markets are liberalized” (The International Energy Agency, 2008: 23). For this reason it would be more and necessary to address energy security issues in the process of post conflict reconstruction or at least this aspect shouldn’t be underestimated for energy supply of former regions burdened with conflict past may hinder its development.

## **CONCLUSIONS**

In discourse on European energy security there are a lot of in-depth consolidation of European and transnational attempts. But it remains an area of safety (even though energetic) which cannot be considered separately from the national interests of EU Member States, despite the formal abolition of the three-pillar system with the adoption of the Lisbon Treaty in 2009. On the contrary, energy policy seems to remain within the domain of bilateral interests and consequent arrangements. Significant changes are not expected in the future.

But the formation of mutual cooperation between the EU Member States on the internal energy market, energy infrastructure upgrades and progress in reducing the EU's energy dependency, mainly due to increasing amounts of energy from renewable sources, is a breakthrough. Yet we cannot hope for a significant reduction in energy dependence in global energy markets. The reason lies in the structure of energy consumption, which is based primarily on two energy commodities — oil and petroleum products and natural gas — which is especially true for the entire European economy. And here lies the important interaction between the economic crisis and energy security. Instead of additional investments in innovative technologies, the prices for greenhouse gas emissions have fallen to around €3 for a metric tonne, so the instrument of indirect financing of new technologies and, consequently, greater energy security no longer produces results. Member States' own resources are diverted to the recapitalization of the banks and direct incentives for the national economy and social transfers, which in the long run undoubtedly causes even greater energy vulnerability and, indirectly, the economy does not provide a stimulating and above all safe environment. Thus, a closed loop and non-strategic thinking among the Member States of the EU in many ways hamper the implementation of urgent energy strategies prepared by the European Commission.

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# Motivations of the Common European Competition Policy and Lessons for the Western Balkans

Ábel Czékus<sup>1</sup>

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## ABSTRACT

Common competition policy is one of the original common policies of European integration. Founding members of the European Economic Community recognised properly the need for a Single Market regulating regime that became one of the cornerstones of the integration. Market regulation has several palpable characteristics due to its traditional and topical tasks. We discuss original task of the competition policy that ensures a legally unified business environment in the Single Market. This is the fundament of the policy mentioned since without an EU-level set of common rules the goal of a full and undistorted economic integration couldn't be achieved. Therefore, competition policy considerations laid down in the Treaty of Rome have endured stormy decades of EU's history. Well-shaped competition policy rules, on the other hand, constitute an enduring but flexible framework for additional economic purposes. Establishing a growth-friendly business environment, contribution to the exploitation of efficiency gains or supporting research and development could be mentioned as the most important economic actions fostered by the current common policy. In line with this duality we scrutinise if there has been a paradigm shift in the policy. Non-EU countries of the Western Balkans have to consider these incremental features of competition policy in the harmonisation of their legal systems to the EU law. They have to make consistent their competition regulations with the EU legislation in the light of their forthcoming EU accession and Single Market entrée. By our hypothesis competition regimes of the countries observed are far from being consistent with

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the EU accessing prescriptions. Disaggregating the policy, we assume countries' antitrust regimes could be partly labelled consistent with EU expectations while State aid practices ought to be restructured. Nonetheless, integration of their markets into the European Single Market progresses slowly. We address this question by reviewing their competition policy regimes.

**KEY WORDS:** EU, competition policy motivations, economic integration, Western Balkans.

### POVZETEK

Skupna politika konkurence je ena od temeljnih skupnih politik evropske povezave. Ustanovne članice Ekonomskega gospodarskega prostora so dobro prepoznale potrebo po urejanju enotnega trga, kar je postal eden od temeljev integracije. Urejanje trga ima zaradi svojih tradicionalnih in aktualnih nalog številne otipljive lastnosti.

Prispevek se osredotoča na primarno nalogo politike konkurence, in sicer na zagotavljanje pravno enotnega poslovnega okolja na enotnem trgu Evropske unije. Gre za temelj omenjene politike, saj brez pravil na ravni EU, popolna in dejanska ekonomska integracija ne bi bila mogoča. Stališča politike konkurence, ki so zapisana v Rimski pogodbi, so preživela viharna desetletja razvoja Evropske Unije.

Pravila politike konkurence predstavljajo trajen, a vendar prilagodljiv okvir za dodatne ekonomske namene. Sedanja skupna politika konkurence temelji na vzpostavljanju poslovnega okolja naklonjenega rasti, prispeva k izkoriščanju povečanja učinkovitosti ter hkrati podpira raziskave in razvoj. Zaradi tega pristopa na dveh ravneh, bomo preučili ali je prišlo do spremembe miselnosti v politiki konkurence.

Države Zahodnega Balkana, ki niso članice Evropske Unije, so primorane upoštevati te temeljne funkcije politike konkurence pri usklajevanju svojih pravnih sistemov z zakonodajo EU. V luči želenega vstopa v Evropsko unijo in dostopa do skupnega trga, morajo prilagoditi svojo konkurenčno zakonodajo evropski. Naša hipoteza je, da politike konkurence v obravnavanih državah še zdaleč niso skladne s predpisi, ki jih v procesu približevanja zahteva EU. Ob razčlenitvi nacionalnih politik, lahko potrdimo, da so proti monopolna pravila držav delno skladna s pričakovanji EU, medtem ko bi moral biti sistem pomoči države izboljššan. Kljub temu poteka integracija nacionalnih trgov v evropski enotni trg počasi. Tematiko obravnavamo skozi analizo njihovih nacionalnih politik konkurence.

**KLJUČNE BESEDE:** EU, namere politike konkurence, ekonomska integracija, Zahodni Balkan.

## INTRODUCTION

Common competition policy (CCP) is one of the original common policies of the European Union. Founders of the European Economic Community (EEC) have properly recognised the need to derogate Member States' (MSs) sovereignty in a number of fields previously exclusively regulated by national rules. The aim of this process, which is far from being come to the end, is to interlink Member States' economies; we could contemplate it as the contrivance building a single European economy. Together with such strategic branches of regulation like agriculture or trade are, competition issues had been rallied as a supranational policy as well. Due to this, fundamentals of the common competition policy could be found in the Treaty of Rome. In our paper we reflect main impulses of scientific studies examining the CCP (Fox, 1997; Lowe, 2006; Schupanz, 2013) and European Commission (EC) legal texts as well.

With the objective of reflecting the importance and usefulness of further competition policy efforts of the Western Balkan countries<sup>2</sup>, we follow a dual approach. Firstly we design the central role of the *common* competition policy for the EU economy and national economies aspiring to join the EU. However, only a common policy on competition could ensure a non-fragmented internal market and it is therefore regarded as an *integrating power*; we consider it as the internal dimension of the uniformed European market in line with the external dimension assured by the common trade policy. On the other hand, competition policy has *developing characteristics* as well, and, as such, *has to be adjusted to the contemporary economic requisites*. By these requisites we list, inter alia, the improved competitiveness and productiveness, contribution to a knowledge-based and sustainable economy (see EU endeavours on the field of R&D, high-tech or biotechnology, and strict EU environmental prescriptions and efficiency, respectively), job creation or supporting

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<sup>2</sup> As regard the term 'Western Balkans' we mean the four successor countries of Yugoslavia that are still endeavouring to obtain EU membership (Bosnia and Herzegovina, Montenegro, Serbia and the the Formal Yugoslav Republic of Macedonia [hereinafter: the FYROM]). Their history interlinks them creating a micro group of countries with the same long-term objective of EU integration.

the creation of an economic space providing harmonious operational conditions. In this reading, the CCP should be handled as an infinite regulating regime and ensuring its flexibility seems to be inevitable. Therefore, we address firstly a hypothesis whether the Single Market contemplates a paradigm shift in the notions of the CCP. The key issue is whether accessory economic considerations overcome original motions of the policy (i.e. the shift has occurred) or they have measured up to the latter. This kind of interrelatedness has to be manifested horizontally and vertically as well; under the horizontal dimension we mean the 'good neighbourhood' of the CCP with other (common) policies; under the vertical relations we argue the interrelatedness with MSs' legal systems and national competition regimes. We assume this latter is much more relevant in the case of the would-be Member States; in this sense supporting the countries of the Western Balkans in taking over competition policy legislation and best practices might be a prize-winner commitment.

We address the above mentioned CCP considerations to the countries of the Western Balkans with the objective of underlining imperfectnesses of their competition regimes. The main contribution of this paper is tracked just in this: there is a lack of scientific papers drawing a parallel of the Western Balkan countries' current competition policy and institutional advancements. By recognising their *interests* in legal harmonisation they would adjust their legislation to the acquis for the sake of exploiting more effectively the would-be market of 500 millions of consumers by their accession. Nonetheless, in our second hypothesis we assume that competition regimes of the countries examined are still far from being harmonised with the acquis. While nearing the set of rules in antitrust seems to be much more advanced than reconciling State aid practices, we expect further efforts to be needed to achieve full consistency. In the light of this we execute progress report analysis discussing the current state of competition regulation in the Southeast European (candidate) countries examined. The European Commission evaluates advancements both in the antitrust and merger, and State aid regulations. Scrutinising the case of Serbia is crucial in itself since it is the key non-EU country of the region not only in political but economical sense as well. Serbian sequels at the beginning of 2014 attract special attention due to the fact that the country's accession negotiations to the EU have initiated; however, the first sight suggests competition policy wouldn't be a pivotal chapter in these negotiations (EC, 2014). The other three

post-Yugoslavian countries' (Bosnia and Herzegovina, the FYROM and Montenegro) EU integration raise different questions. In the case of Montenegro, which had already surpassed the screening of its national legislation, conclusions inferred from this report help us to design an updated picture of its advancements. However, numbers of times social and historical tensions erect more significant obstacles in the endeavour to become a full EU member than general economic conditions. Bosnia and Herzegovina, the FYROM and in some reading Serbia as well are struggling with social unrest and an accelerated trend in population aging. On the other hand, having a peep at real economics, the most prominent feature of these economies is the socialist heritage; we design these obstacles, underpinning by competition policy harmonisation assessment on a regional level. We recline upon the most recent Southeast European studies on antitrust and State aid practices (Goranson and Volkai, 2003; Pavić, 2011; Lončar and Milošević, 2013; Petrovski, 2014) arm in arm with European Union evaluations (see progress reports of the country in question).

Flashing a positive sign for the Western Balkan countries dipping experience on their sticky road to the EU we play attention on the Central European Free Trade Agreement (CEFTA). They gain dozens of experience from the CEFTA membership and by this they could ameliorate their adaptation capabilities to the more intensive Single Market competition. Candidate countries should consider best practices CEFTA membership, as the antechamber of the full EU membership, had resulted for previously participating countries (Adam, Kosma and McHugh, 2003; Somosi, Zakar and Pelle, 2007; Ristić and Mijušković, 2013).

### **MOTIVATIONS OF COMPETITION POLICY: FROM MARKET INTEGRITY TO ACCESSORY GOALS**

Western European politicians of the early 1950s had correctly realised the need for an enhanced economic cooperation in the realigning world order. Their genuine goal was to reconcile various economic interests of the Western European economies. For the sake of a prosperous Europe, their countries recently stepped on the way of integration; however, the constitution of the reborn Europe – the Treaty of Rome – was designed in the way to leave space for additional cooperation on the field of economics and politics. This, in the meantime, could serve as a guideline for other integrations (Cameron,

2005). In accordance with the open-ended upshot, the looming European Single Market has offered the possibility of a multi way economic development and has not restricted strictly the manners of cooperation allowed. At this point the widely accepted notion on the nature of competition policy and efforts on market integration might be highlighted. Rusu (2010, p.73), for example, states that “the market integration is never a goal in itself but a policy means to achieve the Community’s goal of welfare enhancement”; Camesasca’s (2000) opinion reflects the same. Abreast, Lowe (2006, p.1) discusses that “competition is not an end in itself, but an instrument designed to achieve a certain public interest objective, consumer welfare. At the same time, competition policy can contribute to other objectives: in the EU context, for example, it can work towards the success of the strategy for growth and jobs, and form part of the public debate about the role of state intervention and regulation in industry”. A boldly new approach could already be shelled from the text of the Treaty in effect which has affirmed the getting off the doctrine of an undistorted competition, and hereby comprehends that “competition is no longer an objective of the Union, or an end in itself, but a means to serve the internal market” (Barents, 2009 cited in Van Rompuy, 2011, p.2).

At this point two observations has to be made on CCP which could life likely mirror its importance and motivations of amendments. Firstly, there is no doubt that a *common* competition policy is the core institution of the Single Market since it ensures the cohesion between national economies. In fact, similarly to other common policies, competition policy is being formed as well due to consistent compromises between decision makers (i.e. MSs). Since the policy in question shapes operational conditions of the Single Market, channelling the business sphere’s interest shouldn’t be ignored. This represents a potential conflict of consumers’ and business representatives’ interests. Competition policy is therefore a constant trade off of interests and economic considerations where the issue in question is the level of freedom of competition itself.

From the competition policy’s central role follows the second observation. The trade off that features common policies implies a *supra-national* decision making but only on the highest legislative level (in accordance with the conception of subsidiary). Supranationality in policy enforcement – due to efficiency considerations – has been modulated by the Council Regulation 1/2003 (discussed later) which

has called in national authorities in antitrust enforcement. The aim of these considerations is to constitute a well functioning structure of legislation, enforcement and feedback.

Setting competition policy into the common framework of the integration, however, was not without doubt in the initial year of the European economic integration. McGowan (2010, p.99) stresses that “outside West Germany and France none of the other four ECSC member states represented at Messina had any great interest in competition, and thus the subsequent discussions involved Bonn and Paris”. He contrasts the idea of free competition supported by the Germans and the French instinct for interventionism; in a sixty years perspective we might book that prevailing of the first notion was directly affected by the fact that “the inclusion of competition rules within the EEC Treaty was a demand which had originated within the West German delegation” (McGowan, 2010, p.99).

Fundamentals of the common European competition policy have therefore leaned on the contemporary German traditions. Its 20<sup>th</sup> century evolution, however, could be characterised as a sometimes controversial process, significantly shaped by the (nazi) German political atmosphere, its semi-peripheral labelling (Flint, 2001) and potentially affected by the Kulturkritik as well (Stauth, 1994). In spite of the partly suppressed scientific life in the 1930s and 1940s Germany, various market regulation thoughts have taken root amongst the post World War II German economists and decision makers. Pelle (2010) highlights that one of the routes has originated in Robert Liefmann’s limited market regulation (the so-called ordoliberal approach), while the post World War II Freiburg approach, emphasising the benefits of the free competition, could be evaluated as its counterpart. This duality has been embodied in the Treaty of Rome inasmuch as “Article 101 (1) is the manifestation of Freiburg school approach, while (3) is that of Liefmann’s tradition” (Pelle, 2010, p.24). On the ultimate goal of the competition policy Maier-Rigaud (2011, p.167-168) states that “efficiency considerations, and in particular a focus on consumer welfare, apparently played a more important role in these debates than ordoliberal thought. Traces of neoliberal thought could not be found, putting the credibility of the argument that the legislative intent of both the EU and German competition law was the protection of free competition, in serious doubt”.

As Fox (1997, p.340) points out, “economic integration of the various member nations is a dominant objective of competition policy”, means that the *European internal market was designed with the desire to establish a borderless economic area*. By granting uniform conditions for any kind of business activity, the set of common competition regulations has been considered as the integrating power of the Community market. A unified business environment, however, has been crucial in attending the goal set by the Treaty of Rome addressing, inter alia, “to promote throughout the Community a harmonious development of economic activities” (EC, 1957, Article 2) and eliminating MSs rivalry embodied in competition distortion for purpose of making attractive their national markets. MSs have been thereby allowed to pursue wide range of economic activities except executing this on the harm of other MSs or enterprises. Article 3 of the Treaty of Rome (EC, 1957) has assigned to this end a tool of instruments “ensuring that competition in the common market is not distorted” – i.e. “the Union shall establish an internal market” (EC, 2009a, Article 3) as it is stated in the Treaty in effect as well.

The role of the European Commission has been crucial not only in establishing the Single Market, but similarly: in its maintenance and development, too (for recent initiatives see for example EC, 2011a; EC, 2012a). In this reading the EC is the guardian of the Treaties, but its leading position on the field of competition policy is ductile (Barros, Clougherty and Seldeslachts, 2013). Suiting its task, the European Union is authorised with exclusive competence in “establishing of the competition rules necessary for the functioning of the internal market” (EC, 2009b, Article 3), albeit its effectiveness depends on its cooperation with the National Competition Authorities (NCAs), too (Council, 2003). We argue that *by the Council Regulation 1/2003<sup>3</sup> leading position of the EC in antitrust enforcement was not challenged but affirmed*. The Regulation states that “the present system should therefore be replaced by a directly applicable exception system in which the competition authorities and courts of the Member States have the power to apply not only Article 81(1) and Article 82 of the Treaty, [...] but also Article 81(3) of the Treaty” (Council, 2003: ¶ 4). The motivation behind this consideration has been the central role of

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<sup>3</sup> Council Regulation (EC) No 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty.

the EC in supranational issues accompanied by the strong integrative approach of the judicial system of the European Union<sup>4</sup> (Hartley, 2007; Díaz, 2011). The cooperation of this triad constitutes the institutional frame of the CCP. Council Regulation 1/2003 by its decentralising notion has therefore brought major changes into law enforcement.

Beside the requisite of setting equal working conditions throughout the European Union, there are additional gains expected from a unique competition policy. This is partly due to the changing role of the CCP over time (Schupanitz, 2013); the author states that during the first decades of the integration competition policy's task was to establish an integrated market, while later – side by side of the adoption of the first merger regulation – it has become a tool that contributes to the generates of desired market structures. The original role of the CCP, he argues, has not been eliminated from the arsenal of this common policy, but an “*active* market integration [...] on the part of European policymakers is no longer as central as it once was” (Schupanitz, 2013, p.17). This shift in emphasis could be deduced from Motta (2004, p.15) stating that “the main objectives of competition policy [...] are most probably economic efficiency and European market integration”. Generally spoken, all the goals of the antitrust regime could be strung on the principle to supple misuse of dominant enterprises' power, while State aid regulations contribute to escape artificial distortion of competition. In other words, a well shaped competition policy should protect weak(er) market actors, including not only enterprises, but consumers as well. However, it is the competition, as an institution, and not the competitor who the competition policy grants protection for. Fulfilment of the desire of weaker enterprises' protection is therefore rather a theoretical mindset that interlinks the CCP with other policies, such as cohesion policy and industrial policy.<sup>5</sup> Regarding State support, taking into account national interests may turn up by various legal tools such as derogations, interim measures or retarded market accession.

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<sup>4</sup> The integrative approach could be tracked not only in judging in preliminary queries, but infringement actions as well. By the supportive interpretation of the legal or even contractual actions, the Court has become a flagship of the deepening European integration using tools it was endowed by.

<sup>5</sup> In the latter part of our paper we discuss gains that could be achieved by a determined distortion of free competition. While these are resulted per se from a distorted competition, they should constitute a different group of economic benefits originated from a well functioning competition policy extracted by the distortion of competition.

The 1993 competition policy report of the European Commission could be regarded as a sequel on these, newly emerged competition policy challenges. The report reflects on competition policy goals, and admits that “since the beginning of the Community, competition policy has helped pursue fundamental Community goals [and affirms that] it has helped create, for example, a common market, a harmonious development of economic conditions and an accelerated raising of the standards of living” (EC, 1993, p.14). However, these goals are not newfangled: Jacquemin and de Jong (1981) practically a decade earlier listed the same considerations competition ought to realise. The Maastricht Treaty finally went even farther supplementing these aims by its ominous considerations on the field of industrial policy or environmental issues (EC, 1992; EC, 1993). Lately a raising number of publications (Nath and Sharma, 2005; Lowe, 2006; Maier-Rigaud, 2011; Schupanitz 2013; van Hees, 2014) have been discussing the goals expected to be achieved by the policy beside that of the integrity of the market; the goal of consumers’ protection, the welfare enhancement or the redistribution of wealth have become general goals as well expected to be provided by an effective competition policy. The leitmotifs of competition policy’s goals<sup>6</sup> according to this are twofold: on one hand, the policy desires to control monopolistic power, and obviate its misuse. These considerations have been underpinned by the competition policy legislation dumping of the millennium (for example Council Regulation 1/2003, Council Regulation 139/2004 and the countless guidelines issued); it’s worth to mention that antitrust actions are available only *ex post* (Lowe, 2006), therefore the legislator’s desire ought to be doubtless about the considerations he’s being motivated by. However, the forthcoming extension of the Single Market posed by the 2004 enlargement could be another deliberation behind these policy shifts since it has led to the creation of the biggest trading block in the world. On the other hand, actions carried into effect always serve efficiency and welfare deliberations. This reflection emphasizes a social dimension of the economy (by lower prices, broader assortment, creation of workplaces, etc.). These ends have come to the surface more powerfully by the dissemination of the more economic approach introduced into the CCP in the last few decades (Hildebrand, 2009; Drexler, Kerber and Podszun, 2011).

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<sup>6</sup> At this point we ignore State aid considerations.

Competition policy's above mentioned welfare and social functions are labelled as efficiency features in the terms of microeconomics. By these considerations, Motta (2004) highlights possible adverse consequences of an excessive market power on efficiency, but condemning it generally as sinful would be hasty. A welfare loss caused by a monopolist (allocative inefficiency) refers to the too high price levied. Probably, this lack of competition (no incentive of pushing towards the use of the best technology) on the relevant market would result in inefficiency in the production. At this point Schumpeter's theory on the commitment for innovation should be born in mind. The third feature of efficiency is that of the dynamic, "which refers to the extent to which a firm introduces new products or processes of production" (Motta, 2004, p.55).

Considerations on efficiency have contributed as well to the extension of competition policy's scope of action. The final end of an undistorted competition throughout the Community doesn't have to result in a rigid system of competition rules, but it has to support further goals, especially on the field of the real economy.<sup>7</sup> In other words, *the core concept of the Single Market's integrity has to be supplemented by the pursuit for a business friendly environment*. Recognising this, by means of a business friendly environment a substrate for multifarious economic interests has been prepared for. In line with the Lisbon Strategy (EC, 2005) and the forthcoming Europe 2020 initiative (EC, 2013a), which have set the goal of an innovative and knowledge based society arm-in-arm with boosting competitiveness, the need for finding solution on the strengthening social and demographic pressure, the desire to lessen the lag in high-tech industries between the EU and its main counterparts (Czékus, 2013) and to support better exploration of potential advantages handed on a plate by the institutionalised Single Market (see allocative and productive efficiency), the EU has valorised the latitude provided by the CCP for achieving accessory benefits. Endeavour for picking opportunities of such a policy undoubtedly appreciates an interdisciplinary approach of European Union policies; notwithstanding, Treaties provide the contractual framework for such deliberations. In correspondence with the new economy and discussing pros and cons of state intervention into the market processions, Hahn (2001) offers several ways for com-

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<sup>7</sup> A well shaped and enforced competition policy could have favourable effects in fight against inflation, too. See Böheim (2008).

petition policy development. These embrace, inter alia, the revision of views on antitrust policy's temporal limitations, the enhancement of the dynamic approach in competition policy and re-evaluation operational mechanisms of the market.

This star has spurred the European Commission to initiate and modernise the system of block exemption regulations (hereinafter: BERs). The set of regulations, based on Article 101 (3) TFEU, lift the general ban on certain forms of horizontal and vertical cooperation, giving them forth consistent with antitrust rules (EC, 2009b). Eligibility for referring on the Article mentioned, two positive and two negative, but conjunctive (obtained in the same time) conditions have to be met. The final end of this restraint is to distort competition only as much as it is indispensable by the terms of not eliminating competition fully (negative conditions), and contributes attaining economic progress with transferring satisfactory portion of these benefits to consumers compensating them for the losses due to limited competition (positive conditions). This complex system of conditions, complemented by the contractual provisions "to lay down detailed rules for the application of Article 101(3)" (EC, 2009b, Article 103 (2)b), constitute the fundamentals of competition policy's developing function. Based on these authorisations, BERs were being introduced exempting co-operations on both horizontal<sup>8</sup> and vertical agreements.<sup>9</sup> On the water tightness of horizontal BERs the Commission guideline explains that "horizontal co-operation agreements can lead to substantial economic benefits, in particular if they combine complementary activities, skills or assets. [It goes on as follows and argues that] on the other hand, horizontal co-operation agreements may lead to competition problems. This is the case, for example, if the parties agree to fix prices or output or to share markets, or if the co-operation enables the parties to maintain, gain or increase market power" (EC, 2011b, Article 2-3). In the light of these, the role of NCAs and courts has been increased, inasmuch as clear interpretation,

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<sup>8</sup> BER on R&D agreements see Commission Regulation (EU) No 1217/2010 of 14 December 2010 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to certain categories of research and development agreements. BER on specialization see Commission Regulation (EU) No 1218/2010 of 14 December 2010 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to certain categories of specialisation agreements.

