ISSN 1648-8024

Strategic Research Center
of the General Jonas Žemaitis Military Academy of Lithuania

Institute of International Relations and Political Science,
Vilnius University

Department of Political Science and Diplomacy
of the Vytautas Magnus University

LITHUANIAN ANNUAL STRATEGIC REVIEW

2012-2013
Volume 11
Lithuanian Annual Strategic Review

This is a peer reviewed annual research publication published by the Military Academy of Lithuania in co-operation with Vilnius University and Vytautas Magnus University in Kaunas. The main objective of this publication is to provide readers with a wide-scale analysis and generalization of the changes, both essential and significant, in the national security of Lithuania at the international–systemic, regional, and national levels. The yearbook also aims to give maximum emphasis to the specificity of Lithuanian national security issues and comprehensively present them to a widely interested and concerned audience.

© Authors of the articles, 2013
© Military Academy of Lithuania, 2013
# Contents

Preface .................................................................................................................. 5

Global International System and Lithuania .................................................... 7

  Implication of Smart Defence Initiative for Small Members of NATO
  Vaidotas Urbelis .................................................................................................. 9

  Missile Defense - What It Is Designed For and How It Is Understood
  Daivis Petraitis .................................................................................................. 29

  Transatlantic Relations and Lithuania: Unfinished Issues of Security
  Sigita Trainauskienė .......................................................................................... 55

The Changing European Security Space ......................................................... 81

  Cooperation of Nordic-Baltic Countries on Security and Defence
  Eitvydas Bajarūnas ............................................................................................ 83

  Financial Crisis and New Solutions
  in the European Union: the Case of a Small Country
  Jonas Čičinskas, Arūnas Dulkys ...................................................................... 119

  Hungarian Dances – The Origins and the Future
  of Viktor Orbán’s Revolution
  András Deák .................................................................................................... 145

Lithuania’s Eastern Neighbourhood ............................................................... 169

  U. S. Security Interests and Democracy
  Assistance Programs in Georgia and Ukraine
  Povilas Žielys .................................................................................................... 171

  Strategic Partnerships in Foreign Policy: Comparative Analysis
  of Polish - Ukrainian and Lithuanian - Ukrainian Strategic
  Partnerships
  Ieva Gajauskaite ............................................................................................. 189

National Security Issues .................................................................................. 231

  The Network-Society Phenomenon
  in the Lithuanian-Led PRT in Afghanistan
  Justina Budginaitė ........................................................................................... 233

  Lithuania’s “Fight” against Corruption:
  why can’t We See Any Progress?
  Jolanta Aleknevičienė .................................................................................... 255
Preface

The Strategic Research Centre of the Lithuanian Military Academy alongside its partners in Vilnius and Vytautas Magnus Universities present their readers the eleventh volume of the “Lithuanian Annual Strategic Review”, devoted to security problems of Lithuania in 2012 – 2013. Attention is again focused on urgent themes that call for significant research and insight. Continuing a long-lasting tradition, we have classified the ten studies presented in the journal into four main parts.

The first part called “Development Tendencies of the Global International System” presents three studies. Vaidotas Urbelis gets to the heart of the smart defence conception that is becoming ever more important and presents an analysis of the attitude of smaller NATO states from the perspective of such defence. Daivis Petraitis, systematically and in a composite way, researches the issues pertaining to how the antimissile defence of the USA, NATO and Russia is perceived and to what it is devoted. The text discloses how antimissile defence systems can both directly and indirectly impact not only military activity but also its impact on international politics. Sigita Trainauskienė explores the frequently discussed issue of the retention USA attention in the region of Central and Eastern Europe and within this context considers Lithuanian foreign policy priorities.

The second part of this publication, titled “Change of the European Security System”, also comprises three studies. Eitvydas Bajarūnas, the Lithuanian Ambassador in Stockholm, shares his point of view on the perspectives of the cooperation between the Nordic and Baltic countries in the defence area. In their study experts on economics Jonas Čičinskas and Arūnas Dulkys analyze the consequences of the financial crisis and new decisions in the European Union for smaller members of the Union and come to the conclusion that such countries as Lithuania can guarantee their economic stability only by joining the economic integration process which satisfies the needs not only of economic rationality and security but also conforms to the criteria and interests of political associations and cultural affiliation. The third study of this part, devoted to the 2010 unprecedented constitutional reorganization of Hungary that generated a great deal of attention in Lithuania because of the conflict with Europe, was prepared by András Deák, an associate fellow of the Hungarian International Relations Institute.

The third part of the journal, devoted Eastern neighbors of Lithuania, provides two interesting studies. Povilas Žielys seeks answers to the question:
why, in spite of great expectations pertaining to the Rose Revolution of 2003 in Georgia and the Orange Revolution of 2004 in Ukraine, does the democratic regime in these two states still remain not completely established. Ieva Gajauskaitė, attempting to thoroughly explain in her study why the strategic partnerships between Poland and Ukraine and between Lithuania and Ukraine are based on formality rather than effective cooperation, carries out their evolutionary analysis and compares their intensity, strategic goals and the motivation of the partners to the common benefit they have generated.