<sup>9</sup> Commission Regulation 330/2010 of 20 April 2010 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices Commission Regulation 461/2010 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices in the motor vehicle sector.

protection of competition and legal security are inevitable components of a smooth business environment (EC, 2010a; EC, 2010b). Relieving the Commission has had twofold beneficial consequences. On one hand, it has freed EC's capacities to investigate cases with more complexity, while the switch has not indicated "major difficulties with the direct application of Article 81(3) EC which has been widely welcomed by stakeholders" (EC, 2009c: ¶ 2,7). Both of these dowries are highly welcomed: a more competitive market structure could be resulted from the first, while the latter could effectively increase undertakings' competitiveness operating in the Single Market. These beneficial sequels are reflected in the EC calculation stating that "EU27 GDP in 2008 was 2.13% or € 233 billion higher than it would have been if the Single Market had not been launched in 1992" (EC, 2012b, p.13).

Summing up, the original goal of the CCP based on the contemporary German theoretical mainstream was to maintain Single Market integrity, i.e. to provide identical operational conditions throughout the Community. The possibility for pursuing accessory economic considerations was planted already in the Treaty establishing the European Economic Community. Implementing CCP's regulatory notions NCAs and courts grew up aside the Commission by now.

## **A SNAPSHOT ON THE CONTEMPORARY COMPETITION POLICY STATE OF THE WESTERN BALKANS**

The second section renders an overview on the examined Western Balkan countries' competition policy stance and draws up major characteristics of their market regulation imperfections. Although the Yugoslav successor countries are labelled as post-socialist economies, in a lot of aspects they differ from the Central and Eastern European post-socialist, in the meantime EU membership attained countries (CEECs), since their economies had shown several capitalist strains already in the years of the command economy. However, handling the four successor countries entirely separately from the CEECs would bear witness to irresponsibility since in both groups of countries the fundamental economic organising force was the centralised economic governance. Experiences of the CEFTA membership serve overcoming these obstacles. Nevertheless, countries of the Western Balkans themselves show a wide variety in economic characteristics and in the manner of market governance (including State interfer-

ence) as well, therefore conclusions equally truthful are hard to be laid down. Although there is no devastating and unanimous support for EU accession among the population and politicians of the countries examined, competition policy reform would result in long term benefits for these economies. While CCP's integrating power for the Western Balkan countries could be construed only by their accession, its welfare and developing potentials might be exploited even before joining the EU. From the point of view of consumers benefits of an enhanced competition result in lower prices and wider assortment. On the other hand, undertakings operating on these – strictly regulated – markets could attain efficiency gains. Beside their affirmed position on national markets, enhanced competitiveness would open them up the EU market and consequently the way before exploitation advantages of economies of scale. Competition policy legislative efforts of the Western Balkan countries are therefore more than desired and their success depends entirely on the balance of entrepreneurial lobby and consumer interests. Since long term considerations are only partly shaping the current legislative process, we stress shortcomings of their regimes without dolling their root causes.

The 45 years of the Yugoslav socialist economic governance together with a one-party political system had led to a specific economic regime in Yugoslavia (and some of its elements were inherited by the successor countries). Uvalic (2013, p.366) points out that “this is why the Yugoslav economy was also characterized by some features typical of the socialist economic system as described by Kornai (1980): the dominance of non-private property, ‘soft’ budget constraints, and state paternalism through state intervention in enterprise affairs”. However, the regime's most important sequel on the nowadays *market structure* was the *potentially high concentration rate* in certain national and product markets (Lončar and Milošević, 2013) and characteristics of the related business activities (the occasionally pursued ‘specific managerial solutions’, attitude towards dominant position, conjecture on mergers, etc); these factors’ interrelatedness is named as the structure-conduct-performance (S-C-P) model (see et al. Carlton and Perloff, 2006). As an example for a decade and a half of capture by a distorted competition in Serbia, Madžar (2011, p.99) unreservedly states that „market in Serbia is characterised by the absolute dominance of monopoly, cartel and oligopoly”. In line with the original leitmotiv of our paper, henceforward we discuss solely contemporary features of the market regulation.

All the examined countries of the Western Balkans have (re)approved their law on competition in recent years; in some cases more than one amendment or re-approval could be noted in their modern history. A national economy, especially if it is small and open as generally the observed economies are, crucially needs to liberalise its market and streamline market regulation in effort. Petrovski (2014) examining effects of competition policy on the Macedonian economy highlights that a well-shaped policy would increase efficiency of enterprises and attract more FDI; these features are, however, pivotally important for the emerging markets. In the countries in question, the breakup of Yugoslavia, civil wars and their consequences resulted in a considerable delay in legislative actions. For example, Serbia (that time Federal Republic of Yugoslavia) adopted its first competition law only in 1996, five years after the breakup of Yugoslavia. Anyway, this trend of *modernising national laws on competition policy suggests a persistent streamlining of market regulation regimes*, i.e. operational conditions on the national markets. National laws on competition, in the meantime, do not show a diverse image on the scope of the competition policy; traditional antitrust regulation and merger control occur hand in hand, while conditions on granting State aid are labelled separately. This duality might be observed in all the countries examined. It is notable that modernising – at least at current stage of the evolution – doesn't mean an automatic and unconditional take-over of the EU legislative notions. For example, Lindstrom (2011) examining harmonisation in energy policy regulation cautions on inconsistencies of the relevant EU legislation. State intervention, furthermore, in the post-socialist economic governance occasionally remains very influential, accompanied by the stance of greenfield investments. Lončar and Milošević (2013) discussing harmonisation to the EU law downright query the unconditional copy of the supranational rules; evolution and characteristics of the relevant market ought to be taken into account as well. Better correspondence to the EU legislation spurred decision-makers for example in the FYROM when the Parliament adopted by-laws regulating procedural issues, regional aid and the framework for State aid rescue measures (CPC, 2014a).

In Serbia, more specifically, provisions on competition are laid down in the law 'Zakon o zaštiti konkurencije'<sup>10</sup>, which has been in effect from 1 November 2009; it replaced the less efficient law on com-

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<sup>10</sup> Službeni glasnik Republike Srbije, 51/09

petition of 2005 and 1996. State aid is regulated separately, by the 2009 ‘Law on State aid control.’<sup>11</sup> In the case of prior, the Competition Commission is the regulatory body and it supervises antitrust enforcement; on the other hand, State aid control has been taken out from the scope of this body and being subordinated directly to the Ministry of Finance (MFRS, 2014). Competition policy of Bosnia and Herzegovina is regulated by the law ‘Zakon o konkurenciji Bosne i Hercegovine’,<sup>12</sup> while it was modified in 2007 and 2009. The law on State aid<sup>13</sup> was adopted in 2012 (Pravosudje, 2012). The Parliament of the FYROM adopted the law on competition by the ‘Zakon za zaštita na konkurencijata’<sup>14</sup>, in effect from 2010 and replacing that of 2003; State aid legislation<sup>15</sup> followed the above mentioned dates (CPC, 2014b). Amongst the lands listed, Montenegro has adopted most recently its operative law regulating competition; the law called ‘Zakon o zaštiti konkurencije’<sup>16</sup> has been in effect since 9 October 2012. The Law on State aid control<sup>17</sup> in the Adriatic country was adopted in 2009 (Turković, 2012).

The countries legal status in the EU enlargement process varies. Serbia has just started negotiations on accession while Bosnia and Herzegovina is a potential candidate for a membership. For a long time Montenegro seemed as the country in the most favoured position becoming a member of the European family but – due to the postponements of major institutional reforms – accession date is still blurred. Montenegro has initiated its accession negotiation in June 2012, two years after being granted the candidate country status. The only successor country that escaped a civil war during the breakup of Yugoslavia, the FYROM, however, couldn’t make capital of a peaceful political and economic transition. The FYROM has been a candidate for membership since December 2005 (EC, 2013b). The difference in advancement of the countries – theoretically – crystallises only in the would-be date of accession, but the speed of the necessitated reforms shouldn’t be ignored either. In this process, the European Commission regularly issues progress reports on the legislative acts approved

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<sup>11</sup> Službeni glasnik Republike Srbije, 51/09

<sup>12</sup> Službeni glasnik Bosne i Hercegovine, 48/05

<sup>13</sup> Službeni glasnik Bosne i Hercegovine, 10/12

<sup>14</sup> Službeni vesnik na Republika Makedonija, 145/10

<sup>15</sup> Službeni vesnik na Republika Makedonija, 145/10

<sup>16</sup> Službeni glasnik Crne Gore, 44/12

<sup>17</sup> Službeni glasnik Crne Gore, 74/09

by the applicant country. These evaluations, that discuss competition policy development as well, serve as a string for the governments addressed debunking the way for further efforts.

Progress Reports of 2013 give the best overview on the latest trends in competition policy progress. According to these reports among the major hindrances before competition policy development are – with slightly exceptions – the *inadequate legal background* of the competition and State aid policy, *the institutional-financial (in)dependence* and the quality of *competition authorities' human resource* (EC, 2013c; EC, 2013d; EC, 2013e; EC, 2013f; Ristić and Mijušković, 2013).

As regarding to the legislative efforts of the countries, notable steps were being made in legal systems nearing them towards the *acquis*, but they have to be submitted to further policy harmonisation. The development has proceeded from a differing basis, but a reassuring sign is coming, beside others, from Sarajevo by the establishment of the State Aid Council (EC, 2013f), or from Montenegro by the Agency for Protection of Competition (EC, 2013d). In any circumstances, endeavour on the policy field is welcomed in respect of all characteristics of the market. In the FYROM, on the other hand, a pivotal discrepancy ought to be resolved in the antitrust leniency programme since the Law on Protection of Competition and the national criminal code contain conflicting provisions (EC, 2013e). Serbia, however, diverges from its neighbouring counterparts inasmuch as it has not coped with its sometimes conflicting provisions on competition, unresolved question of State aid granted for the privatised undertakings, or the tangle on the field of services of general economic interest [SGEI] (EC, 2013c).

More information on the stance of (competition) policy harmonisation could be drawn from the screening report of the country accessing the Community. Serbia has just started with its accession negotiations but in the Montenegrin report some notable competition policy statements might be highlighted. The European Commission argues that “although Montenegro has taken significant steps to align its legislation with the *acquis*, its legislation is not overall in line with it” (EC, 2012c, p.7). Montenegro by its 2012 Law on Protection of Competition generally meets the Community provisions, but some definitions need to be elaborated more precisely. On the other hand, liberalisation and State aid procedural legislation, partly due

to its infringed independency, is “only partially aligned with the EU State aid rules” (EC, 2012c, p.7).

Obtaining independence and shepherding market processions free from excessive state intervention is one of the biggest challenges for the aspirants examined. Interlocking of state and market economy filaments originates in economic history of these states, and sundering of regulatory, executive and regulated actors proceeds extremely slowly, especially in the case of bigger undertakings. In other words, the lobby and persuading activities shape much more the business environment that they should, and in the meantime they can obstruct it as well (Várhegyi and Voszka, 2010). In the context of competition policy, independence of State aid commissions emerge suspense, both institutionally and financially. For the first, proceedings of Serbia raise concern by the evasion of Commission for State Aid Control in granting aid (EC, 2013c). A fear from shortage of budgetary resources or misuse of aids characterise the FYROM and Bosnia and Herzegovina; in the case of the latter, the European Commission argues that “transparency of all state aid granted in the country has not yet been ensured” (EC, 2013f, p.35).

Peering at the field of human resources, several comments have to be made. The number and qualification of experts dealing with antitrust and State aid issues seem to be insufficient throughout the region and this position should be ameliorated by gaining international practice. The sole exception from these shortcomings is the FYROM, where the preparedness of servants is adequate although the “staff dealing with anti-trust and mergers is not used efficiently” (EC, 2013e, p.26). The development of human resources doesn't mean only education and training on an administrative basis, but efficiency improvements are awaited to be achieved in the process of investigation and evaluation of facts, or advocacy, too. Furthermore – in accordance with the ‘more economic approach’ doctrine –, rise in the number of economists employed in these bodies is highly recommended. On the other hand, barding competition policy experts with proper proficiency is only half the battle, since “the capacity of the judiciary to deal with complex competition cases needs to be strengthened” (EC, 2013d, p.23) as well – pointed out the remonstrance towards Montenegro. Pavić (2011, p.252), going further, has emphasised the need for a complex observation of competition policy cases since by the lack of this “market actors, their legal advisors and the [Competition]

Commission received no feedback on the proper way in which the law was to be interpreted”.

Undoubtedly, State aid practice is the amid-crisis most scrutinised competition policy branch. Treatment of the Western Balkan countries seems to diverge from the EU practice not only in its volume compared to the GDP (Prokopijevic, 2013), but its sectoral distribution as well (KKDP, 2011). Prokopijevic (2013, p.16) argues that “the percentage share of state aid to Serbian economy in GDP was four to six times higher than in the EU just before the crisis in 2008, while it was quite similar to the level of aid in the EU during the years of crisis – 2009 – 2011. An important difference between Serbia and the EU is that the amount of aid in the EU before the onset of the crisis had decreased, which was not the case in Serbia”. On the other hand, a strong realignment could be tracked in the Montenegrin practice, where the share of horizontal aid skipped from the 2008 4,93% to 67,14% in 2010. However, the Serbian scheme shows the contrary since the 2009 62,6% plummeted to the 2011 16,3% (KKDP, 2011; Prokopijevic, 2013). This drift could be traced back to the specific real economy background and distinct economic considerations.

Taken all round, Serbia and Bosnia and Herzegovina have to take considerable efforts harmonising their market regulating system to the EU standards. Belgrade and Sarajevo have to modernise their legislative fundamentals and administrative capacity, observing independence of bodies concerned. The FYROM and Montenegro, on the other hand, are on a good track, but political and institutional obstacles hinder their endeavour towards the Single Market. The Montenegrin screening report, as a justification of Montenegro’s commitment towards the EU, could serve as a mirror for the rest of the Western Balkan countries. European Union membership means not only participating in the European decision-making or being eligible for cohesion policy resources, but a colossal opportunity for building an economy with stable fundamentals, too. This is, furthermore, much more true in the case of small and open economies like the countries of the Western Balkans are. In the process of adjustment to the EU standards useful practices could be rummaged up from the integrating process of the CEECs; their CEFTA membership provides further backup on the way towards the full membership. Heading for the EU seems profitable for these countries since Josifidis, Dragutinović Mitrović and Ivančev (2012, p.174), scrutinising emerging European

countries and the Western Balkans, estimated that “significant changes in economic growth of the Emerging European economies compared to the Western Balkan economies occur after becoming an EU member”. And what is more, the 2008 recession disclosed that making sacrifices for the integration would reconcile different economic interests in the region since “the crisis negatively affected the region’s trade with the EU more than intraregional trade in the Western Balkans” (Bjelić, Jaćimović and Tašić, 2013, p.94). Furthermore, Goranson and Volkai (2003) highlight the desire for an enhanced regional competition policy co-operation. For these purposes economic governance has to assume even major loss of sovereignty on shaping independent operational conditions, including tax allowances; during the Hungarian accession negotiations, for example, this was a fractioning issue as well (Vozzka, 2006).

## **DISCUSSION AND CONCLUDING REMARKS**

In the primer part of the paper we have given an overview on the main inducements of common European competition policy. The fundamental motive of the Single Market was to create an economic area characterised by identical operational conditions. Competition policy has had to ensure free competition; this theoretical statement, nonetheless, ought to be observed under the supposition of CCP’s accessory goals. We argue the role of CCP in industrial policy (more generally: in fostering economic growth and development) and conclude that it has grown up aside Single Market integrity deliberations. Fundaments of separation of goals are justified on the duality of achieving these goals: while the prior category is based on the free competition, latter are fruits of a (moderately) distorted and restricted competition. We bear in mind that attaining progress at the expense of competition is strictly regulated by the Article 101 (3) and BERs. Our assumption on the shift of competition policy emphasis is therefore rejected under the supposition that nowadays crisis’ long term consequences on the Single Market integrity and growing perspectives are still unknown.

One of the stiffest obligations of accessing countries seems to match competition policy norms. Roots of the problem are dual. Examined economies show unhealthy market structure in numberless sublevels mainly due to the Yugoslav command economy and realignment

afterwards. Business practices frequently show ambiguous pictures. On the other hand, reforming competition rules is proceeding slowly due to the various economic (industrial policy, employment, etc.) and strategic interests (energy supply, tax incomes, etc.). Much more doubt is raised if these forces throw efforts on harmonisation off the rails and they wreck. This latter could be the case in State aid practices. Our hypothesis on the aspirants' competition policy consistency with the EU legislation is therefore fully rejected in State aid issues and conditionally proved in antitrust regulations. This means Western Balkan countries' antitrust approach is *generally* on a good path. As it is highlighted by the Commission (EC, 2013c; EC, 2013d; EC, 2013e), further legislative actions are needed since preparations are labelled only in the FYROM as advanced, in Serbia and in Montenegro moderately advanced, while in Bosnia and Herzegovina "remain at in early stage" (EC, 2013f, p.35). These should be executed in the countries' own interest since the earlier and stricter their harmonisation follows European conceptions on competition policy the more benefits they could potentially exploit from the forthcoming common market. In other words, an early legislative action would probably result in short term unfavourable effects (the current costs of transition), but a conform economic structure with long(er) tradition would compensate these sacrifices in the long run. Decreasing the lags noticed in legislation and improving the immature institutional system, as acts the state could do for a workable competition, would result in an optimal regulatory framework for the future. The sixty-year-long European integration and practices of the other post-socialist CEECs should serve as a template for building institutional framework and EU membership would undoubtedly lead to further market liberalisation by the enhanced competition. In a long term, this could spur sound economic development of the Western Balkans. On the other hand, institutional reforms have to be supplemented with country-specific solutions on economic governance and economic incentives. This dual approach would lead to a *unity in diversity* – even if it takes toll today.

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# Slovenia's Attitude Towards Slovenian Minorities in Neighbouring Countries

Dejan Valentinčič<sup>1</sup>

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## ABSTRACT

Slovenians live as indigenous national minorities in Italy, Austria, Hungary and Croatia. When gaining independence in 1991, Slovenia promised to take special care of these minorities. The article aims to analyse how Slovenia's attitude towards its minorities in the neighbouring countries developed over the last 23 years. Slovenian legal acts on this issue and their application in practice are presented in detail. The article deals with the constitutional basis for Slovenia's relation with Slovenians outside the home country, the umbrella law and other regulations. Special attention is paid to the Act Regulating Relations between the Republic of Slovenia and Slovenians Abroad, which had been promised by the Constitution, but was only adopted in 2006. In addition to the content of the Act, the author presents the process of its adoption and clearly outlines the areas in which he notices issues and what can be changed. The paper concludes with clear guidelines for the changes of Slovenian policies.

**KEY WORDS:** Slovenia, Slovenian minorities in the neighbouring countries, legal acts, actual situation.

## POVZETEK

Slovenci živijo kot avtohtone narodne manjšine v Italiji, Avstriji, na Madžarskem in Hrvaškem. Po osamosvojitvi Slovenije leta 1991 se je novo nastala država zavezala, da bo skrbela tudi za rojake izven matice. Prispevek poskuša analizirati, kako se je odnos Slovenije do slovenskih manjšin v sosednjih štirih državah razvijal v zadnjih 23 letih. Podrobno so analizirani in predstavljeni pravni akti ter njihovo udejanjanje v praksi.

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Prispevek se ukvarja z ustavnimi podlagami za odnos Slovenije do rojakov izven matične domovine, področnim krovnim zakonom in podzakonskimi predpisi. Posebna pozornost je namenjena zakonu o odnosu Slovenije do zamejstva in diaspore, ki je bil napovedan že v ustavi, a sprejet šele leta 2006. Poleg same vsebine zakona avtor prikaže tudi proces njegovega sprejemanja. Kritično je predstavljen tudi odnos v praksi – kje se po avtorjevem mnenju zatika in kaj bi bilo potrebno spremeniti. Prispevek se zaključuje z jasnimi smernicami za slovensko politiko.

**KLJUČNE BESEDE:** Slovenia, Slovenian minorities in the neighbouring countries, legal acts, actual situation.

## INTRODUCTION

Slovenia gained its independence in 1991 after the dissolution of the Socialist Federal Republic of Yugoslavia. Slovenian ethnic territory stretches beyond Slovenia's borders and indigenous Slovenian minorities live in all of the four countries neighbouring Slovenia. The Slovenians in the provinces of Trieste and Gorizia, and in Carinthia are much better organised in terms of politics than the Slovenians in the province of Udine, in Styria, Hungary and in Croatia. This is due to their larger number and larger scope of liberties that they enjoyed in the past. To become politically active, people have to develop a strong national consciousness. Minority education, the media and the Church have a great influence on it. This is the basis for developing cultural activities that strengthen the national consciousness. The lack of those elements leads to poor political organisation in these areas and consequently to a lower level of rights.

The nation of origin also plays an extremely important role in preserving the Slovenian culture in border regions. In its highest legal act, The Constitution, Slovenia has committed itself to devoting special attention to its national minorities in neighbouring countries as well as to Slovenian emigrants and workers abroad. A special act on this issue had been promised in the Constitution; however, it was only adopted after 15 years. This shows that the topic was not of great importance for the Slovenian state. We can also notice bad knowledge about Slovenians outside of Slovenia in Slovenian society, quite a lot of opposition to the financing of minorities in neighboring countries, demands for the abolition of the function of the minister etc.

This issue is highly important and also interesting from the perspective of active citizenship. Slovenia encourages members of Slovenian minorities to be active citizens in countries where they live (Austria, Croatia, Hungary, and Italy) to preserve their language, culture and national consciousness. But also, as active citizens, to maintain and develop connections as strong as possible with Slovenia which can help them preserve Slovenian identity.

Therefore, the following research question is raised: "How is Slovenia's attitude towards its minorities in the neighbouring countries, with emphasis on legal acts and their application in practice? Does Slovenia implement its constitutional provisions about the concern for Slovenian minorities in the neighbouring countries?" In order to answer the research question, the descriptive, analytical, synthetic and the method of compilation are used in the article.

The entire Slovenian legislation dealing with indigenous Slovenian minorities in neighbouring countries at the same time also deals with Slovenian migrants and their descendants around the world. Since there are substantial differences between both issues the article deals only with indigenous Slovenian minorities in the neighbouring countries and not with Slovenia's attitude towards Slovenians living around the world.

#### **ARTICLE 5 OF THE CONSTITUTION OF THE REPUBLIC OF SLOVENIA**

In its highest legal act, The Constitution, Slovenia has committed itself to devoting special attention to its national minorities in neighbouring countries as well as to Slovenian emigrants and workers abroad. Since the issue is specified in Article 5 of the Constitution and can therefore be found among general provisions, it is clearly of great importance for the country. Article 5, paragraph 1, of the Constitution states: "In its own territory, the state shall protect human rights and fundamental freedoms. It shall protect and guarantee the rights of the autochthonous Italian and Hungarian national communities. It shall maintain concern for autochthonous Slovenian national minorities in neighbouring countries and for Slovenian emigrants and workers abroad and shall foster their contacts with the homeland. It shall provide for the preservation of the natural wealth and cultural heritage and create opportunities for the harmonious development of society and culture in Slovenia" (Constitution of the RS, OJ RS, n. 33/1991, Article 5).

Article 5 of the Constitution imposes positive obligations of the state, i.e. it is not sufficient that the state only passively refrains from certain infringements, but is also committed to performing minimal actions (Župančič in Šturm et al, 2002, p. 112). According to Boštjan M. Župančič, the positive obligations of the state would only be constitutionally relevant when maintaining concern for Slovenian minorities in neighbouring countries if the Constitutional Court established a doctrine on a specific issue, based on a particular case (*Ibid.*, p. 115). Article 5, paragraph 2, of the Constitution states: “Slovenians not holding Slovenian citizenship may enjoy special rights and privileges in Slovenia. The nature and extent of such rights and privileges shall be regulated by law” (OJ RS, 33/1991). This provision of the Constitution is targeted on Slovenians living in neighbouring countries as well as on emigrants and workers abroad. It is taken from a similar provision in the previous constitution (of the Socialist Republic of Slovenia – SRS), which stated: “The State shall maintain concern for autochthonous Slovenian national minorities in neighbouring countries” (Constitution of the SRS, OJ SRS, n. 6/1974, Article 2). The verb “to strive for”, which is used now, is weaker than the verb “to maintain concern”, used in the Constitution of the SRS. The announcement of the adoption of a law on special rights of Slovenians without Slovenian citizenship sought to eliminate the weakness, but the path to this later proved to be very long.

An interesting provision that goes beyond this article is the one on “Slovenians not holding Slovenian citizenship”, as thus the Constitution makes an assumption that being Slovenian does not equal having Slovenian citizenship. Western legal systems (especially in Romance countries) equate the notion of nationality with citizenship, while the Slovenian Constitution allows for a person not holding Slovenian citizenship to be considered Slovenian (Župančič in Šturm et al, 2002, p. 116). As a result, the term non-Slovenian is also in line with the Constitution. This formulation would become particularly topical if the state opted for a much easier acquisition of citizenship for Slovenians without Slovenian citizenship (like for example in Israel, Italy, Bulgaria, Romania, Hungary ...).

Article 5 of the Constitution is certainly multifaceted as it first ensures the protection of human rights in the country. This provision is the basis for the second chapter of the Constitution which specifies the protection of human rights and fundamental freedoms. Article 5 then ensures a special concern for Slovenians living outside the

borders of their homeland. This provision can no longer be placed among human rights, but we can say that it is the result of the fact that Slovenia was founded as a nation state. Article 5 concludes with the provision specifying the concern for preserving natural wealth and cultural heritage. The provision stating that the state shall “create opportunities for the harmonious development of society and culture in Slovenia” is very general and it is therefore difficult to imagine its practical concretization.

### **Resolution on the Status of Autochthonous Slovenian Minorities in Neighbouring Countries and the Hereto Related Tasks of the Government and Other Bodies of the Republic of Slovenia**

The Resolution was adopted by the National Assembly in 1996. As a non-binding document, it was intended to pave the way for a law on this subject. Article 1 of the Resolution states that Slovenian minorities in neighbouring countries “form a common Slovenian cultural space” together with the Republic of Slovenia (OJ RS, n. 35-2280/1996). The Resolution underlines the validity of the existing international legal acts for the protection of the rights of autochthonous Slovenian minorities in neighbouring states, including the Treaty of Osimo which concerns the Slovenian minority in Italy (*Ibid*). The Resolution also announces the adaptation of a law on Slovenians outside Slovenian national borders and in general calls for the support of cultural, economic, educational, sporting, research and other activities, institutions and organizations of Slovenians in neighbouring countries, as well as civil societies in Slovenia collaborating with autochthonous minorities. What is more, the Resolution predicts the establishment of a special consultative body and the appointment of a minister without portfolio – these measures were later imposed by a new law, adopted in 2006. The Resolution set out guidelines and priorities which would later be precisely defined by law (the importance of education, science, culture and economic development of minorities, the improvement of transport and telecommunication links).

### **ACT REGULATING RELATIONS BETWEEN THE REPUBLIC OF SLOVENIA AND SLOVENIAS ABROAD (ZORSSZNM)**

The Constitution stated that the issue of Slovenians abroad would be regulated by a special law. However, sufficient political will for the adaptation of the law was found no earlier than in 2006. Even

during the process of adapting the law, an extremely long and often unproductive MPs debate showed that Slovenia was far from reaching a consensus on the fact that Slovenians abroad represent a connecting link of national awareness and are not a subject of discussion about internal political burdens of their home country, as it was indicated by a frequent cultural battle and politicization of the issue during the debate (Marinac in Bajc, 2008, p. 252).

Until the adaptation of the law, this field was unregulated – the adopted declarations were not legally binding and sufficiently concrete. Institutions and organizations of Slovenians abroad as well as institutions and organizations in Slovenia dealing with Slovenians outside their home country embraced the adaptation of the law, as it indicated a major advance in the issue. Some of them had comments about the fact that the same law regulates both relations with Slovenians in neighbouring countries and relations with Slovenians in other parts of the world. These are two subjects that are very similar in some respects and quite different in others (e.g. if someone carelessly read the law, he or she might think that the repatriation<sup>2</sup> is meant for Slovenian minorities in neighbouring countries as well). Although welcoming the adaptation of the law, certain representatives of organizations of Slovenians in neighbouring countries expressed some other concerns. SLOMAK<sup>3</sup> prepared its own proposal for the law which was later, in their view, not sufficiently considered in the actual act. They were bothered by the fact that the law did not take sufficient account of their interests and expectations (*Ibid*). Nevertheless, the adaptation of the law had at least a very important symbolic meaning and represented a major advance in practice.

The Act is divided into ten parts. The preliminary provisions define the regulations and the status of Slovenians outside Slovenia. The Act regulates relations between the Republic of Slovenia and Slovenians living abroad, as well as sets out the responsibilities of the bodies of the Republic of Slovenia in this field. Moreover, it regulates the status of Slovenians without Slovenian citizenship and repatriation (the latter targets only Slovenian emigrants and workers abroad) (Article 1 of the

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<sup>2</sup> (Re)settlement in Slovenia.

<sup>3</sup> SLOMAK stands for the Coordination of Slovenian Minorities that unifies the so-called umbrella organizations of Slovenian minorities from all four neighbouring countries. Due to certain disagreements, it only existed on paper for the past few years, until this spring when it was reactivated.

ZORSSZNM, OG RS 43/2006). The Act applies to the Slovenians outside the country who hold Slovenian citizenship, those who have a status of a Slovenian but no Slovenian citizenship and those who do not hold the citizenship of the Republic of Slovenia and do not have the status (*Ibid*, Article 3). Slovenians outside Slovenia are defined as an equal part of a single Slovenian nation that forms a single cultural space with Slovenians living in the homeland (this particularly applies to the minorities in neighbouring countries). Concern for Slovenians abroad should represent an integral and essential part of Slovenian foreign policy. The Act also ensures compliance with all bilateral and multilateral international treaties dealing with respect for minority rights (*Ibid*, Articles 5, 6, 7 and 8.).

### Overview of the Contents of the Act

The most important change, introduced by the Act, is the fact that The Government's Office for Slovenians Abroad is now headed by a minister without portfolio and no longer by a state secretary within the Ministry of Foreign Affairs (*Ibid*, Article 14). This certainly offers many advantages. There is no doubt that a minister has greater political power which can be exercised over other state officials when considering issues from the field. The minister also takes an active part in decision-making and has a significant influence on decisions, as he or she participates in government sessions. What is more, the minister has greater respect abroad, although he or she does not have considerable powers in the field but works through other line ministries, especially through the Ministry of Foreign Affairs. The modification of the Office has also granted him or her more powers, particularly when allocating funds following calls for projects in neighbouring and other countries. The Office is responsible for allocating financial resources following the calls that provide funding only for organizations and institutions operating in neighbouring and other countries. In addition, those organizations and institutions can respond to (some) calls within line ministries (especially within the Ministry of Education, Science and Sport and the Ministry of Culture) that are targeted primarily on organizations and institutions in Slovenia, but are also open for organizations and institutions with equivalent projects operating abroad. Financial resources for the Office have been assured by two special permanent items in the regular annual budget of Slovenia. The resource allocation procedure was established established by a government decree which was provided for by law

(Decree on the Granting of Financial Support for the Maintenance and Development of the Slovenian Identity Outside the Republic of Slovenia) (*Ibid*, Articles 46 and 47). The Office allocates funds by issuing decisions. It should be pointed out that minority organizations expressed some concerns about the changes in the implementation of financial assistance. Prior to the adaptation of the Act, the financial assistance for associations, organizations and institutions was allocated by umbrella organizations. Now the government decides on it by a decree based on analyses, assessments and strategies. Some showed concerns about the possibility of manipulation, as the government could financially support only those recipients who are closer to their interests and political orientation (Marinac in Bajc, 2008, p. 268). However, there are also counter-arguments – the Office could be more neutral which would result in activity-based resource allocations. Moreover, if the money comes to the associations directly from Slovenia, the links between these associations and the homeland will be strengthened.

Other concerns about the funding occurred during the adaptation of the law. A SLOMAK member, Marjan Pipp from Austria, said that the change was not radical enough, since it maintained funding of minority structures that are doubled in all fields (a residue of ideological divisions from the Cold War) and are therefore ineffective. This problem does not exist only among Slovenians in Austria, but also among those in Italy. Mr Pipp believes that Slovenia should approach the problem with financial assistance, since the minorities alone will not be able to resolve it. Pipp wonders “what are the possibilities for a national community, organized on the level of association law, with such associations as the Bee-keepers’ Association or the association of Slovenian Dairymen. With funds being allocated to our minority communities, the Republic of Slovenia maintains this duality which is unnecessary and ineffective not only for the minority but also in terms of regulating mutual relations. And the Act that is currently discussed is not very encouraging as it maintains this method of funding” (*Ibid*, p. 265, 266). In this regard, we should add that the Office adopted a policy of eliminating duality (especially during the 2008–2011 term), but it can be estimated that the policy was selective and politically unbalanced.

In addition to the allocation of funds, the Office has the duties of informing and advising Slovenians outside Slovenia, formulating and implementing state policy and coordinating the work of all mini-

stries in this field (Article 15 of the ZORSSZNM, OJ RS 43/2006). Another very important innovation, introduced by the Act, is the establishment of the Council for Slovenians in Neighbouring Countries (in addition, the Council for Slovenians Abroad was separately established). The Council is a permanent consultative body of The Government of the Republic of Slovenia and is composed of representatives of state bodies, institutions, political and civil society organizations from Slovenia and abroad. The Act states that the Council shall meet at least twice a year. Slovenian minorities in neighbouring countries are represented in the Council by representatives of ethnic communities from the Autonomous Region of Friuli Venezia Giulia (Italian Republic) and the State of Carinthia (Republic of Austria) and by two representatives of ethnic communities from the State of Styria (Republic of Austria) and the Raba region (Hungary), appointed by representative organizations of the relevant minorities. What is more, the Prime Minister appoints two members from the Slovenian national community in Croatia, living in the seven counties of the Republic of Croatia that border Slovenia and in the city of Zagreb (*Ibid*, Article 20). Such a division of 14 places in the Council provoked criticism especially from some representatives of the Slovenian minority in Italy. Their community is by far the largest but they hold only four places, i.e. the same number as the Slovenians of Carinthia, who are, according to some estimates, almost 10 times less numerous (although this figure is not realistic). In addition, together with Styrian Slovenians, they have as many as 6 representatives. According to some, representatives from Italy it could also be more clearly divided, as the situation in, for example, Gorizia and Trieste differs considerably from the one in Resia, Veneto and Canale Valley. Tasks of the Council include drawing up a long-term strategy for development of relations, advising the government on the issues concerning Slovenians in neighbouring countries and presenting views on their situations and events related to them (Article 21 of the ZORSSZNM, OJ RS 43/2006). The Council operates under the Rules of Procedure of The Government Council for Slovenians in Neighbouring Countries. Moreover, it defines the tasks and responsibilities of the National Assembly Commission for the Relations with Slovenians Abroad, which already existed before, but obtained new tasks and responsibilities after the adaptation of the law. The Commission is a working body of the National Assembly, responsible for the policy of Slovenia on Slovenians abroad (*Ibid*, Article 16). It has been often proposed that the Commission should

be transformed into a committee, i.e. into the central working body of the National Assembly, but this has not yet been carried out.

The Act further focuses on culture, preservation of Slovenian language and education, science, higher education, sports, economic and regional cooperation. In addition to the aforementioned funding of projects (for which the Office must get expert opinions of the Ministry of Culture), the field of culture includes the definition of archival activity and very important provisions on the media. Article 30 of the Act stipulates that the RTV Slovenia public institution is obliged to inform Slovenians in neighbouring countries and in the homeland on the issues of Slovenians abroad. What is more, the article states that it is necessary to ensure the accessibility of Slovenian public radio and television via satellite broadcasting for all Slovenian minorities in neighbouring countries without any compensation, subscriptions or other forms of payment (*Ibid*, Article 30). However, this measure has encountered many obstacles in practice, as the country where the minority lives must show interest, offer a frequency and enable the reception of channels. Italy in particular presents a problem. It was expected that the matter would be settled when both countries switched to digital broadcasting, but they chose different broadcasting standards. Consequently, switching to digital broadcasting had a negative effect on Slovenian channels – they used to exist in the Province of Udine but now it is not possible to watch them anywhere in Italy without a special decoder. Since the cornerstones of the EU are four freedoms (free movement of people, goods, services and capital), such a restriction of television signals represents a violation of European legislation. Free flow of information could also be considered one of these freedoms; Italian restriction of Slovenian television signals is thus contrary to European principles and legislation. Consequently, Slovenia could file a lawsuit against Italy at the Court of Justice of the European Union in Luxembourg. Nevertheless, the problems could also be resolved without legal remedies; only some good would be needed, commitment and European spirit of the governments of both neighbouring countries.

Article 31 also addresses the media, specifying the support of printed media that provides information about Slovenians abroad. The magazines coming out in Slovenia (e.g. *Slovenija danes*, *Moja Slovenija*, *Naša luč*, *Rodna gruda* e-magazine, etc.) used to be co-financed by the Office (in 2011 these assistances were abolished and the Office

now funds only one official magazine) and focuses basically on the issues of migrant workers and emigrants. Ethnic minorities in neighbouring countries, on the other hand, mainly have their own, narrowly targeted printed media that concentrate on the events in their country and in their minority. We could say that this article was already outdated when it was written as it refers only to printed media. The latter is nowadays losing its importance and influence, especially among the younger generation who prefers the modern digital media. Since the establishment of their own television service would be completely unrealistic, the minorities must broadcast their programmes on other channels if possible. The Internet is a much more easily accessible medium. Therefore, it would be very useful if the Office financed this type of activity as well. Most of the media already has their own websites and some operate only through the internet (e.g. the Slomedia.it portal in Italy).

As for the preservation of the Slovenian language and education, the state shall finance the rents for learning facilities in the areas where it is not possible to hold Slovenian supplementary classes in public educational institution (this is more applicable to Slovenian emigrants than to Slovenian minorities in neighbouring countries). The state shall also help to ensure the provision of Slovenian teachers, assist in their professional training and integrate with Slovenian schools in neighbouring countries into school competitions and other activities in Slovenia (the latter is indeed happening regularly) (Article 32 of the ZORSSZNM, OJ RS 43/2006).

As regards science and higher education, the Act provides more favourable conditions for Slovenians outside their homeland to enter higher education, as defined by an act regulating the field of higher education. What is more, Slovenian students outside Slovenia can gain special scholarships (*Ibid*, Article 34). The Act also provides financial assistance for Slovenian research institutes operating in neighbouring countries. With regard to sports, the Act ensures that umbrella sports organizations, Slovenian sports clubs and individuals abroad can respond to the relevant ministry calls. In addition, it encourages links between sports organizations in Slovenia and abroad by joint sports meetings, seminars and assistance in organizing major sports events (*Ibid*, Articles 38 and 39).

The Act also devotes attention to economic and regional cooperation. It is known that economically powerful minorities have much better

possibilities for preservation. Moreover, such economic cooperation can bring many benefits to the home country, to Slovenia in this case. Regarding cooperation methods, the Act relies on previously adopted documents (Slovenia's Economic Development Strategy, Slovenia's Regional Development Strategy, National Development Programme, programming documents for the EU, Programme of Measures to Promote Entrepreneurship and Competitiveness, Strategy for the Labour Market Development and Employment, Strategy of the Republic of Slovenia in Information Society and Regional Development Programmes). To facilitate cooperation, the Act provides for the establishment of the Business Development Council which would receive guidelines and reports as well as promote cooperation (*Ibid*, Article 44). Under Article 66 of the Act, Slovenians enjoying the status of a Slovenian without Slovenian citizenship have an advantage over other foreigners, i.e. foreigners who are not citizens of the Member States of the European Union, in applying for a job. The only criminal provisions of the Act refer to this provision. If legal persons, sole traders, authorised persons in a state body or self-governing local community, and individuals violate this measure, they have to pay a fine. The implementation and supervision of this provision are carried out by the Labour Inspectorate of the Republic of Slovenia (*Ibid*, Article 95).

The status of a Slovenian without Slovenian citizenship (the method of acquisition is regulated by the Act) is not very well organized. The Act stipulates that Slovenian origin should be proven by extracts from the register of births and other relevant documents. However, this poses a problem to many Slovenians abroad because their birth certificate does not say that they are Slovenians (e.g. members of ethnic minorities in neighbouring countries that were not born in Slovenia and emigrants whose ancestors emigrated at the time of the Austro-Hungarian Empire, from the areas that belonged to Italy after the First World War or from the minority areas in neighbouring countries). The status of a Slovenian without Slovenian citizenship can be acquired by individuals of Slovenian origin who are active in Slovenian organizations outside Slovenia or are actively connected with the country, who are not members of associations, political parties and other organizations that oppose constitutional and (international) legal rights of Slovenians in neighbouring countries or actively act against the constitutional system of the Republic of Slovenia and whose Slovenian citizenship was not taken away pursuant to the

provisions of the act governing the citizenship of the Republic of Slovenia (*Ibid*, Articles 68 and 59). Persons with the status of a Slovenian without Slovenian citizenship enjoy special rights (reliefs) in the Republic of Slovenia in the fields of education, culture, research activities and on the labour market.

Another very important right of Slovenians in neighbouring countries is the possibility of acquiring Slovenian citizenship. It is regulated by Article 13 of the Citizenship of the Republic of Slovenia Act (OJ RS, n. 24/2007-Official Consolidated Text 2) and the Decree on Criteria for Establishing the Compliance of National Interest for Acquiring the Citizenship of the Republic of Slovenia through Article 13 of the Citizenship of the Republic of Slovenia Act. The conditions became even more restrictive on 4<sup>th</sup> April 2013. Article 3 of the Decree provides inter alia as follows: “(1) /.../ Members of the autochthonous Slovenian ethnic communities in neighbouring countries can also apply for the naturalization. (2) Extraordinary naturalisation for national reasons shall be possible if the applicant mentioned in the preceding paragraph provides evidence of a multi-annual personal tie binding him or her actively with the Republic of Slovenia and at least five-year's active participation in Slovenian associations abroad or other Slovenian emigrant, migrant or minority organizations. Extraordinary naturalisation for national reasons shall also be possible if the applicant mentioned in the preceding paragraph has been stripped of Slovenian citizenship for justifiable reasons and reapplies for it. (4) Extraordinary national reasons mentioned in the preceding paragraph shall be given if the applicant's activities have contributed enormously to the social, economic, scientific, cultural or other development of the Republic of Slovenia and to raising international reputation of the Republic of Slovenia. (6) An opinion regarding the fulfilment of the criteria listed in the second and fourth paragraph of this Article and regarding the eligibility for the citizenship of the Republic of Slovenia shall be issued by a state body, responsible for the cooperation with Slovenians abroad. If the body states that it needs additional information about the applicant to form its opinion, a relevant diplomatic or consular mission of the Republic of Slovenia shall request them through the internal consular service of a ministry, responsible for foreign affairs” (Decree on Criteria for Establishing the Compliance of National Interest for Acquiring the Citizenship of the Republic of Slovenia through Article 13 of the Citizenship of the Republic of Slovenia Act, OJ RS, n. 41/2007 with amendments).

There is concern as to whether such a regulation of granting citizenships is appropriate or it would be better to follow the example of numerous other countries (e.g. Italy, Hungary, etc.) that are much more generous and also more successful in preserving the identity of their compatriots outside the homeland.

### Amendments to the Act in 2010

After four years in force, the Act Regulating Relations between the Republic of Slovenia and Slovenians Abroad underwent first amendments. The Act adopted in 2006, stated the establishment of the Council for Slovenians in Neighbouring Countries as a consultative body, but did not determine its mandate. The amendments to the Act stipulate that the mandate shall run for 5 years and expire with the appointment of a new Council. An individual can be appointed to the Council multiple times. A new indent of the Act refers to the Council's rules of procedure regarding the reasons for early dismissal of a member of the Council (Article 20 of the ZORSSZNM, OJ RS 43/2006). The Act also states that control over the two areas that fall under the responsibilities of the Archives of the Republic of Slovenia and RTV Slovenia shall be exercised by the Ministry of Culture (*Ibid*, Article 30a). What is more, the Act introduces some changes regarding the promotion of sports organizations, associations and individuals in neighbouring countries. There are also some amendments with regard to financing. Previously, the Office could issue a decision only for the current year; now it can conclude an agreement with an applicant for the assistance that is valid for a limited period of time, possibly for several years (*Ibid*, Article 53). Other adopted amendments to the Act refer to the Slovenians abroad and not members of Slovenian minorities in neighbouring countries.

The adaptation of the Act after 15 years of Slovenian independence was certainly an important step forward for relations between Slovenia and Slovenians outside its borders, but it should be emphasized that the Act is by no means a revolutionary advancement or a major change. The most important thing is undoubtedly the fact that Slovenians outside Slovenia have finally become a subject in our legislative system. Further progress will greatly depend on persons adopting the regulations and their attitude towards Slovenian minorities and the diaspora.

## The Strategy of Relations Between the Republic of Slovenia and Slovenians Abroad

Adopted by the government in 2008, the Strategy was already provided for in the ZORSSZNM. The Act predicted that the Council for Slovenians in Neighbouring Countries would draw up a strategy regulating relations between Slovenia and Slovenian minorities in neighbouring countries and submitted it to the government for adoption, but the strategy that was later adopted concerns both Slovenian minorities in neighbouring countries and Slovenian emigrants and migrants abroad. The introduction states that the Strategy is a part of the development strategy of Slovenia (The Strategy of Relations between the Republic of Slovenia and Slovenians Abroad, OJ RS n. 53000-1/2008/5). In general, the Strategy defines concepts, such as common cultural space, national minorities in neighbouring countries, Slovenian emigrants and workers abroad, etc. Its objective is the preservation, enhancement and development of Slovenian identity in the common Slovenian cultural space, stressing that Slovenia is a joint project of its people living in the homeland or anywhere abroad. Slovenians outside the Republic of Slovenia are also dominant players in the development of the country. In the Strategy, the government promised sustainable activities for comprehensive strengthening of autochthonous Slovenian minorities in neighbouring countries and for the establishment of a space and infrastructure common to Slovenia and its neighbouring countries. What is more, the government promised full support for social, political and cultural activities in the homeland environment and for the integration of minorities into the Slovenian state. The Strategy states priorities and concern for the state of Slovenians outside the country, divided by fields (foreign policy, culture, science and higher education, sports, economic and regional cooperation, financial assistance of the Republic of Slovenia). The Strategy is intended as a long-term work plan in the field of Slovenians outside Slovenia and contains mainly general and fundamental assumptions. It repeats provisions from resolutions and the parent act.

The Office for Slovenians Abroad later drafted the Strategy of Cooperation between the Republic of Slovenia and the Autochthonous Slovenian National Community in Neighbouring Countries in the Field of Economy by 2020 and the Action Plan Regarding Cooperation and Support to Young Slovenians Living in Neighbouring Countries and Abroad, both indicating work plans of the Office in the future.

As results of this Strategy and Action Plan we can list the formation of evidence of Slovenian businessman in neighbouring countries and around the world and organization of four business conferences and couple of consultations in the field of economy. In the field of youth the Office organized a meeting of representatives of all Slovenian youth organizations in neighbouring countries and youth organizations in Slovenia in 2011. We can see that also at other occasions the Office tries to include young people.

### **SLOVENIA'S ATTITUDES TOWARDS THE MEMBERS OF SLOVENIA MINORITIES IN PRACTICE**

The first democratically elected Slovenian government in 1990 appointed a minister (back then called the Republic Secretary), responsible for Slovenians abroad and national minorities in Slovenia. Janez Dular was elected to this position. The DEMOS coalition changed the attitude of the authorities towards Slovenians outside the home country which was previously subordinate to purely ideological criteria. The DEMOS government decided to offer the same amount of support to ideologically different organizations (this was applicable mainly in Italy and Austria where all structures in two ideologically distinct groups were, and still are, doubled). Such a regulation is still largely present today and is subject to criticism of many minority representatives.

The Minister for Slovenians abroad also existed in the first Drnovšek's government (Janko Prunk). After the 1992 elections, the ministry was cancelled and the Office for Slovenians Abroad was later established within the Ministry of Foreign Affairs. By 2004, more than 10 state secretaries occupied this position, which indicates that it was primarily a springboard for other positions. However, after the election of a new government in 2004, the centre-right coalition moved the Office from the Ministry of Foreign Affairs directly under the jurisdiction of the Prime Minister. In 2008 the position of a minister without portfolio, responsible for Slovenians abroad, was re-established, just as it was predicted by a sector-specific law in 2006. Boštjan Žekš was named as the new minister. Before and after the 2011 parliamentary elections, all parties adopted a modern (and populist) paradigm of the alleged saving by reducing the number of ministries and, consequently, the position of the Minister for Slovenians Abroad was seriously endangered. Nevertheless, the newly elected govern-

ment decided to maintain the function, but came under fierce criticism from the opposition, media and part of the public. Ljudmila Novak was appointed as the minister. Upon the formation of a new government in March 2013, the abolition of the function was again in the air, but it never took place. Tina Komel became a new minister without portfolio, responsible for the Office for Slovenians Abroad. But also her mandate did not last more than for a year. Coalition parties have decided to replace ministries and currently the Minister is Gorazd Žmavc. The ministry still exists for the time being, but its future is uncertain. The abolition of this position would undoubtedly be a great loss for Slovenians outside the borders of their homeland, both on symbolic and practical levels.

In 20 years of Slovenian politics, the attitude towards Slovenian minorities and emigrants has been negatively marked by two aspects: there have been repeated accusations of foreign policy on neighbouring countries not being decisive enough and of ambiguous funding to Slovenian organizations abroad. It seems that Slovenia has constantly subordinated the situation of its minorities in neighbouring countries to other foreign policy objectives and, consequently, has not acted decisively. It also looks like the country does not have a clear vision of how to deal with Slovenians abroad. Data on financial support were made public in 2010. It was revealed that the state had largely maintained the large-scale funding to ideologically different structures and therefore avoided criticism about political preferences (nevertheless, it needs to be said that such funding is not entirely justified – different organizations vary considerably in the number of members and in the scope of activities). In recent years, the Office has allocated approximately EUR 7.8 million per year<sup>4</sup>. Due to the country's economic situation and the consequent austerity policy, EUR 5.6 million of funding has been predicted for 2014, which represents a significant reduction in the amount of funds.

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<sup>4</sup> In 2010 the Office considerably reduced the amount of funds (up to 1/3 less) for two umbrella political organizations in Carinthia – the National Council of Carinthian Slovenians (NSKS) and the Association of Slovenian Organizations (ZSO) – which came as a great shock for them. The funds for the third umbrella organization, the Community of Carinthian Slovenians (SKS), which had already received significantly lower amount than the other two organizations, were not reduced. The Office thus wanted to punish the umbrella organizations for not being able to agree on common functioning and redirected the funds to cultural organizations. The reactions were very violent; the NSKS even started the dissolution procedure. For the same reasons, cuts in funding Slovenian organizations in Italy were made last year. Both umbrella organizations were against it, pointing out the negative effects on their position.

The Office has introduced many new initiatives, especially for economic, scientific and youth cooperation. The initiatives are definitely praiseworthy, but as they are still in the initial stage, we have to wait to see how they will develop in practice.

Given the situation, we can estimate that maintaining concern for Slovenian national minorities is the most problematic in Resia. Since a part of its population categorically rejects contacts with Slovenia, the country has limited options in this area. It is therefore unclear what policy should be followed to prevent the strained relations from worsening. Even the part of population that identifies itself as a Slovenian minority in Italy does not want Slovenia to be actively involved. Consequently, Slovenia has not carried out any major activities and has not been engaged in the dispute. Resia is included in the framework of the country's activities regarding the Province of Udine as much as the local politics and cultural workers want it. Through annual calls, they can receive the same funding as other minority organizations. Due to the situation in the valley, even the organizations that consider themselves a part of the Slovenian minority rarely take advantage of the offered funds. The reason could lie in the fact that receiving funds would lead into dissatisfaction and problems with some members of the association, as persons in managerial positions are often the only ones active within the Slovenian minority (Public announcements, 2013).

## CONCLUSIONS

Slovenian minorities in the neighbouring countries were separated from their mother nation over different historical periods and the conditions for their development throughout the history were different as well. Consequently, their life today varies greatly between individual countries and within different areas of these countries. In individual countries, as well as in areas of settlement within these countries, Slovenian minorities vary greatly in terms of number, degree of national consciousness, legal protection they are provided with, degree of assimilation, and self-organisation. This is a consequence of the political environment in which a particular minority lived in the past and still lives today, of the legal protection it was provided with in the past, of the possibility of contacts between the minority and Slovenia in the past, of the tolerance of the majority population towards the minority and of ideological, and political divisions

within the minority. That is why the attitude of Slovenia towards its minorities in the neighbouring countries has to be very sensitive, as they have very different needs and wishes.

We can state that the basis in Slovenian Constitution is good for this topic. However, for the adoption of the law Slovenia needed a lot of time which shows that the topic was not of big importance for Slovenian politicians. The adaptation of the Act after 15 years of Slovenian independence was certainly an important step forward for the relations between Slovenia and Slovenians outside its borders, but it should be emphasized that the Act is by no means a revolutionary advancement or a major change. The most important thing is undoubtedly the fact that Slovenians outside Slovenia have finally become a subject in our legislative system. Further progress will greatly depend on persons adopting the regulations and their attitude towards Slovenian minorities and the diaspora. After the adoption leaders of minority organizations were bothered by the fact that the law did not take sufficient account of their interests and expectations. Nevertheless, the adaptation of the law had at least a very important symbolic meaning and represented a major advance in practice. Until the adaptation of the law, this field was unregulated – the adopted declarations were not legally binding and sufficiently concrete. Institutions and organizations of Slovenians abroad as well as institutions and organizations in Slovenia dealing with Slovenians outside their home country embraced the adaptation of the law, as it indicated a major advance in the issue.

Nevertheless, we have to stress that the status of Slovenians without Slovenian citizenship is not well organized and changes are needed.

The second problematic topic is the financial support of minority organizations. The DEMOS government decided to offer the same amount of support to ideologically different organizations (this was mainly applicable in Italy and Austria where all structures in two ideologically distinct groups were, and still are, doubled). Such a regulation is still largely present today and is subject to criticism of many minority representatives. It was revealed that the state had largely maintained the large-scale funding to ideologically different structures and therefore avoided criticism about political preferences (nevertheless, it needs to be said that such funding is not entirely justified – different organizations vary considerably in the number of members and in the scope of activities).

There is also a big problem of very frequent changes of representatives (now ministers and before secretaries) of the Office for Slovenians Abroad (and also appointing incompetent representatives). A more serious approach would be expected. If good relations with Slovenians outside Slovenia are a strategic interest for Slovenia, then it would be expected that all governments appoint people who are very familiar with these issues before becoming officers in the Office. It would also be very important that the same person would be in charge of the Office (except in case of his incompetence or bad work) over the full term of the Government. This would allow continuity in the functioning of the Office.

There has also been done very little (or nothing) in Slovenia to encourage (or order) that Slovenian minority organizations in the neighbouring countries would legitimize their leaders on democratic elections where (all) members of Slovenian communities or at least members (and supporters) of these organizations could vote. Since all organizations are completely dependent on Slovenian financial support, Slovenia has the power to do this. The actual support for these organizations by individual Slovenian people living in neighbouring countries is very questionable. If leaders of these organizations had to be elected on democratic elections the real support to these organizations and leaders would have been seen<sup>5</sup>. By doing so, Slovenia could make its financial and political support to these organizations fairer.

A topic which is relevant from the days when Slovenia gained its independence till today is guaranteed seats in parliament for representatives of Slovenians in neighbouring countries and around the world. For this reform a two-third majority would be needed, but there was never enough consensus to accept this.

An important issue that Slovenia still has to deal with is also how to make that people in Slovenia know more about their compatriots outside Slovenia. Today, the general knowledge is very low.

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<sup>5</sup> As example we can tell that the National Council of Carinthian Slovenians is the only political organization of Slovenians in the neighbouring countries that is democratically legitimated. Angelika Mlinar, member of European Parliament and an important member of the National Council of Carinthian Slovenians criticized on different occasions that the second important political organization in Carinthia the Association of Slovenian Organisations has its electoral system as they would live in the middle of Cuba (Mlinar 2014a, Mlinar 2014b).

We can certainly claim that in twenty-three years Slovenia has not managed to do that could have been done in this field and there are still many challenges for the future.

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# EU Enlargement: The Case of Iceland and the Implications for the Western Balkans

Tamara Kajtazović<sup>1</sup>

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## ABSTRACT

The European Union (EU) has been attractive for the European states for the past few decades, which led to considerable enlargement of the organization. Ten years from the 2004 enlargement – the biggest so far, the prospects for further integration seem unclear. Not all states are eager to join, considering that Iceland put a hold on its accession negotiations with the EU in 2013. Although Iceland is known for its traditional Euroscepticism, this development was rather an unwelcome surprise, as Iceland would mark the EU's final northern frontier. In the meanwhile, Croatia became the 28<sup>th</sup> member state in the same year as Iceland put a hold on its negotiations. There is a common denominator that unites Iceland and Croatia, as well as the existing candidate and potential candidate states from the Western Balkans: they fall into the category of small states. In some views, the EU is the ideal platform for small states to maximize their influence. This paper will be focused on Icelandic withdrawal and its potential implications for the prospects of future enlargement regarding the existing candidate states from the Western Balkans. The author will analyse what lies in the background of the strong Icelandic Euroscepticism that contributed to hold of negotiations and what this means for EU's further enlargement. The author will try to demonstrate that a membership in the EU should remain a priority for small states, especially candidates from the Western Balkans.

**KEYWORDS:** European Union, EU enlargement, Iceland, Western Balkans, European integration.

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**POVZETEK**

Evropska unija (EU) je bila v zadnjih nekaj letih zelo zaželeno med evropskimi državami, posledično pa se je razširila iz ustanovnih šest na današnjih 28 članic. Deset let je minilo od največje dosedanje širitve leta 2004, vendar danes obeti za nadaljnjo integracijo niso tako pozitivni. Islandija je v letu 2013 prekinila pogovore o vstopu v EU. Čeprav slovi po tradicionalnem evroskepticizmu, je bila prekinitev pogajanj neljubo presenečenje. V času, ko se je Islandija pričela odmikati od EU, pa je Hrvaška postala 28. članica unije. Skupni imenovalec obeh držav je kategorija malih držav – ta ju povezuje tudi s kandidatkami in potencialnimi kandidatkami za članstvo iz območja Zahodnega Balkana. Po nekaterih teorijah je EU idealna platforma za male države, saj lahko preko nje povečajo svoj vpliv. Prispevek se bo osredotočil na islandsko prekinitev pogajanj in potencialne implikacije za obete prihodnje širitve in članstvo kandidat z Zahodnega Balkana. Avtorica bo analizirala, kakšni so vzroki islandskega evroskepticizma, ki je prispeval k prekinitvi pogajanj in kaj to pomeni za prihodnost širitve EU. Avtorica bo skušala pokazati, da bi moralo članstvo v EU ostati prioriteta za male države, še posebej za kandidatke iz Zahodnega Balkana.

**KLJUČNE BESEDE:** Evropska unija, širitev EU, Islandija, zahodni Balkan, evropska integracija.

**INTRODUCTION**

Since its inception with 6 original members, European Union (EU) has been considerably enlarged. 22 countries have joined the European Union, making a total of 28 members as of 2014. The 2013 enlargement with Croatia joining the European ensemble was especially historic as it was the second ex-Yugoslav country to join and the first that had been terribly affected by the wars in the Balkan region in the 1990s (Grabbe 2014, p. 41). However, its accession treaty may prove to be the last to be signed this decade and the last to be passed without a referendum in one or more of the existing Member States (*ibid*). Further enlargements are planned to take place though, with Albania, The Former Yugoslav Republic of Macedonia, Iceland, Montenegro, Serbia and Turkey either in process of negotiating or waiting to start, and Bosnia and Herzegovina and Kosovo with the prospect of joining when they are ready (European Commission 2014a). Iceland, however, is a special case among these countries – not only because it is best qualified according to the existing criteria

(Avery et al. 2011, p. 114), but also because it is known for the traditional skepticism of its political elites towards the EU (Thorhallsson and Rebhan 2011, p. 53). This is also the reason why it stirred quite a surprise when it applied for the EU membership in July 2009. If it had joined, Iceland would become EU's smallest member state (Avery et al. 2011, p. 93), as well as the final frontier of the European expansion northwards (Jones and Clark 2012, p. 77). In 2013 however, the new Icelandic government decided to put the accession negotiations on hold (European Commission 2014b).

The paper will focus Icelandic withdrawal and its implications for the prospects of future enlargement regarding the existing candidate states from the Western Balkans. There is a common denominator that unites Iceland and the candidates (and potential candidate states) from the Western Balkans: they fall into the category of small states. In some views, the EU is the ideal platform for small states to maximize their influence. The Icelandic withdrawal is therefore surprising, but it also brings us to question, whether Euroscepticism is becoming a trend among existing candidates and potential member states. The author will analyse what lies in the background of the strong Icelandic Euroscepticism that contributed to hold of negotiations and what this means for EU's further enlargement. The author will try to demonstrate that a membership in the EU should remain a priority for small states, especially candidates from the Western Balkans.

Methodology of the paper is based on the analysis and interpretation of primary sources, namely official EU documents, as well as on the analysis and interpretation of secondary sources, namely academic literature. The method of case study is used as well. In the first part a brief overview of the EU's enlargement policies and plans will be made. The second part will focus on the case study of Iceland, whereas the third part will be focused on Western Balkans states and their opportunities and challenges regarding the EU integration. The analysis of Iceland and Western Balkans states will be centered on the category they both fall in: small states and their role in the EU. Benefits and possible disadvantages of membership in the EU for small states will be identified, especially the Western Balkan states that are currently in the process of negotiating their accession.

## ENLARGEMENT OF THE EUROPEAN UNION

Throughout the years, the EU has become an attractive organization for states, and vice versa, the EU has been interested to integrate new member states. The EU has been attractive for its combination of stability, prosperity, security and personal freedoms, as well as open markets and societies (Grabbe 2014, p. 40). The EU integration process consists of three stages – firstly, a country is offered a prospect of membership and acquires the status of a potential candidate country; secondly, the country becomes an official candidate for membership; thirdly, the candidate becomes an acceding country by moving on to formal membership negotiations (Penev 2012, p. 60). The conditions for accession of a new member state are two-fold – the EU needs to be able to integrate new members, and new members need to fulfill the key criteria<sup>2</sup>, the so-called “Copenhagen criteria” (European Commission 2014c).

A study of costs prior to the 2004 enlargement has shown that the EU membership should prove to be very beneficial to central and eastern European countries, especially from the perspective of the long-run economic benefits (Baldwin et al. 1997, p. 167–8). But the European integration is more than just an economic project – it involves sharing of sovereignty to safeguard democratic stability and security in the region (Kristinsson and Thorhallsson 2004, p. 150). This is also one of the reasons why there has been a practice of differentiated integration and external flexibility present in the enlargement process (Karakas 2013, p. 1064). Some EU member states do not want to take part in some of the policies or processes – they decline introducing euro as a common currency or do not cooperate fully in the Common Security and Defense Policy (CSDP). But it also goes the other way around – some non-EU-members take part in some of these processes, like Iceland, Norway and Switzerland (*ibid*).

But since the enlargements in 2004 and 2007, the expansion has been marked by the so-called “enlargement fatigue” revealed by the opinion polls. It is generally linked to public fearing the prospects of immigration, cultural and social disruption, job competition, as well as

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<sup>2</sup> Countries wishing to join need to have: stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy and the capacity to cope with competition and market forces in the EU and the ability to take on and implement effectively the obligations of membership, including adherence to the aims of political, economic and monetary union (European Commission 2014c).

reluctance to take on financial and strategic burdens (Avery et al. 2011, p. 115). Even prior to the 2004 enlargement, there was a fear that the EU's expansion to 25 members would "turn the Union into a bureaucratic dinosaur and further undermine its democratic legitimacy" (Browning and Joenniemi 2008, p. 33). Later on, the crisis has not affected the Union only in the economic sense, but also in the political. Combined with enlargement, it is pushing the EU to develop new mechanisms in the areas of rule of law and democratic practice (Grabbe 2014, p. 47).

### **CASE STUDY: ICELAND**

Prior to 2009, when Iceland applied for membership, the country already enjoyed a high degree of integration with the EU through membership in the European Economic Area (EEA)<sup>3</sup>, Schengen Area, European Free Trade Association (EFTA)<sup>4</sup> and North Atlantic Treaty Organization (NATO) (European Commission 2014b).<sup>5</sup> In this sense, Iceland is an important partner for the EU – not only because of the already existing integration, but also due to common interests in the fields of renewable energy and climate change and in view of the strategic importance of the EU's Arctic policy (European Commission 2013).

Iceland already fulfills the main criteria for becoming an EU member (Avery et al. 2011, p. 93). As a well-established and functioning democracy, it fully meets the political criteria for the EU membership. Similar goes for the economic criteria, as Iceland can be considered a functioning market economy (European Commission 2013). But it has been a fortress of Euroscepticism for the last couple of decades and has not considered joining the EU before 2009. There are several reasons for this. Firstly, the skepticism is especially strong among the political elites. The "Euroscepticism of the Icelandic political elite distinguishes the country clearly from the other European

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<sup>3</sup> Within the EEA there is free movement of goods, services, capital and persons. It was designed with the intention to bridge the gap between the EU and EFTA. The EEA does not fully cover EU's Common Agricultural Policy (CAP) or the Common Fisheries Policy (CFP), but contains special provisions on various aspects of trade in agricultural and fish products (Bjarnason 2010, 37).

<sup>4</sup> EFTA is a free trade association, in which the members have eliminated barriers among themselves for industrial products, but unlike a customs union, they do not have a common external tariff (Bjarnason 2010, 30).

<sup>5</sup> Iceland has already reached a high level of alignment in a significant number of policy areas covered by the *acquis*, mainly due to its membership of the European Economic Area (European Commission 2013).

states and the elite has been more skeptical regarding the EU membership than the country's electorate," (Kristinsson and Thorhallsson 2004, p. 145). Voters have been in fact more positive towards the question of the EU membership than has the political elite (*ibid*). Iceland was governed by the Independence Party from 1991 until 2009, which has sidelined discussions of a possible application for the EU membership as to not cause a split in the party (Thorhallsson and Rebhan 2011, p. 64). Secondly, sovereignty and independence are highly appreciated among Icelanders, which does not go well with their view of European integration. After peacefully struggling for independence until 1944 (Thorhallsson 2013, p. 5), "a myth has developed in Iceland about Icelanders' unilateral successes in the Independence Struggle and the Cod Wars, that has strengthened Icelandic pride and national identity" (Avery et al. 2011, p. 94). It is also interesting that Iceland's independent character actually emerged from its past relations to Europe – national sovereignty has been won from Europe less than a century ago (Jones and Clark 2012, p. 78). Thirdly, Iceland as a quite isolated small state might feel powerless when involved with the politics of the greater powers (Kristinsson and Thorhallsson 2004, p. 151). Fourthly, one of the reasons for Euroscepticism is one of the features of the Icelandic proportional representation electoral system: the over-representation of the regional constituencies in the parliament and consequently, a strong voice for the fishing and agriculture sectors (Thorhallsson 2013, p. 7). Fishing and agriculture have traditionally enjoyed a privileged status in the Icelandic administration and parliament, which they could not be certain of keeping under the conditions of the EU membership (Kristinsson and Thorhallsson 2004, p. 155). Iceland is also economically strongly dependent on fisheries and Icelanders fear that if Iceland became an EU member, it would have to accept the EU Common Fisheries Policy (CFP), which means that national control over allocated total fish catch quotas would be lost to the EU Council of Fisheries Ministers (Bjarnason 2010, p. 43).

The EEA and EFTA membership was therefore long considered as sufficient in Iceland. It was perceived as beneficial to the economy, even more so than membership in the EU (Thorhallsson 2011, p. 9). The membership in the EEA serves the Icelandic interests as it gives the country access to the EU market for its fish with limited tariffs, but without having to give up on decision-making regarding fishing and farming sector (Thorhallsson 2004, p. 64). It was not until the

economic crash in 2009 that Iceland started to contemplate possible accession – and it was not until the crash that the proponents of accession in Iceland got the opportunity to raise their voice. The Social Democratic Party (SDA) was the first Icelandic political party that advocated an EU application as early as in 1994 and in the general elections of 2009, the SDA became the largest political party for the first time (Thorhallsson and Rebhan 2011, p. 61–2). It also has to be noted that for a long time, Iceland was mainly protected by its largest neighbor, the United States of America (USA) (Thorhallsson 2011, p. 9). The US provided economic assistance to Iceland, the highest per capita that the USA provided in Europe. When in 2008, the USA decided to close its military base<sup>6</sup> in Iceland and not to help Iceland out of the crisis, it became clear that Iceland has to seek shelter elsewhere – it was forced to turn to Europe (Thorhallsson 2013, p. 12). “The Icelandic parliament voted in July 2009 to apply for the EU membership, with 33 votes for, 28 votes against, and two abstentions” (Bjarnason 2010, p. 53).

Iceland’s accession negotiations were progressing very well, especially when compared to other applicant states (Institute of International Affairs 2013, p. 2). In its 2013 report, the European Commission concluded that Iceland continues to fully meet the political criteria for the EU membership and can be considered a functioning market economy (European Commission 2013). At the time when the Icelandic government decided to put the negotiations on hold, 27 of the negotiating chapters had been opened, of which 11 provisionally closed (European Commission 2014b).

There were several reasons why Iceland backed from the negotiations in 2013. First of all, although the financial crisis triggered a short period of enthusiasm, mainly for reasons of seeking financial shelter, the pragmatic issues of fisheries and agricultural policies still dominated the political attitudes towards the EU (Jones and Clark 2012, p. 79). Furthermore, and even more importantly, negative feelings in connection with two issues arose in the public sphere and dominated the debate. The first issue was the infamous Ice-save dispute.<sup>7</sup> The

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<sup>6</sup> The USA, which had assured Iceland’s defence for decades announced in 2006 that it would be closing its bases on the island, which came as a surprise. The USA are still pledged to provide defence to Iceland though, but claim they do not need a military base in Keflavik for that purpose (Rennie 2006).

<sup>7</sup> Icesave was an internet-based service, launched by the Icelandic Landsbanki, that aimed to win retail deposits by offering more attractive interest rates and it had indeed attracted many depositors

question of the EU membership was sidelined by the dispute, which dominated the Icelandic politics for a year. There has been an increase in nationalist feelings, which caused the EU debate in Iceland to focus on the question of whether or not the country should withdraw its application. Public opinion polls have shown that the public opinion on Iceland's EU membership has been negatively affected by the dispute (Thorhallsson and Rebhan 2011, p. 58–9). Last but not least, in the public debate, the EU and its member states have been blamed for the International Monetary Fund (IMF) blockage of the assistance. Britain and the Netherlands blocked Iceland's IMF assistance on numerous occasions, which caused Icelanders to believe that EU is in fact to blame, although the EU has stated many times that the Icesave dispute is a bilateral matter for the states concerned (Thorhallsson 2013, p. 14).

The decision by the Icelandic authorities in 2013 to put the accession negotiations on hold until after parliamentary elections caused uncertainty within the EU (Institute of International Affairs 2013, p. 3). It remains unclear whether Iceland will continue the negotiations or not. The new government opposes both the accession process and the membership of the EU – they prefer partial engagement in European integration through Iceland's existing membership of the EEA and Schengen (Thorhallsson 2014, p. 2). It is also interesting that while most public opinion polls indicate a clear majority of Icelanders is against the EU membership, they also show that a majority is in favour of continuation of the accession process and holding a referendum on an accession treaty (*ibid*). This is not surprising, as Icelanders are interested what might be negotiated with the EU and how the resulting accession treaty might protect their interests.

However, Iceland could benefit greatly from a full integration with the EU. First of all, because of the political alliance, as well as an economic shelter. Thorhallsson (2012, p. 6) believes that if Iceland were a member of the EU in time of the crisis, it would not have experienced the currency crisis that has substantially increased inflation, mortgages and other loans in foreign currency, as well as in Icelandic

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from Britain and the Netherlands. Once the banks crashed, the Dutch and British governments demanded from the Icelandic government to repay the debt. An agreement was negotiated and adopted in the parliament, but the President Grimsson decided not to sign it into law, out of respect for the national sentiment against it. The agreement was put to a referendum in 2010 and 93 % of the voters voted against it (Wade and Sigurgeirsdottir 2010, 19–23).

Krona (ISK). He also believes Iceland would have been assigned rescue packages and would have been sheltered by EU's institutional framework. For example, membership in the EU did not prevent the economic crisis from hitting the Baltic states, however, they were better equipped to respond due to the EU's political and economic shelter (Thorhallsson 2011, p. 9). Secondly, the fear of losing its sovereignty over fisheries might be unjustified. Iceland would be the first member state which has fisheries at its core-interest so, naturally, it would be in a position to have a formative influence in the development of this policy within the EU (Institute of International Affairs 2013, p. 8). Thirdly, another argument in favour of Iceland's membership is connected with the possible opening of the ice-free Arctic. "EU might help Iceland to secure a fair share of profits in the Arctic and to shelter from the worst risks, such as military clashes among the large powers," (Avery et al. 2011, p. 117). Iceland could have a stronger voice regarding its key interests when joining an alliance, such as the EU.

There are of course some alternatives to full membership. The leeway for accession alternatives ranges between membership without full integration and a customs union (Karakas 2013, p. 1067). For example, prominent accession alternatives for Turkey, one of the candidate states, are the privileged partnership, the extended associated membership (EAM) and the EEA Plus (*ibid*). However, the most viable option for Iceland would be to remain integrated within the EEA, but this does have its flaws and remaining challenges – such as the democratic deficit, as well as a transposition deficit, which has arisen due to delays in transposition of EEA acts into the Icelandic law. The only way to fix the democratic deficit would be to change the EEA agreement itself, which is not likely in the foreseeable future (Institute of International Affairs 2013, p. 10). Fredriksen (2012, p. 868–9) also warns that the continuing success of the EEA is threatened by a widening gap between EU primary law and the still unchanged main part of the EEA agreement.

## **THE WESTERN BALKANS AND THE EU: OPPORTUNITIES AND CHALLENGES**

The Western Balkan states refer to Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Serbia and Montenegro. Croatia joined the EU in 2013, whereas other six states share a perspective of European integration and are often jointly referred to as the countries of Western Balkans when speaking of the EU enlargement. In 2003, the

European Council expressed its determination to fully support the Western Balkans on their path towards European integration in a Thessaloniki Declaration (European External Action Service 2014). The EU's policy in relation to these countries is established through the Stabilisation and Association Process (SAP), "which has gradually incorporated the enlargement process instruments to bring the countries of the region closer to the EU" (European Commission 2008). As a result of SAP, the Western Balkan countries already enjoy free access to the EU single market and the EU financial support for their reform efforts (Penev 2012, p. 61). Under the Instrument for Pre-Accession, 10 billion euros have been allocated as financial support for Western Balkan candidate and potential candidate countries in the period of 2007–13 (Cohen and Lampe 2011, p. 451). However, the individual prospects for joining the EU among individual countries differ. Four of the Western Balkan states already have the status of candidate countries – Albania, The Former Yugoslav Republic of Macedonia, Montenegro and Serbia, of which only Montenegro already started the negotiations. Bosnia and Herzegovina and Kosovo, on the other hand, are still potential candidates – they were promised the prospect of joining when they are ready (European Commission 2014a). All six of them have country-specific issues to resolve, but a number of important issues also cross-cut the Balkan region – chief among these is the promotion of the rule of law, with the issue of independent judiciary, corruption and organised crime, respect of human and fundamental rights, development of civil society, and efficient public administrations also on the list (Stratulat 2013, p. 3–4). On top of that, some of the countries have unresolved issues in relations to each other – for example, Bosnia, Kosovo and Serbia may be a case for the so-called "parallel track" accession to the EU because of the unfinished statehood issues. The leverage during the accession process is the strongest and gives an opportunity for these issues to be settled simultaneously (Rupnik 2009, p. 2).

In its annual report in 2014, the European Commission (2014d) stated that it is not recommending any fresh steps on Western Balkan enlargement in the next 12 months, but wants to open two new chapters in its negotiations with Turkey – which might be indicating that the EU is entering a somewhat slow period regarding enlargement in the Western Balkans (Rettman 2014). The integration of the Western Balkans has come at a bad time since EU member states are all engaged in the fight to counter the economic crisis (Pério 2011, p. 1–3). But as

Bechev (2012, p. 13) notes, the EU should offer the Western Balkans improved support for overcoming economic and institutional problems in return for stricter adherence to democratic norms and practices. Rupnik (2009, p. 4) warns, that the Western Balkans requires the EU to rethink its enlargement concept, as it cannot be a replica of the pattern successfully implemented in Central Europe - the EU needs to express a tangible and assertive commitment to the Balkans.

The EU should remain a priority for the countries from the Western Balkans, and vice versa – the accession of Western Balkans candidates and potential candidates should remain high on the EU agenda. Firstly, although the economic situation in each individual Western Balkan country is different, it could be argued that joining the EU might bring economic benefits to all of them. Vachudova (2014, p. 127) argues that since the 2004 accession, especially before the financial and economic crisis accelerated, the new member states strengthened their economies due to enlargement: they have gained great economic benefits, including improved living standards for their citizens, accelerated economic growth and substantial financial transfer. Secondly, the political aspect of the integration is very important in the region. As already mentioned the accession process is based on the observance of the Copenhagen criteria and the SAP, including regional cooperation, good neighbourly relations and, in the case of the Western Balkan states, full cooperation with the International Criminal Tribunal for the former Yugoslavia (European Union 2008). This is especially important for the respective region, as the EU processes contribute to post-conflict reconciliation and peace. The prospect of accession acts as a powerful incentive to reform (Penev 2012, p. 61) and conditionality as an instrument is especially effective: in the Western Balkans, the EU conditionality is an instrument geared towards reconciliation, reconstruction and reform (Zuokui 2010, p. 82). “The EU integration process is a tool for strengthening and accelerating the transition process, as these processes are mutually reinforcing” (Penev 2012, p. 59). Cohen and Lampe (2011, p. 452) affirm that the EU’s conditionality-based assistance has played a very important part in the region’s partial progress during the decade after 2000. The European model represents desirable modernising changes for the region and the governments of the candidate states are in principle ready to accept the EU conditions, objectives and criteria (Vesnic-Alujevic 2012, p. 23).

The EU can benefit from the Western Balkan enlargement as well. Although the economic benefits for the existing member states are not very significant (Türkes and Göçköz 2006, p. 189), the geopolitical aspect is very important when it comes to the Western Balkans. Enlargement fosters stable democratic regimes in EU's backyard and the cost of enlargement is in EU's perception much lower, considering the price the organization could pay in case any new conflicts and instabilities arose in the region (Vachudova 2014, p. 126). "Over the past decades, the prospect of the European integration helped the EU to anchor peace and security, above all in the conflict-torn region of the former Yugoslavia, and to support far-reaching democratic and economic reforms both in Central Eastern Europe and the Balkans" (Stratulat 2013, p. 1). As De Borja Lasheras (2014) argues, Europe cannot afford to neglect the one region in which it has assumed full leadership as a foreign and security policy actor: negative developments in the Balkans, especially in Bosnia and Macedonia "could reverse gains in the region, increase instability in other countries on the EU's immediate borders, and further weaken Europe's credibility and cohesion" (*ibid*).

Polls show that the popularity of the EU in the Western Balkans is declining but still respectable (Bechev 2012, p. 3). "These poll results show Euro-realism rather than Europhilia: Balkan citizens are not in love with the EU; rather, they see it as something inevitable" (*ibid*). Although overall EU accession is viewed positively, the public support is different for each of the Balkan states. In Montenegro, the support for the EU has continued to increase, whereas in Macedonia and Serbia there has been a slight decrease<sup>8</sup> (Manchin 2011, p. 165). As Papović and Pejović (2012, p. 2) note, the existing Euroscepticism in the Western Balkans is different than within the EU. While within the EU member states it refers mostly on the institutional and bureaucratic system, the public in the Balkan states also challenges the

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<sup>8</sup> »For example, while support for the EU has continued to increase in Montenegro (from 67 percent in 2009 to 73 percent in 2010), the downward trend in the other two countries that now enjoy visa-free travel has continued: the share of people who take the view that EU accession would be a good thing for their country has fallen from 62 percent to 60 percent in the Former Yugoslav Republic of Macedonia (FYROM) and from 50 percent to 44 percent in Serbia since 2010. A similar picture emerges for Croatia: support for the EU decreased further in 2010 with roughly a third (32 percent) of respondents expressing the opinion that EU accession would be a bad thing, compared to only 28 percent in 2009. Furthermore, the Gallup Balkan Monitor – for the third time in a row – reported that a relative majority of Croatians remain indifferent to EU integration, with 38 percent seeing it as neither a good nor a bad thing« (Manchin 2011, p. 165).

European cultural sphere. The Euroscepticism is especially present in the youth discourse - in Serbia and Croatia for example, the Eurosceptic sentiment among youth evolved from a quest for alternatives. An interesting characteristic of the public support for the EU accession is public opinion in the applicant countries citizens in the Western Balkans become more sceptical the closer their country gets to EU accession (Rupnik 2011, p. 29).

### **ICELAND AND THE WESTERN BALKANS: SMALL STATES IN THE EU**

The Icelandic withdrawal brings the question of possible implications or rising trends among the candidates and potential candidates. The member states from the 2004 enlargement joined rather enthusiastically, as Europe was their preferred destination in terms of identity, prosperity, stability and security (Grabbe 2014, p. 44). Does Icelandic withdrawal mean that EU is not a wanted destination among potential candidates anymore? The Euroscepticism has been noted among the Western Balkan countries as well, but the analysis of secondary sources has shown that although support for the EU accession differs from country to country, the general Western Balkan public inclination sees the EU as something unavoidable. The support for the accession is still respectable in the candidate and potential candidate countries. The analysis has also shown that Iceland and the Western Balkans states do not have much in common regarding their European perspective: on the one hand, Iceland already fulfills most of the criteria for the accession and has put a hold on the negotiations because of various country-specific Eurosceptical beliefs, whereas the Western Balkans states' prospect remains unclear – while they do have a desire to join the EU, there is a long path of reforms and negotiations ahead of them and the EU seems currently preoccupied with other issues on its agenda.

But there is one common denominator uniting Iceland and the Western Balkans candidate and potential candidate countries: they fall into the category of small states. Small states have been perceived as the ones with less capabilities in the material and hard power sense, and consequently, with less influence. They are more vulnerable to international economic fluctuations and structural changes in world economy, however, international organisations can provide them with economic shelter, as well as with a political one (Thorhallsson 2011, p. 2–3). This of course does not mean that small states cannot

actively influence the policies and decision-making within the organization. The socialization of states within the international community or society enables small states bigger leverage, because the established norms within this community influence state interests and identity and consequently, move the sphere of influence away from strictly material capabilities (Ingebritsen 2002, p. 12). Thus, although materially limited, small states can achieve a lot with the right strategy. As Jazbec (2001) notes, the diplomacies of small states need to be effective, especially in the area of implementation of foreign policy goals: for this end, the interests and actions of groups involved need to be cooperative – mobilization of the whole diplomacy of a state is needed in order for the foreign policy goals to be achieved. With the right diplomacy, small states can increase their influence in the international community, and can further their agenda, especially through international organizations. The EU is in this sense especially attractive for small states.

Not only have small states played an important part in creation of the EU, they have influenced it through its institutions (Archer and Nugent 2002, p. 6). The nature of the EU policy-making and legislative process adds new possibilities, especially through the European Commission and – with the new Lisbon Treaty, also through the European Parliament (Bailes and Thorhallsson 2012, p. 108). The EU provides an important platform where small states can promote and further their agenda. Membership in the EU provides small states with access to European decision-makers (Pace 2000, p. 112)<sup>9</sup> and enables them to achieve goals they might not have been able to otherwise due to their limited capabilities. Such an example is foreign policy. As Nasra (2011, p. 177) shows, Belgium, despite being a small state, influenced the development of EU policies towards the Democratic Republic of Congo (DRC): “it has made a continuous effort to put the DRC on the EU’s agenda, it has done substantial networking behind the scenes to forge agreements, it has shared its unmatched expertise and knowledge, and it has created a political dynamic reinvigorating policy debates.” Similarly, Sweden and Finland, also known as “norm entrepreneurs,” have left their mark on various fields of EU policies (Avery et. al. 2011, p. 112). The potential for leverage of small

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<sup>9</sup> Pace, Roderick. 2000. Small states and the internal balance of the European Union: the perspective of small states. In J. Gower and J. Redmond (eds.) *Enlarging the European Union: The Way Forward*. Aldershot: Ashgate. IN (Archer and Nugent 2002, 8).

states lies in applying a smart strategy, which enables them to launch policy initiatives, build coalitions and act as mediators. Being a norm entrepreneur is one of the three options within smart strategy that small states can use to further their own agenda, the other two being a lobbyist or self-interested mediator (Grøn and Wivel 2011, p. 530). Panke's (2011, p. 137) study on the role of small states in various EU negotiations confirms that "size is what states make of it and smaller states can compensate for size-related difficulties through institutionalized learning and through the possession of expertise."

The analysis shows not only that the economic and political gains of the enlargement could be very important for the Western Balkan states, but also the level of their leverage could rise significantly. The EU has proved to be a platform in which small states such as Iceland and the Western Balkan countries can promote their agenda. But keeping in mind the different economic, political and societal characteristics of each of the Western Balkan states, a calculation of specific economic costs and gains should be further studied for specific empirical evidence.

## CONCLUSIONS

Enlargement is one of the pillars of the European integration, but ten years after the big 2004 enlargement, the future prospects are rather unclear. Seven more countries are on the list of potential member states, although with quite different prospects of joining in the near future. The focus of this paper has been on the small candidate and potential candidate states – Iceland and Western Balkan countries. Iceland already fulfills most of the criteria but has put a hold on the negotiations. This is a result of many country-specific factors, such as the Eurosceptical Icelandic political elite, strong representation of the fisheries and agricultural sector in the parliament, as well as a consequence of the Icesave dispute, which disrupted Iceland in the middle of negotiations and shed a bad light on some of the EU member states and in the view of Icelanders, on the EU as a whole. The Western Balkan states on the other hand have shown an interest in the accession, but still have a long path to fulfilling the criteria – the achieved progress depends on the individual country, with some, such as Montenegro being closer, while others do not even have the status of a candidate country – such as Bosnia and Kosovo.

As small states, both Iceland and Western Balkan candidates and potential candidates could acquire a political and economic shelter, as well as more leverage in the European region and wider international community. Although further studies and calculations should have been made to empirically prove this, the analysis of secondary sources indicates that the Western Balkan states might gain a lot by joining the EU in economic terms. And most importantly, the integration process has been an incentive for crucial reforms in the post-conflict period in the Western Balkan region. The fatigue that has been indicated on the EU's side is therefore unreasonable. This paper has shown that it should be in the best interest of the EU to continue with the integrating the Western Balkans and finish the enlargement, as reforms brought by the process can provide stability and prosperity for the wider region.

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# Why do Leaders Lie<sup>1</sup>, and Why do We Believe Them

Eva Goričan<sup>2</sup>

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## ABSTRACT

The paper deals with lying, and deceiving of political leaders. It summarizes and contemplates on the Mearsheimer's book *Why Do Leaders Lie: The Truth About Lying in International Politics* (2011) and uses his explanation of concepts of *truth telling*, *deception*, and *lying*, as basic theoretical framework for further elaboration on why, and how, leaders lie. It attempts to cross-match, and synthesise it with the diversionary theory of war based on the article of Mitchell and Prins *Rivalry and Diversionary Uses of Forces* (2004) in order to provide some critically evaluated common grounds for further analysis of the topic. If leaders lie simply because they *can*, the author further addresses the question what makes the lies believable, and concludes leaders extensively appeal to public's emotions with different rhetoric skills. Therefore, lying should be considered, and analysed, as an interaction between more parties, not merely from the point of the leader's incentives, and skills. The paper offers brief argumentation based on the case of the Western interventions in the Balkan wars. Methodologically it adopts the interpretative, and critical, approach for the analysis of the secondary literature with the emphasis on works of Mearsheimer, and Mitchell and Prins, as the pillar pieces for author's further discourse.

**KEY WORDS:** lying, deception, diversionary theory, emotion's appeal, media.

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**POVZETEK**

Članek se ukvarja z laganjem in zavajanjem političnih vodij. Povzema in razglablja o Mearsheimerjevi monografiji *Why Leaders Lie: the Truth About Lying in International Politics* (2011) in uporabi njegove razlage konceptov resnice, laganja in zavajanja kot osnovni teoretski okvir za nadaljnjo razpravo v zvezi z vprašanji, zakaj, in, kako, politični vodje lažejo. Njegove predpostavke poskuša križati in sintetizirati z diverzijsko teorijo vojne, osnovane na članku Mitchellove in Prinsa, *Rivalry and the Diversionary Uses of Force* (2004), z namenom vzpostavitve kritično vrednotene podlage za nadaljnjo analizo teme. Če vodje lažejo preprosto zato, ker *lahko*, se avtor nadaljnje sprašuje, kaj *laži* naredi verjetne, in zaključí, da politiki v veliki meri apelirajo na emocije javnosti z različnimi retoričnimi veščinami. Na podlagi tega zaključka avtor predlaga, da se laganje in zavajanje obravnava in analizira kot interakcijo med večimi akterji, ne zgolj z vidika motivacije in sposobnosti političnih vodij. Članek ponuja kratko praktično argumentacijo na primeru zahodnih intervencij v balkanskih vojnah. Metodološko je tema obravnavana z interpretativnega vidika in pristopa kritične teorije za analizo sekundarne literature s poudarkom na omenjenih delih Mearsheimerja in Mitchella in Prinsa kot podlagi za nadaljnjo diskusijo.

**KLJUČNE BESEDE:** laganje, zavajanje, diverzijska teorija, emocije, mediji.

**INTRODUCTION**

John J. Mearsheimer, one of the most renowned scholars of International Relations, a (neo)realist, has in 2011 published a short book, in which he deals with the concept of lying in international politics. The implication of lying versus the truth easily obtains negative connotation on the moral premises, which has in the past few decades in the spirit of liberal theory command the international ideological atmosphere; however, Mearsheimer at the beginning points out that the research he has done ignores the moral judgement of this phenomena. And so does the following essay. Moreover, rather than deciding on the ethics, and morality of such behaviour, the article tries to approach it from the analytical point of view in order to decide how does lying in its many forms serve a certain political goal.

In the preface Mearsheimer confesses he has been discussing lying in international politics for a couple of years at different conferences and lectures, since the topic is, in his opinion, intriguing, nevertheless, he

did not believe in its capacity to be academically analysed. Over the period of these years he has found himself to obtain a more extensive amount of data, which has allowed him to proceed with a more profound research, and the latter resulted in a book titled *Why Do Leaders Lie: the Truth about Lying in International Politics* (2011). As the author of this article realises further on, the concrete theoretical framework is yet to be defined, since the phenomenon of lying is hard to be empirically tested, mainly due to different approaches to categorising such behaviour, and, on the other hand, the inaccessibility of information (when lying is conducted on the highest levels of politics). Therefore, the author aims to provide a broadly consensual theoretical foundation, which could assist in further studies of the topic.

While Mearsheimer deals with a much focused group of lying that occurs in politics, he offers a spectrum of cases, mostly from the foreign politics of the United States of America (USA), especially in relation to the Middle East. Nevertheless, his presupposition that leaders lie on the account of national interest narrows the area of analysis, therefore, this paper tries to fill the void with other theoretical framework, such as with the diversionary theory of war, which pays special focus on the leaders' personal interests.<sup>3</sup> The intent is to elaborate on the concept of lying, and deceit, from as many angles as possible to fully answer on questions why do leaders lie; how, and in what circumstances, do they lie; and why do we, most importantly, believe them.

As mentioned, the first part of the paper summarizes excerpts from Mearsheimer's work, and, in the second part, complements and contemplates them with additional theoretical overview, mostly based on the article of Mitchell and Prins: *Rivalry and Diversionary Uses of Forces* (2004). Thirdly, the synthesised conclusions of both provide some ground rules of the conditions, and limitations of lying, and, lastly, they offer the insight in the relation between the both ends of misleading communication, the *liar*, and the *deceived*. While Mearsheimer addresses the behaviour of the USA regarding the Iraq intervention, this paper attempts to apply some theoretical conclusions to the cases of the Balkan wars (Bosnian, and Kosovar) due to the fact scholars draw certain parallels between the both *wars of choices*.

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<sup>3</sup> It is, in that sense, consistent with some categories that Mearsheimer defined, but has not analysed since he believes lying for the leader's benefit should not have place in politics. The latter is, on one hand, to be expected from a realist that shall treat the state as the 'black box,' nevertheless, on the other, it is, paradoxically, a question of ethics and moralization, which he promises not to conduct.

Due to the discursive nature of the paper the author uses the interpretative, and critical methodological approach for examination, and comparison, of the literature in the strive to encompass the horizon of theoretical perspectives, and establish some probable theses for the following research.

### WHY DO LEADERS LIE? JOHN J. MEARSHEIMER

In the introductory stages of the book, Mearsheimer defines and categorizes basic concepts one is to use when discussing an untruthful expression; *the truth, lying, and deception*. *Truth is relative*; a profound philosophical thought, nevertheless, when addressing it in terms of international relations theory, the criticism of the rational choice theory<sup>4</sup>, *bounded rationality*<sup>5</sup>, to a degree explains it as a relativity of the set of information one is to possess in a particular time and place context. Mearsheimer (2011, pp. 15) is aware each individual has “limited knowledge and biases” regarding any situation, therefore he uses the term “*truth telling*” and considers that it occurs when an individual “makes a serious effort to overcome any biases or selfish interests that he might have and report the relevant facts in as fair-minded a way as he can;” and such presupposition one must bear in mind whenever addressing the concept of the truth.

On the contrary, he defines *deception* as a conscious action to “prevent others from knowing the full *truth* – as that individual understands it;” *lying* is thus “a form of deception,” nevertheless, “not all deception is lying” (*ibid*, pp. 9). *Lying* labels behaviour of an individual, when an untruthful statement is consciously communicated to a targeted audience with the intention the audience will perceive is as the *truth*; the latter can also involve denial of a *true* fact (*ibid*, pp. 16). *Lying*, however, constitutes only one of the three kinds of deceptions, while the other two include “concealment” and “spinning,” (*ibid.*). Both of them distinguish from lying because they do not involve telling a false statement, nevertheless, are not considered as truth telling due to the

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<sup>4</sup> Much criticism regards the generalisation of assumptions and predictions, and mathematical approach of the rational choice theory, which overlooks qualitative variables, typical for social sciences of the rational choice theory.

<sup>5</sup> A term was introduced by Herman A. Simon as an alternative to mathematical calculations of decision-making process in the rational choice and game theory. It supports the thesis of rational decision-making, however, it considers it as *optimization* of a fully rational process of weighing the available information (see Gigerenzer, Gerd, and Selten, Reinhard, 2002, *Bounded Rationality: The Adaptive Toolbox*. MIT Press).

awareness of the individual he is intentionally misleading the recipient of the message (*ibid.*). *Concealment* constitutes behaviour, in which an individual consciously withholds information, which could/would have altered one's position or argument. *Spinning* is, in a way, contrasting concealment, since it does not involve remaining silent, but pursues deception through means of tactical emphasis and presentation of the story. An individual uses *true facts*, yet exaggerates, distorts, and links them together in manners, beneficial to own advantage (*ibid.*).

The latter two forms of deception are generally most widely used in everyday life, as well as in international politics. At the inter-personal level of relations the reason for more extensive use probably lies within the religious norms, and morally acceptable social behaviour, which judge lying as *wrong*, and *bad*; nevertheless, the decision to deceive instead of telling the *truth* is always a strategic one, thus the choice of the form of deceiving is a result of weighing the possible outcomes, specifically benefits and risks. Obviously, with concealment and spinning the benefits can be – in the appropriate environment – the same as with *lying*, while risks, on the other hand, possibly much lower. Same as regular individuals, state leaders do not wish be to perceived as liars, since being caught at *lying* can cause a negative domino effect of their public (and personal) image.

One of the most important presuppositions Mearsheimer sets for his following discourse on types, and causes of deception in the international politics is that all leaders *deceive* in conviction that it is for the benefit of the state, regardless if they are *deceiving* international or domestic public. Nevertheless, *lying* in domestic politics is almost always considered wrong when detected (*ibid*, pp. 7), and frowned upon the least; however, mostly when a leader has been caught at *lying* about a particular matter, which has resulted in failure. The public will be extremely more likely to overlook the lie when the final result will bring success. On the other hand, *lying* to international community Mearsheimer separates on “*strategic and selfish*,” and further on focuses on the first type. *Strategic* lies are told to the foreign leaders and the public “in the service of the national interest,” whereas *selfish* lies intend to protect and advance individual interests of leaders or their close friends (*ibid*, pp. 11). The second type, as mentioned, is discussed more within the framework of diversionary theory; nevertheless, it is surprising that such a controversial topic is not scientifically analysed more, while it is firmly present in the media, and public political discourse.

Mearsheimer divides the lies into seven variations: “*inter-state lies, fearmongering, strategic cover-ups, nationalist mythmakings, liberal lies, social imperialism, and ignoble cover-ups,*” with respect to the purpose(s) they serve (*ibid*, pp. 21–23). His subsequent analysis answers the questions of what are the strategic motives, potential benefits, and costs of each type of lying (*ibid*, pp. 10–11). *Inter-state lying* occurs in rivalry situations, when a lie, directed at other countries gains a strategic advantage over them, or prevents them from gaining advantage at own expense. While actions are directed at foreign audience, state’s leadership often ends up deceiving domestic public as well. *Fearmongering* labels lying to domestic public about a foreign policy threat in order to make the nation perceive the threat seriously, and accept the necessary sacrifices. *Strategic cover-ups* intend to hide failed, or controversial policies from domestic, and sometimes foreign, audience, but Mearsheimer emphasises it is for the benefit of the state, and its people as not to endanger the morale. *Nationalist mythmaking* explains the invention of new *truths* about the state’s history. It mainly involves denying certain (usually negative) nation’s or ethnic group’s action, or, in contrast, falsely claims others. Leaders tell similar stories about others, to built or strengthen the identity of a “we,” possibly against “them.”<sup>6</sup> *Liberal lies* are told to disguise behaviour of a state that contradicts the internationally accepted liberal norms, and law. *Social imperialism* addresses *lies* leaders tell about other countries in order to divert domestic public’s attention from internal problems, or promotion of narrow, elitist interests. *Ignoble cover-ups* are, in contrast to strategic cover-ups, designed to hide the failures of the leaders for their own protection.

But, as mentioned, in his book, Mearsheimer examines the lies leaders tell in international sphere for the benefit of their states. Therefore, in the continued study he illuminates the concepts of social imperialism, and ignoble cover-ups, since he believes they do not represent a legitimate form of social/political behaviour, and have a corruptive nature. He argues that strategic lies are different, since they “aim to facilitate general welfare, and /.../ can do good things for a country, although there is always the possibility they will do more harm than good,” (*ibid*, pp. 24). On that premise, the author disagrees

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<sup>6</sup> This author believes especially this type of lying can be extensively applied to the case of the Balkan wars from the point of view of the internal structural relations of the Balkan states, and, as following, suggests additional examination complemented with studies which have been done in the context of emotional (ab)use of tradition, history, and religion, as the culprit of the Balkan bloodsheds.

with Mearsheimer, and is critical towards the naivety, and moralization, of the context, and adds that, while a particular lie is labelled as a selfish lie, the latter does not definitely exclude the possibility such a lie could serve as well in the general welfare. Therefore, additional literature is needed to provide a fuller understanding of lying in politics.

Luckily, quite some research has been done regarding the excluded categories of *lying* beforehand the publishing of Mearsheimer's book. In his definition of social imperialism he renews the theory of diversionary use of force, and suggests state leaders *lie* to divert domestic attention, while the theory itself primarily focuses only on the use of military force to reach the same goal. Mearsheimer's adaptation is probably more up to date, since aggression, and national use of military power, have been rather limited, and reduced in the past decades. Nevertheless, the ongoing research of the theory of diversion advocates for the relevance, and importance of so called social imperialism, and to some extent the ignoble cover-ups, which are both tackled in the next chapter of this paper, where diversionary theory, and the concept of externalization of conflict are further explained, and cross-examined with the theoretical framework offered by Mearsheimer.

## WHY LEADERS LIE? DIVERSIONARY THEORY

Diversionary theory claims that a state, more specifically its government, or leadership, diverts the attention from domestic issues to international ones in order to benefit its position; either due to the pre-election period, either to buy time to deal with a certain internal crisis, or to trigger the rally-around-the-flag effect.<sup>7</sup> It does so by initiating, or getting involved in an external conflict; "leaders who face domestic discontent may engage in international conflict to generate events that obscure problems being experienced at home (Ward and Widmaier in Mitchell and Prins, 2014, pp. 939). From this point of view, it is tightly connected not only to social imperialism, but as well to fearmongering, and strategic cover-ups.

Diversionary theory originates from the sociological concept of "groups-in" and "groups-out," and research on public perception of its leaders from as early as 1960s (Coser in Mitchell and Prins, 2004, pp.

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<sup>7</sup> Lecture on National Security and Asymmetric Threats (Metropolitan University Prague, unpublished).

939). It implies that popularity of a leader among domestic population is higher during an international crisis (what results in the rally-around-the-flag effect); nevertheless, the empirical research lacks the credibility since it is hard to determine the level of popularity of the leader simultaneously in the absence of international crisis. However, basic sociology of groups introduces very similar concept of “we” against “them,” and the latter generally explains the empowerment of relations within a certain, possibly very heterogeneous and loose group, when faced with an outer threat. Therefore, it is very easy to imagine the position of the leader in such a group rises,<sup>8</sup> and consequently, it uncovers the motive for diversion, which is to be obtained with means of deception, what can go as far as to the use of military force. Diversionary theory, in its idea, presupposes that leaders usually *lie* out of their own interests, although it accepts the possibility of leaders’ intent to generate the rally-around-the-flag effect, per example, as to secure the national interest in cases of an actual external threat.

Authors like Smith, Walter, and Mitchell and Prins defined specific conditions, in which such distraction of domestic public can take place. Mitchell and Prins (2004), especially, focus on diversionary theory from the military point of view, and examine the rivalry, and strategic use of force, within which they conclude that states use externalization of conflict in an opportunity rich environments. They confirm the initial thesis of the diversionary theory, supporting as well Mearsheimer’s suggestion: democracies have most incentives to lie, manipulate, and distract their domestic public; nevertheless, they have the fewest opportunities to do so considering the transmission of information, and transparency of the democratic regimes. Because potential adversaries hold strong beliefs about democratic states’ willingness to stand firm in crises when domestic turmoil is high, the transparency of democratic regimes reduces the number of opportunities for diversionary force,” (Mitchell and Prins, 2004, pp. 958). Democracies will not be as likely to engage in military conflict to divert their public from domestic social, or economic problems as authoritarian regimes, which will be highly prone to get

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<sup>8</sup> Although, considering experience of the uprisings during the last couple of years (the Arab Spring especially), the groups of people from different countries have identified as ‘we,’ while the group they stood against – ‘them’ – were the leaders and governmental elites, and not an external group. Nevertheless, the evolution of events in the Middle East after the Arab Spring turned more into the *summer* of aggression, projecting again the empowerment of ‘national’ groups as to polarize against ‘them,’ the external threat, mainly rebels’ clicks and para-national terroristic organizations.

involved into an existing rivalry in order to do so. On the other hand, dictatorships have little incentives to *lie* to domestic public, since their leaders' power is not based on democratic elections, or democratic justification of power. Nevertheless, the categories of inter-state lies, national mythmaking, and liberal lies could be seen as types of behaviour dictatorships adopt, when getting involved into a rivalry game.

## OVERVIEW AND SUMMARY

At this point, it might become clear that the theoretical framework Mearsheimer sets is rather narrow considering the broad occurrence of the phenomenon of deception, since he, firstly, ignores the moral dimensions of it, and, secondly, he focuses on *strategic* lies, which, by his definition, encompass internationally told *lies* for the benefit of the state's national interest. Mearsheimer claims he encountered a substantial amount of literature on *lying*; nevertheless, he notes that rare authors have studied international lying with respect to the different types of it as suggested by Mearsheimer. Since the presented diversionary theory does focus on the use of foreign policy means to influence the domestic public for the gain of its leading elite, the Mearsheimer's finding about the void in the analysis of such behaviour in international politics opens many new dilemmas. While he only deals with the *lies* told for the sake of the state, a whole area of questions arises, when one assumes leader *lie* internationally for their own personal benefit as well. Nevertheless, the synthesis of some parts of the both theories offers some important conclusions.

Both approaches agree that the regime type of a state strongly influences lying behaviour, and argue that the means the leaders adopt depend on the environment, and opportunities. Both agree leaders are more likely to deceive domestic public, especially in democratic regimes, however, the diversionary theory amends the thesis with the fact that, while democracies have more tendencies, and reasons to behave deceitfully, they have fewer opportunities to do so due to the transparency, higher level of (less distorted) information, and general media freedom. The diversionary theory is less optimistic about the genuine motives of the leaders to take on lying and deception, since it constantly, as the main incentive, emphasizes leaders' aim to stay in power, whereas Mearsheimer does not evaluate such a 'side-effect' of successfully achieving a (well-intended) goal by the

means of *lying*; one would assume the lack of acknowledging a consequence as important as the 'side-product of power' is ignorant, or, the least, naive. Moreover, optimistic and naive must also be the public, falling for deception and lying. Nevertheless, if Mearsheimer presupposes lying serves the general welfare, does the public endanger such a goal when being sceptical, critical, or even rebellious? Or do we as well believe in the goodness of intentions behind the means adopted to fool us? If leaders lie, why do we believe them?

### WHY DO WE BELIEVE LIES?

Lies always have the potential of being exposed, and, consequently, worsen the situation; therefore, the risk is always high. Mearsheimer (2011) emphasized this is one of the main reasons leaders rather deceive than tell lies. Mitchell and Prins (2004), additionally, set the environment of opportunities as a highly important determinant when considering lying as a means of diversion, and deceit. Lying at the international, inter-state level is conditioned by the amount of trust between the states, and when these are rivalry states, the chances of effective lying strongly decrease (Mearsheimer, 2011; Mitchell and Prins, 2004). Moreover, damage done when leaders are lying to their own citizens can severely impact the domestic relations and "foster a culture of dishonesty," (Mearsheimer, 2011, pp. 105). Considering the risks of possible destructive consequences, and, secondly, limited opportunities, why do leaders lie? Leaders do lie, because they *can*; however, at this point the subject of analysis becomes the public to whom the lies are told. Regardless of the fact that the focus point of Mearsheimer's book, and this article, is set on leaders, the public is the main judge, the decision-maker of how a lie shall be received. As follows, the audience becomes the leading actor in this relation, and the one that decides whether a *lie* is a lie, or the *truth*. The power of defining the truthfulness, and therefore *reality*, lies in the hands of the audience. No lie comes useful, when not believed. Lies need to be *reasonable*, and we need a reason to believe them; or, at least, no reason not to believe them.

And "reason deceives us more than nature," as has Paul Virilo (1999, pp. 1) borrowed from Vauvenargues to open his first chapter on the Strategy of Deception. We believe a lie, when a lie seems *logical* to us (the lie is compatible with our perception), when we have no reason (awareness of (all) true facts) not to believe it, and, when we want to

believe it (it appeals to our emotions). All these scenarios are related to trust; which is especially relevant for democracies; and, *vice versa*, implies that distrust between rivalry states (as Mearsheimer, and Mitchel and Prins conclude) decreases the possibility of lying of their leaders.

Followed out of these personal insights of an individual, are constituencies of a basic methodological apparatus of classical rhetoric. Eugene Garver<sup>9</sup> uses Aristotle's Rhetoric, in words of Johnatan Shay (2000), as a "handbook for leaders," where he examines the importance of rhetoric in balancing the relationship between the leader, and the lead, in pursuing their aims, and fulfilling their parts. Aristotle notes that a leader (of a military) in his aim to obtain the trust of the lead (the soldiers) appeals to one's character (*ethos*), one's reason (*logos*), and one's emotion (*pathos*). If a leader, therefore, understands, and uses the channels, and triggers, of persuasion, that in fact already strongly implies a conscious alternation of information. Every single individual does it, sub-consciously, or consciously, since it is an instinctive approach to every situation. Stories will always be presented in a believable manner, adopted for a target audience. It is very fascinating though, leaders lie to a very broad domestic, and international audience, and, if believed, possess the power to determine the reality of everyone. The fact elites can be so widely successful in deception to an extent is supported by the concept of false consciousness, a Marxist notion, used mainly by Engels, and similar studies of other members of the Frankfurt Critical School such as Adorno, Horkheim, and Marcuse on the topics of manipulation, power- and social structures, and group behaviour.

Despite the fact that emotions are probably a concept of social sciences hardest to measure, it is indisputable they majorly impact our perception; moreover, even when we are aware we could be manipulated, we do allow others, and, especially ourselves, to be subjected to lying and deceit. Loseke (2009) reminds us that observers agree that emotional appeal is critical for persuasive communication, and later on deals with the question of evoking similar emotions in different individuals through the mechanism of "emotion codes." She specifically deals with the analysis of statements at the levels of

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<sup>9</sup> See Eugene Garver, 1994, *Aristotle's Rhetoric: An Art of Character*, University of Chicago Press.

high politics, and generally argues that rhetoric of emotion's appeal commonly accompanies speeches intended for activation of population when facing a probable war crisis, or such. The latter reminds one of types of lying, and deceit, mentioned by Mearsheimer, and Mitchell and Prins. Interestingly enough, current studies of war, and its dimensions, regularly include parameters of emotions, and their effect, despite the common belief that 'emotions make one irrational,' what testifies to the importance of emotion's appeal not as a negative pole of strategic action, but as a crucial part of it.

Jonathan Mercer (2010) argues that even rationality depends on emotion in co-creating beliefs. Following, "a belief that another's commitment is credible depends on one's selection (and interpretation) of evidence and one's assessment of risk, both of which rely on emotion." He notes, "feeling is believing, because people use emotions as evidence," (*ibid*, pp. 1) therefore, "the experience of emotion /.../ is not true or false," (*ibid*, pp. 3). Even though, he distinguishes rational knowledge from beliefs, he sheds attention on the impact of beliefs in designing policies. Despite the fact he understands knowledge as "risk free," one is to question the *relativity*, and process of acquiring knowledge as well. Research has shown that feelings influence explanations (Heider, and Ortony, Clore, and Collins in Mercer, 2010). Mercer (2010, pp. 6) offers another very important conclusion regarding trust – that it is mainly emotionally based, while one would presume trust bases on critically evaluated past experience. Trust does relate, on the other hand, to credibility. Mercer (2010, pp. 14) argues, credibility, as well, is an emotional belief, since the concept of credibility needs to be accompanied by strong emotion to turn into *knowledge*, a strong persuasion one can, and should, trust the credible actor. Once again, "one's assessment of actor's credibility depends on the selection (and interpretation) of evidence and on the calculation of risk," moreover, it depends on what evidence one decides to consider in the first place (*ibid.*).

The lies are, since intended for a broad audience to believe them, designed in a manner as to represent the leaders as trustworthy, and credible. The best tactic to persuade the public, as research suggests, is to appeal to people's emotions, what can be done with exploitation of collective memory (Carpenter, 2011; Binder, and Roberts, 1998, and others), strategically designed media campaigns (Mazzoleni, and Schultz, 2010; Slater, 2004), and appeal to social beliefs (as Mercer

(2010) suggests, credibility, nationalism, justice, etc., are beliefs) to create the context of false consciousness (Engels), which shall enable the leaders to deceive the public. As following, the author seeks to conclude that *lying* should not be regarded as an individual act, but rather as a *reciprocal relation*, since the act of lying (due to the strategic use of intentional lying) is to be fully deduced only after the audience's feedback.

### **DID LEADERS LIE IN THE BALKAN WARS?**

Many believe there are strong parallels between the US invasion in Iraq, and in the Balkans. Both were *wars of choices*, and, therefore, needed to activate the support of the public, domestic and foreign, with skilful means, and adjusted rhetoric, since the Iraqi, and Serbian, regimes did not directly threaten the USA (Editor's note, Blumenthal, 2003). Given the fact Mearsheimer uses lots of examples from the US foreign policy in the Middle East, there are some similarities with the case of the Balkan wars. "Both wars provoked strong public opposition in Europe and elsewhere and criticism that insufficient ground forces were being brought to bear against the enemy. Both wars ended with sudden U.S. victories. And both defined the national security visions of their respective administrations," (*ibid.*).

Nevertheless, "in the case of Iraq, the Bush administration ignored NATO, /.../, went to war over the expressed opposition of much of the world, /.../ and left the future of the United Nations and NATO in doubt. In Kosovo, by contrast, the Clinton administration worked through NATO, keeping its shaky coalition together in the Western alliance's first war. Clinton's war brought Europe and America closer together and invested NATO and trans-Atlantic relations with a renewed sense of purpose," (*ibid.*). On the other hand, certain speculations accompanying the war in Kosovo have implied Clinton intentionally got involved in a non-relevant war in order to distract his own domestic audience from the scandal with Monica Lewinsky.<sup>10</sup>

Carpenter (2011, pp. 13–14), in his article *Cynical Myths and US Military Crusades in the Balkans*, after the examination of the numbers of casualties portrayed in media, and communicated by the leaders of

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<sup>10</sup>The latter story has been used as an inspiration for the film *Wag the Dog* (1997) that presents the designing of a campaign to distract the American public from a personal incident of the President.

the intervention versus the actual numbers of casualties of all parties in the conflicts,<sup>11</sup> argues that the inflated number of casualties in the Bosnian war served political purpose, mainly the mobilization of support for the US led Nord Atlantic Treaty Organization (NATO) intervention. The importance of deploying NATO into its first war in 50 years renewed the purpose of the organization, and opened a new era of the US and European security, and foreign policy. As follows, many believe the circumstances, and public presentations have been adjusted to serve the purpose of establishing new practise of military, and humanitarian, intervention on the part of the Western allies.

Emphasis on the rhetoric of the leaders, and media broadcastings, has been of severe importance again so, when narrating a public discourse on the war in Bosnia, and later in Kosovo. Carpenter's article further deals with the media stories designed in order to (emotionally) appeal to the American, and Western-allies', public, and generate common Western support for the intervention. He recalls the "famous incident" of the television broadcasting the image of "an emancipated prisoner, Fikret Alić, ribs showing, looking out at reporters through barbed wires in what the media identified as a Serb-run detention camp," which attempted to revoke the memory of the Holocaust (*ibid*, pp. 15). He further explains the criticism does not apply to the reporters' incapability, and bad reporting, but tends to imply they "manipulated the camera angles /.../ to convey a deliberately misleading impression," (Brock in *ibid*.).

The parallels the media, and political officials, have drawn with the World War II horrors are discussed in ironically titled *The Only Good Serb Is a ...* by Binder and Roberts (1998), who shed light to the (*unprofessional*, and *unfair*) biases of public, and official, statements by Biden, Hoolbroke, and Madeleine Albright (at the time the US ambassador to the United Nations). They use Philip Jenkins' criticism of the one-sidedly attributed blame for the Bosnia war, and the analogies made between the Serbian behaviour in the war, and the Nazi's genocide of Jews. Jenkins related the ongoing massacre in the Balkans with the two indirectly coinciding events in the USA; the premiere of the film *The Schindler's List*<sup>12</sup>, and opening of the United

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<sup>11</sup> See International Criminal Tribunal for Former Yugoslavia (ITFY), 2010, Office of the Prosecutor, »Bosnia and Herzegovina: Death Toll,« the Hague.

<sup>12</sup> The film was directed and co-produced by Steven Spielberg, and scripted by Steven Zaillian (1993).

States Holocaust Museum in Washington, what all together, in his opinion, created a context for the people's reminiscence of the World War II. He continues, if Bosnia was a 1990s Holocaust, then it should have had war tribunals and trials for the involved war criminals, what, in 1993, on the strong initiative of the previously mentioned Albright, resulted in establishment of the ITFY (Jenkins in *ibid*, pp. 40–42).

Kissinger stated before the war that “the proposed deployment in Kosovo does not deal with any threat to American security,” (Inhofe, 1999, pp. 2), what in fact disproves Mearsheimer's presupposition of leaders lying for national interest. The particular conspiracy implications about the Clinton-Lewinsky affair, in rough, do testify to the idea of the diversionary theory of war, however, there are little concrete empirical data to support the thesis the scandal was the main reason to externalize the domestic turmoil abroad. Nevertheless, the previously mentioned parameters of the NATO action, firstly, in Bosnia, and secondly, in Kosovo, argue to the interest of the re-establishment, and renovation of the purposes, and practices of the allied organization. And thus add another motive for lying, and deceit, in the international politics; the interest of the international organizations, and their survival, as actors (of ever-growing importance) in the international community. Since liberal institutionalists claim international organization is, indeed, more than a summation of its members, and takes on ‘a life of its own,<sup>13</sup> the evolving international system would offer a researcher a plethora of cases to support the thesis, starting with the European Union, and, as mentioned NATO.

## CONCLUSIONS

With respect to Mearsheimer's categories of lying the example of American behaviour within the context of the Balkan war definitely excludes only inter-state lying, since the countries were not in a rivalry relation. With a safe claim it positively affirms fearmongering was intended, while labelling the interventions as any sort of cover-ups is always risky to border onto grounds of conspiracy theories, and due to the lack of internal information almost impossible to definitely prove. Mearsheimer did not analyse, and offer cases for social imperialism, however, if amended with the context of the diversionary theory

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<sup>13</sup> Lecture on International Security Organizations (Metropolitan University Prague, unpublished).

it could come useful regarding the Balkan case. Nationalist myth-making, though, has the best potential for specific analysis of the states', and ethnic groups', relations in the Balkans.

Mearsheimer discusses *lying* with the conviction that leader lie for the well-being of the state; the diversionary theory, however, examines cases of deceiving the domestic public for leaders' personal benefit. They both agree the regime type massively influences whether the leader considers lying; and while democracies have more motives for lying, especially to their own nationals, they are less likely to pursue such behaviour because of a lower probability that the lies will be believed, and reach their purpose. On the international level, lying to other states will be considered as an attempt to protect the national interest; moreover, due to the credibility that democracies try to sustain in the international community, the chances their lies will be effective are far greater. Dictatorships, on the other hand, may have even stronger incentives to lie to international community, and especially to rivalry states, than democracies, but are faced with lower probability of being successful in such behaviour because of the lack of trustworthiness, and credibility in international environment.

It is possible to conclude that neither regime type has an optimal scenario, when it comes to balancing their motives, and the limited circumstances. In the end, lying in politics is ought to be a strategic act, and therefore, highly depended on the calculations of risks. These are, however, hardly detachable from one's beliefs, and emotions, regardless if on the part of the leader (*the liar*), or the lead (the receiver). Therefore, the author concludes lying, deceiving, and truth telling, should always be considered as an interaction, a construct established between multiple parties, not solely as a monologue of a leader, or the elite. There are numerous approaches a scholar could (and should) adopt while examining the concept of lying in politics. We also tried to point out some of the aspects of this topic in some selected cases of lying in the case of the Balkan wars two decades ago.

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# book reviews

## **What does Europe Want? : The Union and its Discontents**

Slavoj Žižek, Srećko Horvat  
*Neja Bergant*

## **Sociology of Diplomacy**

Milan Jazbec  
*Sara Jud*

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Slavoj Žižek, Srečko Horvat

WHAT DOES EUROPE WANT? : The Union and its Discontents

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Repetition – if something happens just once, it may be dismissed as an accident, something that might have been avoided if the situation had been handled differently; but when the same event repeats itself, it is a sign that a deeper historical process is unfolding (Hegel in Žižek and Horvat, 2013, 20). According to the authors, Slovenian philosopher Slavoj Žižek and Croatian philosopher Srečko Horvat, this holds for the recent financial crisis which among other things flooded Europe. Continuous financial meltdown, crisis with incoming immigrants, the rise of extremist right and scepticism, high youth unemployment etc. are showing us that Europe is not facing individual crisis. It is dealing with a structural phenomenon that lasts from 2008 when the world financial crisis erupted and one event is directly or indirectly connected to the other. The Greek crisis is therefore not just solely the problem of the Greeks, it actually manifests broader internal European contradictions. Just like the authors put it, “the Greek struggle is our struggle

too” (Žižek 2013, 108). What is happening in Greece and the outcome from it will have long-lasting consequences on future organization of the EU. Greece is not important just because there the crisis is most profound, Greece is also important because with its last parliamentary elections it showed us that neoliberal consensus, adopted by main European leaders, can in fact be disrupted (Žižek 2013, 135). The success of SYRIZA proved that the alternative view to the widely accepted doctrine of austerity can be challenged and can impose threat to the established European elite. It succeeded to change the discourse from mainstream austerity paradigm to the possibility of rebuilding Europe in a socialist manner. And that itself represents a change in the balance of power. Greece is actually the “main testing ground” where the future of the EU will be decided. And according to Žižek, there are two possible scenarios about the future of the EU. One future of the EU is predictable, it is “present-day Europe”, dominated by the austerity measures, new waves of privatization, disruption

of the welfare state etc. The other scenario envisages the unpredictable future of the EU, the so called “Europe to come”, and the “idea of Europe” that despite all the neo-liberal distortions will be worth fighting for (Žižek 2013, 136). In other words, if we save Greece we save Europe as well.

But the Europe will have difficulties finding a way out of the current crisis, simply because the reaction of the EU to the crisis, which was imposition of tough austerity measures, was false. When Greece presented its austerity programme, its debt was around 120 billion euros. Now, five years later, which is enough time to assess the results of one policy, the total debt of Greece amounts 180 billion euros. It is obvious that that the mantra of necessary austerity measures did not really work out on the Greek example. Maybe austerity programmes are not as some want to present them, as a “necessary pill we have to swallow in order to get better”. The side effects of that pill are disrupting social and economic cohesion that once prevailed on the old continent and was its main trademark. There is almost no European country nowadays that in the recent years did not experience protests or other type of riots. The Greek anti-austerity protests, *indignados* in Spain, the UK riots, even Slovenia experienced the societal awakening in its biggest protests after the independence. According to authors, the

answer is simple. »It is precisely the neo-liberal path of the EU, with its austerity measures and structural adjustments, which is leading to a permanent civil war, not just outside of the EU, but also inside (Horvat 2013, 103). Failed policies and the fact that EU spent most of its last years dealing with only its own problems inevitably translated into many crises we witness in the periphery of EU today, such as Ukraine, Turkey, humanitarian crisis in the Mediterranean etc.« Divided Europe is emerging. Southern part, the so called periphery, is becoming a zone with cheaper labour force, turning into an area appropriated only for outsourcing and tourism. The gap between the developed world and developing one now emerged within Europe (Horvat 2013, 23). And the inability of European ruling elites to rule is only deepening the crisis. According to Horvat today’s leaders know less and less how to rule and how to effectively deal with the all-comprehensive structural problem (Horvat 2013, 41). There are persistent contradictions in their ruling style. By demanding from Greece to repay its own debts, but at the same time slowing the process of economic recovery through the imposition of new austerity demands, they are only making sure that Greece will stay indebted for a long time and therefore remain submitted to the outsider’s interests. Žižek describes this situation as

phenomenon where “blind are leading the blind” (Žižek 2013, 41), accusing also the masses of people who decide to protest against neo-liberal orientation of their respective governments, but at the same time fail to provide long-lasting alternatives and act too impulsively by demanding only fast and tangible solutions. Both sides, elite and the masses, need to redefine their demands.

Despite the biggest crisis the EU is facing since its formation, the new member joined the club. Croatia became the 28<sup>th</sup> member of the EU in July 2013. How did this happen and what does that mean for the EU? After all, Croatia is facing one of the highest rates of youth unemployment. After Greece and Spain, Croatia has the third highest level of youth unemployment, around 52%. And still, it managed to get into the prestigious club. In fact the Croatian accession to the EU can be interpreted very ambiguously. The turnout of the referendum about Croatia's entrance to EU was the lowest in history among any EU members, it was only 43%. And among those who believed that Croatia should become the member of the EU, the typical response was “that is better to be in, than be out”. The response could not be more cynical and it just indicates that the level of trust in the EU as an institution remains low even among those countries that are trying to become part of it. There is

no optimism anymore. Accession of Croatia is most certainly one of the last accessions. Even though there is a long list of countries trying to become part of the EU, the EU lacks resources, true unity among members and political will to continue with further accessions.

The EU crisis is so severe also due to cultural implications of it. The cultural crisis of the EU is most evidently reflected in the issue of immigrants. The island Lampedusa has become a symbol of failed European policy on immigrants. It has become a symbol of violation of basic principles, such as diversity and multiculturalism, on which EU was actually founded on. The failed immigrant policy is directly connected with the triumph of right wing and extreme forces. EU is facing the fear from inside; the fear that right wing discourse might become part of EU mainstream. At the last French parliamentary elections the leader of right wing party National Front Jean-Marie Le Pen said that “by losing he won”, referring that the topic of immigrants which he emphasized so much during the campaign became accepted by other mainstream parties as well. As Žižek wrote, “the true victory occurs when the enemy itself starts to use the same language” (Žižek 2013, 160). Similar scenario is already unfolding in the centre of Europe. The failed referendum on gay rights in Hungary can be seen as the begin-

ning of slow destruction of democratic institutions. The once safe haven, Europe, became part of global tendency towards the limitation of democracy (Žižek 2013, 39). How often do we hear excuses from numerous European politicians that in the time of crisis people are unable and unqualified to decide and cast their vote? Can democracy only work in the prosperous times? Polarization and abuses of identity questions have never before been used in such an extent as it is happening nowadays. From Italy's decision to employ its own navy around the island of Lampedusa to a decision in small Italian town Luca to ban authentic cuisine like kebab, falafels etc. everything that does not "authentically" originate from Italy. Failed immigrant policy is being solved in a way that EU is beginning to reject everything that could be perceived as an attack on its own identity, although there is no real consensus even on that what the true identity of the EU actually is. Meanwhile the EU tends to forget that such policies can eventually only lead to a cultural decline and gradual decay.

The book, comprised of various essays that both philosophers published in recent years, provides us with insightful observations and remarks on the current situation in Europe by the bright, profound, a bit cynical and above all critical philosophers that interestingly originate from the

so called "periphery" of Europe, an area that has been exposed to the austerity attack most significantly. In their essays the authors discuss different aspects of the current situation occurring in the EU, discussing not just economic consequences of the crisis, but also focusing on cultural and societal implications of it in different member states, providing a reader with the broadest insight into the situation of the EU where it is right now. While Horvat focuses more on discussing Balkan issues (accession of Croatia to the EU, rise of anti-immigrant feelings in Croatia etc.), Žižek on the other hand reflects current issues not just in the EU, but also globally. The book also includes a foreword and a special chapter by Alexis Tsipras, leader of the Greek SYRIZA, who in a more detailed manner presents the peculiar Greek situation and offers alternative solutions for a Greek way out of the crisis. The added value are also the humoristic comments of both authors and often usage of different quotes and scenes from various movies or historical events.

But mostly, by reading this book one will slowly realize that it is not just EU that is facing structural problems, the issue has much broader implications. In the end it does not really matter whether you live in EU or not, because wherever you are you are most likely to be confronted with only two choices. Choice of

playing by the rules or resist and choose the path of (self-) destructive violence (Žižek 2013, 122). And one may not agree with the authors that the socialist Europe is the only way out of the current crisis, but one must definitely admit that EU has failed in building trust among the member nations and providing security and prosperity to its own citizens. And instead of looking for outside blamers, EU should be the one to reflect on itself and search for improvements within its own institutions and do that in accordance to its own cultural and socio-economical characteristics. Only then EU will know how to define the basic concept and answer the question: what is actually the idea of the EU?

Sara Jud

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Milan Jazbec (ed.)  
**SOCIOLOGY OF DIPLOMACY**

Istanbul Kültür University, Istanbul, 2014, 413 pages  
ISBN: 978-9958-740-55-8

**S**ociology of Diplomacy covers a wide range of so far not scientifically researched area where diplomacy intersects broader science of sociology. Moreover, first time issued in Slovene in 2012 on the occasion of the 20th anniversary of the Slovenian recognition as a state, the collection of deliberately chosen articles with an impressive foreword by Crikemans and a conceptual introduction study by the editor Jazbec is a genuine attempt in paving the way for a new subfield of sociology or so called special sociology – the sociology of diplomacy (although being a name of new discipline we use lower case letters in order to easily distinguish it with the title of the book). Although creation of new sociological sub-discipline is a dare step which demands a high degree of exploratory courage it is balanced with always present self-criticism and creative doubt. The sociology of diplomacy “deals with the study of phenomena, relations, and processes in diplomatic organization and its environment. Consequently, we could say that the diplomat is the basic and probably also

initial object of research attention in the sociology of diplomacy” (p. 42). Since summer 2014 the book is in a considerably extended version available also in English.

The new edition consists besides already mentioned foreword and introduction study of seven theoretical elaborations and six case studies. Their authors boast either of diplomatic careers or extensive academic work either in the fields of sociology, international relations or diplomacy. Among them there are also the last two articles written by Professor Emiratus Dr. Benko who grounded the science of International Relations in Slovenia and to whom the new edition is dedicated. In their contributions authors are putting different established and newly erupted diplomatic practices into a specific sociological frame, question their interdependence, dynamics and current form as well as future of diplomacy. Thus, although being an edited book, its content follows the red line from the beginning till the end and its articles shed a light on different and still relevant integrat-

ed segments of diplomacy. If you are looking for an insight view into diplomacy together with its weaknesses that are about to disappear in time and together with its strengths existing irrelevant of external factors, then the *Sociology of Diplomacy* is the right book for you, offering a peculiar and unique self-reflection of diplomacy and its internal picture with all existing dynamics and dimensions.

The authors argue that due to the complexity of modern international relations in globalized era and high level of interdependence among actors a new sociological approach in analyzing diplomacy is needed. Without this approach, namely the sociology of diplomacy, diplomacy of the modern age cannot be rightly understood. Thus, the same as Svete and Juvan wrote for the establishment of the Military Sociology, the rise of new special Sociology of Diplomacy does not follow any academic planning, but it is rather the necessity emerged due to the current realities which have given it an impetus. In foreword Crikemans elaborates on factors influencing changes in diplomacy and causing its flexibility. Although such a categorization of factors and their explicit influence on diplomacy seems to be incomprehensible as Crikemans done an impressive work and embraced them all in two categories. His contemplation gives a reader an integrated picture on effects of space-

time compression, changes in diplomacy through time and space as well as in different political systems, professionalization levels and socio-spheres. On one side Crikemans covers changes caused to diplomacy due to the rapid process of globalization and on the other side Jazbec and Benko analyze the changes in the functions of diplomacy. The authors designate those two factors as presenting the main reason for the foundation of the sociology of diplomacy. Benko is even bolder, arguing that up till now used functions of diplomacy such as representation, protection of state's interests, negotiation and promotion of friendly relations are not sufficient anymore and some even outdated due to technological progress. Thus diplomats are compelled to reach for new instrumental techniques, such as observation, analysis and interpretation, which were developed by sociology.

Therefrom Jazbec derives the main idea presented in the *Sociology of Diplomacy* that the content and the form of diplomacy are both socially conditioned. Consequently the correct and holistic definition of diplomacy itself no matter how broad it is pawn does not exist. Although writers cite and interpret some of the most known definitions of diplomacy those are stated reasonably and not repeated or in a boring style of encyclopedia. Definitions emerge and de-

velop together with the function of diplomacy which is conditioned with a particular historic and social situation. As the main common denominator of all definitions Jazbec exposes its characteristic of being a social process – process that consists of “managing international relations, the negotiating process, advising, shaping, and implementing foreign policy, foreign policy activities, representation of a state and the relations between states, a process of communication, a method of managing relations” (p. 30). The later serves as a ground for enabling the use of a social approach in studying diplomacy and lays the basis for the special sociology, namely the sociology of diplomacy.

Besides socially conditioned content and form of sociology a new light is shed on a diplomat who is no longer just an object of the research but becomes one of the main actors in diplomacy as well a subject whose activities and outcome of his work are socially conditions. Diplomat’s role in diplomacy was so far only of secondary importance and thus frequent if not always simply overlooked. In one of the case study articles Bučar thus devotes his attention to ‘diplomat’s’ contributions to Slovene independence, although Slovenia at that time did not and could not have an established diplomatic network before its recognition as a state and although most of the external factors did not favor its

independence. Further Mal argues that the transformation from elitist to structural diplomacy made diplomacy for a vocation as all the others, what at the same time means the socialization of diplomacy itself. Nowadays special education and trainings are needed for future diplomats, most of them enter their service through entrance exams and not because of preferences they might have due to their relatives working at the Ministry of Foreign Affairs. A short overview of diplomatic practices through past and nowadays transformation is provided and accompanied with reasoning and a special article by Jazbec is devoted to question of the promotion to ambassador. Vončina deals with new types of diplomats that emerged after the changes in the international community and prevailing international organizations. The question is raised whether diplomats we know nowadays will be succeeded by specialist diplomats well versed in issues of common importance such as climate change, terrorism, migrations, food supplies, etc. On the other side Gruban Ferlež exposes the case of the European Union which also endangers diplomatic activity as more and more governments communicate on a direct basis also on the ministerial level. Thus diplomatic activities are becoming more technical and less contextual on the other side. Rebić Avguštin argues that with intensification of daily

contacts and expansion of communications methods between states the protocol we used to know had lost its importance and meaning, but adds that special demonstrations of friendliness and importance of relationships are now more important than ever. We dare to borrow her phrase taken from Waltzer, that diplomats personalize otherwise invisible states and make them seen. An extensive part of the *Sociology of Diplomacy* treats a question of social background of diplomats and their gender inequality. In her article *Social Dependency of Diplomacy: the Portrait of a Diplomat* Digol analyses education, social status, gender and age as well as the recruitment processes in Western old and established diplomacies in comparison with diplomacies of ex-communist states. Gender relations in diplomacy are dealt in the articles *Diplomacy and Gender Inequality* by Jogan, Stefanović Kajzer and Božović and in *Australia: Women in Diplomacy* by Dee and Volk. Whatever the changes will occur in the future a certain type of diplomats will always be needed to conduct external relations because as Bučar argues no community can exist isolated and every community should react to the challenges of its environment in order to assure its lasting survival.

Authors of the *Sociology of Diplomacy* deny pure materialistic view on diplomacy and international

relations. With the analysis of backgrounds, motives and relations we can place the sociology of diplomacy into the realm of constructivism. Although it still recognizes the power as one of the main driving forces of actions in diplomacy, it does not materialize it as it is the case of realism but rather asks what its consequences are and who specific forms of power can influence on. Thus the authors advocate the plurality of power which might be in different forms and qualities allocated by different actors of the international community as well as by the nonconventional ones. Consequently the allocated power defines somebody's function and position in the international community as well as influences his behavior. Hence, if we follow the argumentation of the *Sociology of Diplomacy*, we may claim that dispersed power dictates the function of diplomacy together with its definition as well as it dictates the actions of a diplomat as an individuum in diplomacy. Thus diplomatic activities on the macro level depend on power distribution and quality among actors and the activities on micro level depend on power structures in particular diplomatic organization. Such an interpretation of diplomacy and international relations is more than welcomed substitute for prevailing theory of realism.

Although the *Sociology of Diplomacy* covers a wide range of until

now not raised questions and introduces diplomatic practices in so far not known way it only outlines marks for further and deeper research. That being the admitted purpose of the book, some of its articles might be seen as too detailed. However, at the beginning it is difficult to provide general overview of the field if there are no detailed researches from which the induction could be made. Hence the new sociological subdiscipline the Sociology of Diplomacy is creating will only be consolidated when its methods, approaches and other instruments will be widely used and approved. As Igličar reminds us, an “exhaustive set of discoveries, clear concepts and definitions and above all, verified principles and plausible hypotheses” (p.102) are substantial criteria in defining special sociology and should be further developed. In this sense the edited book might be used as an orientation guideline in academia and among other special experts. But as it is written in a readable and understandable way it might be besides them also of great interest for general public and students of diplomacy and international relations whom it is providing up to date view regarding the developments in diplomacy and their future.



**sarajevo**  
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**Contemporary Marketing Communication  
and the Case of Islam**

*Zijad Bećirović*



# Contemporary Marketing Communication and the Case of Islam

Zijad Bećirović<sup>1</sup>

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## ABSTRACT

This paper discusses specifics of marketing communication in the case of Islam with a purpose to enable better and efficient understanding with the Muslim business community. This would mean that in order to understand Islamic people it is essential to understand that according to the doctrine of Islamic religion Muslims submit entirely to God, and are ready to give up pleasures in this world so that they will enjoy them in the next world. One should keep in mind that for Muslims, life in this world presents only a transitional phase in which they try to achieve heaven in the other, next world. Hence, against this background marketing and business communication should be very sensitive, taking well into account Islamic teachings. Failure to respect here discussed principles may cause serious damage to companies hoping to operate on Islamic markets, even prevent them from entering such markets. Marketing and business communication represent the first public steps of companies entering the market. If they make a mistake at this stage it will be hard to achieve success in subsequent stages. Particular attention is given to understanding the institution of fatwa as a form of communication and its reference to public relations.

**KEY WORDS:** Marketing, communication, religion, Islam, fatwa, public relations.

## POVZETEK

Članek obravnava posebnosti tržnega komuniciranja na primeru Islama, in sicer z namenom omogočanja boljših in učinkovitejših dogovorov

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z muslimansko poslovno skupnostjo. Da bi lahko razumeli islamsko skupnost, je nujno razumeti, da se v skladu z doktrino islamske vere, muslimani v celoti podredijo Bogu in so se prav zaradi tega pripravljani odreči vsem užitek v tem življenju, da bi lahko potem uživali v naslednjem. Zavedati se moramo, da za muslimane, življenje na tem svetu pomeni prehodno obdobje, v katerem skušajo doseči nebesa na drugem, naslednjem svetu. In prav zaradi tega je potrebno v marketingu in tržnem komuniciranju biti posebej previden in upoštevati islamske nauke. Nespoštovanje pravil, ki bodo razložena v članku, lahko povzroči resno škodo podjetjem, ki želijo vstopiti na islamske trge in jim je le-to, lahko celo onemogočeno. Posebna pozornost pa je namenjena razumevanju fatwe, kot obliki komunikacije in reference za odnose z javnostmi.

**KLJUČNE BESEDE:** marketing, komuniciranje, veroizpoved, Islam, fatwa, odnosi z javnostmi

## INTRODUCTION

The world is fast becoming a global village, although it still remains a conglomerate of different cultures, religions, nations and traditions. These differences, arising out of various cultures and societies, are also present in business, marketing and advertising as well as in traditional and legal codes of conduct and practice.

Internationalisation refers to the increasingly international dimension of the activities of enterprises, while globalisation is based on the presumption that the world is becoming more and more homogenous at all levels (such as economy, culture, consumer behaviour). The world has actually become a single market, and the ability to compete in this global economy is not necessarily the only challenge of the business world. It also has to deal with the constant spread of international trade.

However, along with this increasing international economic activity there is a growing need to establish successful business communication between subjects from different cultural backgrounds. For business people and academic theoreticians involved in business relations with the Islamic world it is important, in order to be successful, to become acquainted with business practices, customs, norms and other rules applicable in those countries. This is the central topic of this article, which will be explored by methods of presentation, analysis, comparison, comment and generalisation.

This paper examines the dimensions of business communication with a special emphasis on *fatwa* as an element and principle of Sharia (Islamic law), which has an important role in business relations with the Islamic world. In this context it represents a set of specifically formulated rules and customs in marketing and financial operations arising from traditional Islamic culture, which differ significantly from other cultures and civilisations. Foreigners coming from other cultural backgrounds experience communicational incompatibilities in all life situations, especially in various transactions and negotiations as well as in trade and business relations. The solution, expressed as personal and business success, lies in intercultural communication. The ability to communicate interculturally enables the realisation of business goals at the international business level.

The aim of this article is therefore to present and analyse the set of rules, norms, customs and practices in the business world, especially in business communication, for those who have a theoretical and practical interest in business relations with the Islamic world. Business communication is based on a broad range of *sui generis* social, political, cultural, legal and religious rules that are applicable across the entire Islamic world and are laid down in Islamic law. Thus, our hypothesis is that the lack of knowledge of said rules and practices renders it very difficult to carry out successful marketing communication with and in Islamic environments. Within this context particular attention is given to understanding the institution of *fatwa* as a form of communication and its reference to public relations.

## **THEORETICAL FRAMEWORK**

### **General Remarks**

Many people share the idea of human universality, believing that human beings are essentially alike and able to overcome the many differences that divide us. This idea may be most convincing, but is also the most difficult to overcome in intercultural relations. Each individual develops his or her way of living over the course of one's life and in the course of socialisation. Culture is an important element when it comes to relations between people from various backgrounds, because it broadly incorporates the common social and physical environments they share, as well as a mixture of various influences and forces that affect their personal thinking processes and communicational behaviour. Culture thus forms the model that defines the

way people live and their life orientations while it also lays down prohibitions, limitations and taboos.

The reason such value systems exist is to organise and maintain an ordered society. In order to understand the values of other people it is necessary to examine the signs of their cultures, using our own culture as support rather than as a pattern that might be taken as a benchmark of perfection.

When we talk about Islam we refer to Sharia Law (Sharia). According to Karčić (1997b:12) this term is usually translated as Islamic law or Islamic religious code. However, it does not represent a legal system in the technical sense of the word, but a “comprehensive system of human obligations” (Ibid.). Islamic law is a practical expression of religion that incorporates rules of a religious, moral and socio-legal character. And it is an understanding of those rules that enables successful marketing communication with the Islamic world.

Sharia represents the legal foundation of the Islamic economy. Its role lies in providing the broad outlines of the Islamic economic system and is similar to the role of any other legal system. In secular societies laws are adopted, amended or abolished collectively based on the will of certain individuals, and as such they are subject to change. However, in Islamic societies the laws are regarded as sacred and therefore unchangeable, eternal and beyond human influence or change. In Islam religion is inseparably integrated into politics and society.

Islamic law is, like any other religious law, based on God’s will and has a special influence on the legal systems of countries with majority Muslim populations as well as on many minority Muslim communities in other countries. The desire to achieve intercultural communication is increasingly present in various spheres of modern life, especially in marketing and business communication. The need for efficient intercultural marketing and business communication is even more intensified at the global level with the acknowledgement of different cultural models that reflect diversity of cultures. The ability to adapt to others, also those coming from very different, even hostile cultures, is the necessity of our time. Productive business communication between different cultures should not remain a mere hope nor an accidental accord or pleasant event. It should include those dimensions of diversity that will overcome ignorance and discover common, mutual interests.

Islamic law has the inherent capacity to develop and adapt to time and place. It is the duty of every generation to read the Qur'an, create its own agreement and apply its own abilities to implement it in everyday life. Islamic law is the basis of the Islamic economy. Knowledge of Islamic law enables successful marketing and business communication in the Arab-Islamic world. Islamic laws are universal, they apply to all Muslims and are binding upon them wherever they live.

Marketing and business communication has an important role in Islamic societies. From its very beginnings Islam has stressed the importance of commerce and trade for society. Islamic societies are not isolated from the rest of the world. This means that marketing and business communication in those societies is a complex mix of the Western model and the traditional Islamic environment.

In Islamic law economic principles are based on supporting and developing activities that apply to people and are favourable for the state, such as: trade in goods that are not harmful to people, free market and free pricing, except in cases when state intervention is required, appropriate compensation for the labourer "before his sweat dries up", prevention of fraud, protection of (private, social and state) property and means of production, caring for the poor, the disabled and those unable to work, protection of water, plants and animals, prohibition of environmentally unfriendly technologies, nationalisation of resources that belong to everyone (water, gold, oil and other natural resources etc.), and other (comp. El-Qaradawi, 1997a: 331).

Other principles of Islamic law regulate the fields of politics, education, media, culture, family life etc., all of which directly or indirectly influence (successful) marketing communication. Megatrends in global marketing are increasingly based on special marketing programmes, which require detailed knowledge of the targeted market segment and consumer group. In order to be successful, the countries that cooperate with the Islamic world must therefore be familiar with the relevant market and with the codes of conduct that apply to any sphere of social life.

From the theoretical point of view this article is based on some important works written by authors<sup>2</sup> who have dealt with issues of

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<sup>2</sup> El-Qaradawi (1997a and b, 1999, 2000), Nomani, Rahnema (1994), Sadeq (1992a,b), Sayyid (1996), Al-Harran (1996), Ayish (1998), Karčić (1997a), Karčić, Karić (1998), Sušić (1996), Ahmed Akbar (1993),

Islamic law, communicology, marketing, economics, political anthropology, psychosociology and politology. Therefore the central methods applied in this article include interdisciplinary comparison and generalisation with an emphasis on findings in Islamic law and communicology.

## ISLAM AND MARKETING COMMUNICATION

The article analyses communication strategies in the Islamic world and their influence on business cooperation and communication with Western and other cultures. It is based on the mental pattern of a member of the Islamic community that defines the conduct of a Muslim as a religious person and affects marketing communication. It presupposes that the cultural patterns of behaviour arising from Islamic law determine the manner in which marketing communication is carried out in this part of the world. In the research process special emphasis was placed on the notion of fatwa<sup>3</sup>, which lays down the rules regarding how Muslims should behave in unclear or questionable situations and that often relate to business activities and other fields of work and life (e.g. trade and communication with non-Muslims). Fatwa is a solution or answer to a concrete problem based on Islamic law that is issued by the mufti on a case-by-case basis. It represents an important institution in Islamic law, its role being to bring Sharia closer to the people in terms of the present time (everyday life) and place. Various public relations techniques must be applied in order to present a fatwa to the general or religious public. Those who issue fatwa must be well familiar with its mission, its aims and goals, relations with the media, writing texts for the public, preparation of public speeches and many other details. Inevitably the media plays an important role in this process. The aim of the person issuing fatwa is to create public opinion among a social community that would reflect the spirit of Sharia law. Since fatwa is issued in spoken and written form, public relations techniques regarding the written text also play an important role. Although the institution of fatwa means one-way communication within the Islamic community and society, such opinions must be unconditionally implemented. Fatwa is based on the teachings of the Koran (Qur'an), and God's will is irrevocable.

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Garaudy (2000), Schuon (1996), Guénon (1997), Dozo (1996), El-Gazali (1998), Kutb (1996) and Hamidullah (1993).

<sup>3</sup> A legal opinion based on Sharia law issued by a mufti or mujtahid (an Islamic scholar who is entitled to issue fatwas).

Note should also be taken of the social exchange process, which has been a constant feature of civilised societies and their inherent mechanisms. Exchange occurs due to the unequal distribution of the necessary resources among people and is indented to address and eliminate the lack of appropriate means of satisfying individual needs and desires. Exchange methods have developed continuously throughout the evolution of civilisations and actually enabled them to evolve in many respects. Therefore it may reasonably be suggested that “the exchange process is the most important mechanism that enables the functioning of society” (Jančič, 1996: 45).

Without knowing the specificities of the Islamic world and all the dimensions of its social system it is impossible or at least very difficult to establish and carry on any successful business activity. It requires two-way communication between the Eastern and Western ways of thinking, and accepting the differences between those societies. Despite all of the differences between Islamic and Western institutions and economic systems, there is intensive cooperation between the two worlds.

The aim of Islamic law is to regulate all areas of human activity, not only those that may entail legal consequences. According to Islamic theory Sharia represents the body of criteria that enables one to differentiate between law and non-law. Sharia is a complete moral and legal system that directs the regulation of all areas of human behaviour with the aim of achieving harmony with divine law. Islamic lawyers believe that adherence to Sharia rules and principles not only brings an individual closer to God but also ensures development of a just society in which each individual has the opportunity to realise his or her capabilities, which in turn enables and gives rise to progress that benefits everyone. In other words: religion as a set of values and beliefs establishes goals and ideals to be implemented by society, while Islamic law lays down the code of conduct to be followed by Muslims if they wish to realise those goals.

Generally, Islam places a strong emphasis on communication. The Qur'an contains certain ayahs<sup>4</sup> that point to the differences between people and the need to get to know one another. A very good example is the following ayah: “O mankind, indeed We have created you from male and female and made you peoples and tribes that you may

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<sup>4</sup> A verse or statement in Qur'an.

know one another.” (Al-Hujurat: 13). The Qur’an also lays stress on trade and commerce, such as the following ayah: “O you who have believed, do not consume one another’s wealth unjustly but only [in lawful] business by mutual consent. And do not kill yourselves [or one another].” (Al-Nisa: 29).

Sharia is a literal understanding of everything that Allah has prescribed in order to regulate human life. It is manifested in the fundamental postulates of religious belief as well as in the basic principles of power, morality, everyday behaviour, science etc. (Kutb, 1996: 90). Islamic attitude to law and Islamic law (in the modern European sense) are notions that are often misunderstood or only partly understood in Europe. In order to understand Islamic law in its core sense one should start by dealing with theological rather than legal issues (Nielsen, 1986).

From the Sharia point of view, it is understandable that in Islam it is not possible to separate different spheres of human life as is possible in the modern West where – as Max Weber has taught us in considerable detail – the value fields of ethics, science, religion and art are separated and governed by the law of non-interference and intrinsic autonomy (Weber, 1956). In Islam the language of morality constantly borrows from the metaphoric language of art, while religious prayer may easily turn into a political pamphlet without triggering any feelings of inner inconsistency or violation of formal taboos. This results in the very complex nature of Islamic language and a direct existential experience. Any simplification of that language would seriously undermine such experience. In order to understand jihad, for instance, one should have a look at the root of the concept. In Islam the root is the Qur’an itself (Debeljak, 1994:14).

Knowledge and understanding of Islamic codes and rules is a precondition for successful marketing and business communication both for Muslims communicating with the Muslim and non-Muslim worlds and for non-Muslims communicating with the Muslim world.

In Islamic law the principles of economy are based on supporting and developing all activities that are intended for the people and are favourable for the state. Those principles include:

- trade in goods that are not harmful to people,
- free market and free pricing except in cases when state intervention is required,

- appropriate compensation of the labourer “before his sweat dries up” (the hadith),
- prevention of fraud,
- protection of (private, social and state) property and means of production,
- caring for the poor, the disabled and those unable to work (zakat, sadaqah),
- protection of water, plants and animals,
- nationalisation of resources that belong to everyone (water, gold, oil, mines and other natural resources etc.) (El-Qaradawi, 1997a: 331).

According to the classic methodology of Islamic law the basic goal of any individual activity in society is to create benefit and eliminate disorder (Sušić, 1996: 26-53). Other principles of Islamic law regulate the fields of politics, education, media, culture, family life etc., which in one way or another directly or indirectly affect successful marketing and business communication and any business activity.

Communication plays an important role in human history. We could say that the history of mankind is actually the history of communication, especially in modern societies. Communication is something that is with us at birth, and follows us through life until death. The communication process is based on information transfer.

Enciklopedija Slovenije (1999: 390-391) describes marketing communication as the public presentation of organisations and the offer of products, services and ideas with the aim to improve their market position under competitive circumstances. Expressions of advertising and (economic) propaganda are also used to denote marketing communication. The term marketing communication is generally accepted as an expression denoting various forms of communication between organisations and their environment. Traditional forms of marketing communication (the so-called promotional mix) include personal sales, advertising, sales promotion, publicity and public relations. The central form of marketing communication is advertising, i.e. ordered, paid and signed creative mass communication. Media by which advertising messages are communicated include newspaper, radio, television, Internet, posters, banners, brochures, catalogues, display windows etc. The goal of advertising is to generate consumption of products or services as well as to enhance the

reputation of organisations. Moreover, advertising is also used for non-commercial, public interest issues. The level of creativity employed and achieved often approaches the level of art. Advertising often uses exaggeration in order to achieve certain effects, sometimes even as it flirts on the border of the ethically acceptable. Some countries limit advertising freedoms with regard to certain products (tobacco, alcohol, medicines, weapons) as well as content and means of advertising via legal restrictions and regulations as well as advertising codes and practices.

Marketing communication is a special form of communication process where the company is usually the message sender and the consumer is the message receiver, the whole process being targeted at the consumer. The aim of all marketing communication activities is to establish a connection between suppliers and consumers. Communication is an exchange rather than a one-way flow of information. Speaking to someone does not necessarily mean communicating with that person. Communication occurs the moment the recipient actually receives the message that the sender intended to convey to him/her, and reacts to it. Rejection of the message, misinterpretation and/or misunderstanding of it etc. are examples of ineffective communication (Ule, Kline, 1996: 53).

Most authors regard communication as an exchange of information. This article is focused on the exchange of information related to marketing and business communication of modern companies and companies that are fully or partly based on Islamic law.

Although exchange as the basis of marketing was familiar to numerous early theoreticians the pioneering work in this field was carried out by McInnes (1964). The latter pointed to the role of market as the focal point of (economic) exchanges between suppliers and buyers. According to McInnes markets result from the social intercourse between people, when the makers and users of economic goods and services seek to satisfy needs and desires through exchanges. He defined marketing as “any ‘motion’ or activity that actualises the potential relation of the producers and consumers. Thus marketing is basically related to the market. The work of marketing always begins with the discovery of market potential. The concept of marketing in its widest sense, therefore, is any activity which actualises the potential market relationship between the makers and users of economic goods and services.” (Jančič, 1996: 47).

Communication occurs in a social context and is determined by it. Messages are given their meaning within certain social contexts, e.g. within a group, institution etc. Communication is based on the common social knowledge of its participants as well as their history and their expectations, plans and anticipation for the future (Ule, Kline, 1996: 29).

### **FATWA AS A FORM OF COMMUNICATION**

As an institution of Islamic law fatwa may significantly affect communication in certain societies. Certain fatwas may result in the limiting or prevention of communication, especially when they concern the prohibition of trade between Muslims and Jews. This may also cause other forms of cooperation to be discontinued. Nevertheless, the basic aim of fatwa is to regulate relations in a society by eliminating disorder, establishing a spiritually healthy society and creating social welfare. This is based on the principle that Islam is there to help people and not make their lives difficult.

The institution of fatwa has developed as an expression of the cautelar nature of Sharia law that is reflected in efforts to prevent any form of behaviour that might jeopardise the ideal social order. In the Qur'an the term *fatwa* and its synonyms refer to the clarification of ambiguous or disputable issues. Giving such clarifications was one of the tasks of the Prophet Mohammad. However, in terms of Sharia law the above terms do not carry the usual technical legal meaning. In the former case clarifications embody the norms of the Qur'an, while in the latter case they carry the normative custom of God's Prophet (Karčić, 1997b: 64).

There are some similarities between fatwa and the institution of *responsa* in Roman law, but also significant differences that reveal the specific Islamic character of fatwa. Roman law uses the institution of *responsa* which comprises a body of opinions given by lawyers on disputable issues that arise during or in relation to court proceedings or when they are theoretically justified (Stojčević, 1978: 37). In the beginning *responsa* were given by lawyers who enjoyed their students' trust. From the reign of Octavian Augustus onwards this function was performed only by select lawyers with whom the princeps vested certain powers in order to ensure uniformity and

control of justice. Formally *responsa* did not have any legal force, although usually an ordinary judge could not reject the opinion of an authoritative lawyer. In the 5<sup>th</sup> century all legal acts were given legal force and the function of *reponsa* lost its significance with the introduction of the extraordinary procedure.

The institution of fatwa is an important communicological element of the Islamic provenience. Unlike *responsa* which only deals with legal issues within the system that separates law from religion, fatwa embodies both legal and religious norms with ethical features. In Islamic law the lawyer's creative role can only be expressed in areas that are not regulated by obligatory texts, while in Roman law there are no such situations. The change in Islamic law occurred with the introduction of the notion of "closing of the door of *ijtihad*", which reflected on the legal character of fatwa, and for which there is no comparable component in Roman law. So the institution of *responsa* evolved along another path (comp. Đozo, 1996).

Muslim countries did not have the same control over the development of legal doctrine as is known in Roman law, where the function of *respondere* was vested as a privilege only in certain lawyers. Besides being issued by official and private muftis, fatwa's authority depended primarily on the power of the argument on which it was based.

*Ijtihad* is an Islamic discipline that aims to clarify the fundamentals of Islamic law. It is one of the most important specifics and features of Islamic culture, as it proves the general relevance and contemporary applicability of Islamic law regardless of time and place, while at the same time ensuring its existence and perfection. *Ijtihad* is a means of finding direction and applying Sharia rules to all cases and life situations. It confirms the specific nature of Sharia as the conclusion and final testament to all previous divine laws. Since the Muslims believe it is the last revelation from God and that there will be no new divine revelations, it contains all the features and capacities to cover all human needs.

*Ijtihad* is closely related to the institution of issuing fatwas. A *mujtahid*<sup>5</sup> is an Islamic scholar who is competent to independently offer opinions and solutions in Islamic jurisprudence (*fiqh*). In order to issue a fatwa one must have a very good knowledge of the situation

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<sup>5</sup> An Islamic scholar who is entitled to independently give opinions and solutions regarding Islamic law.

for which fatwa is required, especially an understanding of the mental state of the person requesting fatwa and the general understanding of the time and place in which such a person lives.

Fatwas are issued by muftis who are not fully comparable to mujtahids in all aspects. Mujtahids have their own methodology for resolving legal questions and are independent of other legal schools and political power, while the same does not hold for muftis. Truly a mufti can be a mujtahid, but the history of Islam has shown that his function is mainly to defend the constitutionality of the order that is based on the legal solutions laid down by a certain school of law (Džananović, 1999: 14).<sup>6</sup>

In Islamic law, which regulates and sanctions the behaviour of individuals within an Islamic community, fatwa is a special form of communication of religious leaders with their followers and various publics (business people, men, women, members of other religious communities etc.).

Fatwa is a form of order, provision, instruction, interpretation, call for action or motivation that is issued under certain social, political, economic, cultural, religious, demographic and other conditions. It is issued by Islamic religious leaders who belong to the so called *ulamas*, i.e. the senior or highest religious scholars whose lowest title is *mufti*.

In judicial circles no one but a capable scholar who correctly and thoroughly understands the religion is allowed to form and offer the Sharia opinion. Otherwise he may declare something allowed which is prohibited, and something prohibited which is allowed, abolish certain obligations and oblige people to do what Allah does not oblige them to do, approve or introduce novelties, declare believers to be non-believers and forgive non-believers for not believing. Each and all of these acts are potentially dangerous since they arise out of a lack of knowledge or fiqh by people who dare issue fatwas and do as they please. We witness this today, when religion has become a place where the flock grazes as it pleases. Everyone who has a tongue or a pen speaks or writes about religion, although the Qur'an and Sunnah as well as the good predecessors of Islamic ummah seriously threatened those

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<sup>6</sup> For example, the renowned mujtahid El-Qaradawi (1997b: 141-142) in his book *Modern Fatwas* laid out some of the most important fatwas that relate to the life of Muslims.

who dare enter this dangerous zone of religion without fulfilling the necessary conditions and proving readiness. And it is difficult to fulfil and prove such conditions and readiness (El-Qaradawi, 2000: 55).

Fatwa is therefore a publicly issued, declared, verbally or otherwise issued order, provision, instruction, information, interpretation, final decision, legal opinion etc., which is, in the Islamic world and unlike in Roman law, an expression of God's will and as such poses no other sanctions except for the moral ones which the religion interprets as punishment in this and other (posthumous) worlds. Unlike the obligatory nature of orders in other cultures and civilisations, fatwa is a constituent element of Islamic law that is based on the teachings of the Qur'an and is binding for all Muslims in relations both within the Muslim environment and within internal and external non-Muslim environments.

Thus fatwa can be understood as a constituent institution of Sharia law that uses the holy Muslim book the Qur'an to explain what is not prescribed in detail or not sufficiently understood due to the time of occurrence, complexity and multiple dimensions of everyday life under modern conditions. Fatwa is a supplementary interpretation that points to obligatory behaviour in concrete circumstances of everyday life and daily political, economic and cultural situations. In order to understand the notion of fatwa it is important to know that fatwa emerge in times of crisis, under extraordinary circumstances and in spiritual moments of the Islamic community. When everything follows the settled or determined path there is no need for regulation through fatwa. Punishment for breach of fatwa is usually of a moral-religious nature and expressed through contempt and excommunication from the social community, which is regarded as a very severe sanction in the Islamic world, where the traditional feeling of belonging is very strongly present.

## **FATWA AND PUBLIC RELATIONS**

In order to evaluate fatwa as a form of largely public (and often also mass) communication within the categorial and conceptual structure of modern aspects of public relations, we should examine the basic principles of this increasingly important form of social (functional) public communication from the point of view of religious marketing, multiculturalism, ecumenism, sociology of religion,

history of civilisations, ethnology, social anthropology, psychosocial aspects of geography etc.

The first aspect is the informative component of public relations and fatwa. Fatwa is both an instruction and a legal opinion, representing information per se as well as the subject or object of information. Its intentional logic *a priori* means it contains information within and on the content of fatwa. Fatwa thus fulfils this component of public relations.

The ontogenesis of the category of public relations is already contained in fatwa as an institution, notion and category. In its essence fatwa is thus a series of precisely selected public relations between the Islamic community (institution) and the public (religious believers). Fatwa is public communication that creates and counts on created public relations (based on the Qur'an and Sharia law) with the Islamic community, religious believers *inter se* and with external subjects (in the political, economic, religious, social, cultural and other spheres). As such fatwa belongs to what is regarded as classical public relations activities.

If viewed from the aspect of the persuasive and binding component of public relations, fatwa (by informing, instructing and drawing attention to a concrete problem) always convinces the public (religious believers) of something and persuades them to certain behaviour, adapting the presupposed (through marketing research) value systems of Muslim customs and behaviour as regulated by the norms of the Qur'an, Sharia law, the hadith etc. In this connection fatwa represents an essential and constituent part of public relations. Its goal is not to provide neutral information but information *pro domo sua*, which triggers (re)active behaviour according to given instructions.

The media play a special role in presenting fatwa to the public. It is a channel through which to reach the public. It includes largely special interest-based media such as professional and scientific publications targeting certain publics. Despite the key importance of media for public relations many PR practitioners are so busy with media coverage that they forget why contacts with the media are so important. They see the media as the publicity channel for their activity and thus believe that media coverage as such means that they address and influence several publics – none of which is far from the truth. Media includes both personal communication and specialised publications.

The truth is that mass media is probably the main channel for reaching the public and as such is closest to public relations practitioners (Hunt, Grunig, 1995: 43-44). One should not forget the special role of religious media, which provides a detailed explanation of fatwa. Religious media is particularly important in non-Muslim countries where no such explanation is provided in the general media.

Fatwa is issued in spoken or written form by the religious leader. It contains all the dimensions of promotion which unlike advertising (which pushes the object of the advertisement towards the consumer) pulls the consumer (religious believer) towards the object of promotion. Fatwa usually does not represent classical business communication. There is no negotiation or agreement – an authoritative decision is made in advance determining who is entitled to say, instruct, teach, search, write and declare and who should listen, be instructed and unconditionally respect what is prescribed or regulated with fatwa.

In this respect fatwa does not enjoy or embody the two-way nature and equality principle typical of communication in the framework of public relations. Nevertheless, it does retain the co-orientational aspect, since respect for the Qur'an, Sharia law and hadith norms have been placed in advance on the (forced and voluntarily accepted) pedestal of perfection.

This gives fatwa – as opposed to the basic philosophy of communication in public relations – an autocratic and metaphysical dimension. As such it can represent communication only in the case of prior acceptance and respect for Islam as religion, Allah as the almighty creator and master of this world and heaven, Mohammad as God's last Prophet, and Islamic law as the conclusion of all prior findings.

This certainly is the case in most of Islamic world, especially in those parts where religion has not been attributed a lay character through secularisation. There fatwa means two-way communication in which the teacher and the student roles are determined and assigned in advance, all wrapped in the divine holiness of Allah, who is personified as the great imam (religious and community leader) or ulama (with mufti the lowest title in terms of issuing fatwas).

Public relations are a mild form of informative propaganda and communication activity whose aim is (unlike in advertising) to cultivate a long-term positive psychosocial attitude towards or opinion of a certain economic, political or religious issue. We are not what we think we

are but as others see us. It is up to us to make a series of communicational activities to determine how others will see us.

The concept of interaction covers all processes taking place between two or more persons as well as between an individual and a group of people or between groups of people. The most important process of social interaction is communication, i.e. the exchange of information. Social interaction and communication are important aspects of social psychology and other social sciences. However, social sciences evaluate social interaction and communication from the point of view of social and cultural systems rather from the point of view of individuals who are involved in interaction. The essential aspect of social interaction is that its participants constantly react to each other, trying to adapt their behaviour to their own intentions and to the expected or perceived intentions of their partners (Ule, 1997: 198-199).

In the case of fatwa this two-way communication does not exist in the public arena. Instead it is a one-way order and those to whom it is directed must unconditionally respect it. The sanction for not following or executing a fatwa is of a moral character.

In principle fatwa represents one-way communication, although it contains some elements of two-way asymmetrical communication (scientifically supported persuasiveness, established feedback relationship and examination of opinions), being a form of scientific persuasion based on the teachings of the Qur'an. Moreover fatwa also contains some elements of two-way symmetrical communication (mutual understanding, dialogue, balance and valuation of understanding), its goal being to overcome eventual conflicts within a society or religious community and to establish good relations with strategic publics. Fatwa is therefore a complex concept when it comes to public relations. It is actually based on the Qur'an, which requires unconditional respect and affords little or no chance for polemicising.

The religious community should be responsible towards its publics in order to establish and maintain good relations with them. In general it should be responsible towards society as a whole. However, society is a large and ambiguous community. It is far easier to recognise the publics as groups on which the religious community can exert an effect. In order to be responsible, the religious community should answer to its public for the consequences of its actions. Responsi-

bility means symmetrical (mutual) communication with its publics. Such communication creates productive relations that are (well) suited to the religious community. Consequently, public relations and public responsibility have become almost synonymous terms. The religious community can not enjoy good public relations if it does not act responsibly toward its publics.

## CONCLUSIONS

This article discusses Islamic communicational elements stemming from the Qur'an as the specific and basic conditions for understanding Islamic people (due to the complexity of this subject and the limitations of the size of this article a certain level of generalization was applied). It stems from the hypothesis that it is the lack of knowledge of the above discussed rules and practices that renders it very difficult to carry out successful marketing communication with and in Islamic environments. Hadiths as communicological norms enable a Muslim to establish better communication in relation to God, the Prophet Muhammad, fellow people and everyday life as regards religious and secular issues, as well as general communication within Islamic society and beyond. The substance of hadiths is testament to the readiness of Islamic people to respect divinity, to follow the life and work of the Prophet Muhammad, and apply hadiths to regulate life in the Islamic community as well as relations with other communities.

The basic principle of Islam is that all secular activities, including those of an economic nature, are lawful and permitted except for those that are explicitly prohibited in the Qur'an. Islamic law enables Muslims to discover and know what is good for them, to enter freely into transactions, to conclude agreements and carry out secular activities fairly and impartially. Islamic law leads Muslims through their lives. Thus they are guided by Sharia also in communication. Companies intending to operate on a market that is partly or entirely based on Islamic law should take into account these principles in all dimensions of their activities on that market. Understanding the basic principles of Islamic religion, Islamic law, its sources, Sharia rules, ijtiḥad and religious-law schools is a precondition for successful marketing and business communication on Islamic markets. An important fact to bear in mind is that Islamic law adapts to the spirit of time and place. This is supported by ijtiḥad, which updates and harmonises

Sharia rules to suit contemporary life. However, adaptation and application of Islamic law to modern societies requires a thorough knowledge of Islam. If such knowledge is lacking adaptation will not be appropriate, and market and business communication will be based on false foundations.

In order to understand Islamic people it is essential to understand that according to the doctrine of Islamic religion Muslims submit entirely to God, and are ready to give up pleasures in this world so that they will enjoy them in the next world. For Muslims, life in this world is only a transitional phase in which they try to achieve heaven in the other, next world. Against this background marketing and business communication should be very sensitive, taking well into account Islamic teachings. Failure to respect those principles may cause serious damage to companies hoping to operate on Islamic markets, even prevent them from entering such markets. Marketing and business communication represent the first public steps of companies entering the market. If they make a mistake at this stage it will be hard to achieve success in subsequent stages.

As regards various recently emerging situations and issues, the concept of *ijtihad* as a special institution of Islamic law provides answers to all of today's questions that concern Muslims. *Ijtihad* establishes communication between an Islamic scholar (*mujtahid*) and the Islamic religious community, and represents a perfect case of two-way symmetrical communication. On the other hand the institution of *fatwa* represents, in principle, one-way communication, although it contains, as a form of scientific persuasion based on the teachings of the Qur'an, some elements of two-way asymmetrical communication. Moreover *fatwa* also contains some elements of two-way symmetrical communication, as it aims to overcome eventual conflicts within a society and/or to establish good relations with strategic publics. *Fatwa* is therefore a complex concept when it comes to public relations. It is based on the Qur'an, which demands unconditional respect and affords little or no room for polemicising.

Although at first sight it may seem that marketing communication in the Islamic world is a one-way process and that Islamic societies are based on one-way communication, detailed analysis of Islamic law paints a different picture. This is borne out by the institution of *fatwa*, which contains some elements of two-way asymmetrical and

symmetrical communication. Having in mind the above presented and discussed, it is our opinion that this article has proved on a general level the validity of our hypothesis. However, for a detailed and comprehensive analysis an additional and more extended research would be necessary.

Marketing and business communication in Arab-Islamic societies is a mix of Western concepts and the rules of Islamic law within an individual's traditional environment. The specific mix of elements in this equation depends on the environment or the country where marketing and business communication is carried out. The typical Islamic person is sensitive, traditional and reserved towards the West. Against such a background marketing and business communication has to be employed in the most appropriate manner, and should be adapted to the specific environment if it is not to fail, either in part or entirely.

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**Ephesus**

*Anja Fabiani*



# Ephesus



ARTEMIS TEMPLE

The miraculous ancient city Ephesus (Turkish: Efes) is located on the coast on Aegean Sea, on the South-West side of the modern Turkey. Once it was one of the great cities of the Greeks in Asia Minor and home to the Temple of Artemis (completed around 550 BC). It was one of the seven wonders of the Ancient World. The city flourished after coming under the control of the Roman Republic in 129 BC. It was the fourth largest city in the eastern Roman Empire. Today, the ruins of Ephesus are a major tourist attraction. Ephesus is the most preserved ancient city and, among others, also sacred site for Christians, including many biblical figures such as St. Paul, St. John the Evangelist, the Virgin Mary (the first church dedicated to Virgin Mary is in Ephesus). The house, where the Virgin Mary is supposed to have lived in her last years, was visited by three recent popes. On the other hand, the large structures of ancient brothel are visible in the city of Ephesus as well.

Besides being considered one of the great outdoor museums of Turkey, this fact is maybe the proof for the stand of Heraclitus philosophy where one of the major stands is: the unity of opposites. Heraclitus was active around 500 BC and he was also well known for his doctrine of “universal flux” (“*panta rhei*”). Among others, his doctrine has also influenced Slovene greatest poet France Prešeren when he has been writing his amazing poem which begins: “Kar je, beži...” (“Which is, escapes...”). This is another evidence of the greatness and cosmopolitanism of Prešeren as well as of inspiration that ancient

philosophy remains till nowadays. Heraclitus, however controversial, is meant to be the first genuine philosopher and therefore, Ephesus is the birth place of antique – and within the whole western – philosophy.

Other most important sites of Ephesus are: *Basilica of St. John*, *Theatre* (largest outdoor theatre in the ancient world), *Library of Celsus*, *Temple of Hadrian*, *Temple of Sebastoi* (sometimes called the *Temple of Domitian*), *Tomb/Fountain of Pollio*, *Prytaneion*, *Curetes Street*.

In Vienna, there is *Ephesos Museum Kunsthistorisches*, beautiful location of the *Neue Burg*. It displays artefacts from ancient Greece and Turkey and has an incredible architecture of historic building.

In London, the archaic remains of the Temple of Artemis (which has discovered a British archaeologist John Turtle Wood) are displayed in room 82 of the *British Museum*. Several archaeological remains are spread to different galleries according to their date and category. It is thought to be an universal flux that spans across time and space and lies in the deepest sense of humanity.

Anja Fabiani

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Rittberger, Volker, ed. (1993): *Regime Theory and International Relations*, Clarendon Press.

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European Perspectives encourages authors to submit either of two types of reviews: a book review or a review essay.

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- State clearly the name of the author(s), the title of the book (the subtitle, if any, should also be included), the place of publication, the publishing house, the year of publication and the number of pages.
- If the reviewed book is the result of a particular event (a conference, workshop, etc.), then this should be mentioned in the introductory part of the review.
- Review authors should describe the topic of the book under consideration, but not at the expense of providing an evaluation of the book and its potential contribution to the relevant field of research. In other words, the review should provide a balance between description and critical evaluation. The potential audience of the reviewed work should also be identified.
- An exact page reference should be provided for all direct quotations used in reviewing the book.

Ernest Petrič et al.

### **Slovenski diplomati v slovanskem svetu (Slovene Diplomats in Slavic Countries)**

2010 / 472 pages / ISBN 978-961-92839-0-5

Price: € 40



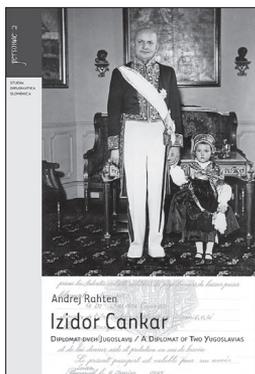
This is an excellent and rare book which analyses and reflects the role of Slovene diplomats in the Slavic countries up till 1990. The main message of the book is that Slavic component is part of the Slovene diplomatic experience. It has contributed to enhanced diplomatic relations between the Republic of Slovenia and several Slavic countries. Contributions are published in Slovene, Czech and Russian languages. The book was published as part of the *Personae* series of the *Studia diplomatica Slovenica* collection.

Andrej Rahten

### **Izidor Cankar – diplomat dveh Jugoslavij (Izidor Cankar – A Diplomat of Two Yugoslavias)**

2009 / 420 pages / ISBN 978-961-92173-8-2

Price: € 40



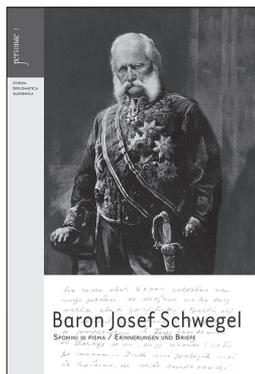
The biography *Izidor Cankar – A Diplomat of Two Yugoslavias* is an account of the diplomatic career of Izidor Cankar in the first and second Yugoslav states. The book outlines Slovenia's progress from the end of the 19th century to the late 1950s in broad social terms as part of the Austro-Hungarian Empire and the monarchist and communist Yugoslavias. Special attention is given to the international point of view – debates on the Slovenian issue in correspondence involving Slovenian diplomats serving at Yugoslav missions. The book was published as part of the *Personae* series of the *Studia diplomatica Slovenica* collection.

Franc Rozman

**Baron Josef Schwegel – spomini in pisma (Baron Josef Schwegel – Memories and Letters)**

2007 / 376 pages / ISBN 978-961-92173-0-6

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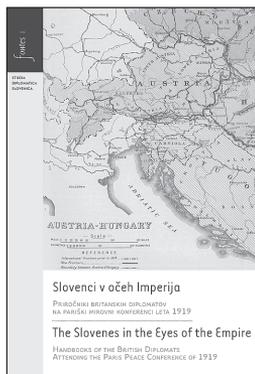
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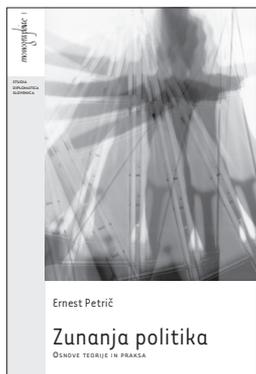
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