The fourth part of the “Review” traditionally analyzes urgent aspects, issues and cases of the national security of Lithuania. This time, readers have may familiarize themselves with two research studies. Justina Budginaitė surveys the activity of the Lithuanian Provincial Reconstruction Team in Afghanistan’s Ghor province by paying particular attention to the dimension of military–civilian cooperation. The final article of the journal deals with why the progress achieved in fighting against corruption frequently goes unnoticed in Lithuania and why it is so difficult for the country to get rid of the image of a rather corrupted state. The answer to this issue, which is important for the security of the country, is supplied by sociologist Jolanta Aleknevičienė.

We wish our readers an interesting reading with new research studies. Please note that this and previous volumes of the “Lithuanian Annual Strategic Review” can be found at the General Jonas Žemaitis Military Academy of Lithuania Internet website as well as in various international databases.

Vilnius, May 2013

Editor-in-Chief
Global International System and Lithuania
Implication of Smart Defence Initiative for Small Members of NATO

Smart defence is becoming an increasingly dominant topic on NATO’s agenda. Politicians, the academic community and other security experts quickly latched on to the term “smart defense”. It became a catch phrase even in popular literature and the mass media. The aim of this article is to look at the smart defense initiative from small states’ perspective. This article should fill a gap that exists between the theoretical model of smart defense and the behavior (response) of small nations to the challenges posted by this initiative. The article is divided into two parts. The first part discusses factors that influence decisions of small states. The second part examines national responses and practical initiatives that nations undertake in response to this challenge.

Introduction

Smart defence is becoming an increasingly dominant topic on NATO’s agenda. Politicians, the academic community and other security experts quickly latched onto the term introduced by NATO Secretary General Anders Fogh Rasmussen just several years ago. “Smart defence” has become a catch phrase even in popular literature and the mass media.

Smart defence in NATO, pooling and sharing in the European Union, started emerged in times of economic crises. Faced with declining defence budgets politicians were forced to come up with new ideas on “how to do more with less”. Officially smart defence is described as a new way of thinking about generating the modern defence capabilities the Alliance needs for the coming decade and beyond. That means pooling and sharing capabilities, setting priorities and coordinating efforts better. NATO emphasizes that for the purposes of smart defence, the Alliance nations must give priority to those capabilities
which NATO needs most, specialize in what they do best, and look for multi-
national solutions to shared problems\(^2\).

Politically all NATO countries subscribe to this idea, which is mentio-
ned in the Chicago Summit declaration and various ministerial communiqués. Unofficially, despite wide ranging support, a certain degree of skepticism re-
mains within the defence community. Skeptics point out that primary exam-

\[ \text{ination of smart defense—such as the strategic airlift initiative, Baltic air policing} \\
\text{mission, missile defence and others—were born before anyone started using} \\
\text{the term smart defence. They point out that smart defence is mostly about} \\
\text{the repackaging of old ideas with a new label. Policy makers ask for concrete} \\
\text{results from this initiative, for new projects and financial savings. Until such} \\
\text{results are delivered, skeptics decline to accept the validity of the concept.} \\
\]

Despite some degree of skepticism, small members of NATO took the
notion of smart defence extremely seriously. On one hand they have the most
to gain (or lose) from the smart defence initiative. The security of small states
is linked with the success of the collective defence system, and for some of
them, it is an issue of political survival. Success of smart defence could solidify
the Alliance while failure of smart defence could seriously damage their secu-

\[ \text{rity. On the other hand, in addressing the smart defence concept small states} \\
\text{must tackle complicated issues such as sovereignty, multi-nationality, reforms} \\
\text{of the armed forces, burden sharing with Allies, and others.} \\
\]

So far, with a few noticeable exceptions, the academic community has ra-
\[ \text{rily discussed the implementation dilemmas faced by small states. Before the} \\
\text{term smart defence was introduced, the intellectual background was laid down} \\
\text{in a study by M.Flournoy and J.Smith, made for the Center for Strategic and In} \\
\text{ternational Studies, named “European Defence Integration: Bridging the Gap} \\
\text{between Strategy and Capabilities”. M.Flournoy and J.Smith do not specifically} \\
\text{discuss the role of small states but they provide ample examples and an approach} \\
\text{that could be applied in this article. A.Grimes and J.Rolfe in their study “Optimal} \\
\text{Defence for a Small Country” provide the excellent example of New Zealand’s} \\
\text{cooperation dilemmas. L.Struwe, M.Rasmussen and K.Larsen in the 2012 study} \\
\text{“To Be, or Not to Be (Smart Defence, Sovereignty and Danish Defence Policy)”} \\
\text{tackled the issue of sovereignty in the debate on smart defence.} \\
\]

Several important comparative studies should be mentioned: R. De
\[ \text{Wijk’s study on “Security Implications of NATO Transformation for Smaller} \\
\text{Members” and R.Beewes and M.Bogers’ article “Ranking the Performance of} \\
\text{European Armed Forces” on burden sharing issues.} \\
\]

\(^2\) NATO, Smart defence, http://www.nato.int/cps/en/SID-F429D52E-AB1A4085/natolive/topics_84268.htm?
The aim of this article is to look at the smart defence initiative from small states’ perspective. This article should fill a gap that exists between the theoretical model of smart defence and the behavior (response) of small nations to the challenges posted by this initiative. For this reason this article is divided into two parts. The first part discusses factors that influence the decisions of small states. The second part examines national responses and practical initiatives that nations undertake in response to this challenge.

For the purpose of this article all nations that are below defence spending of 10 bln USD are considered small states. This includes all members of NATO except the US, the UK, France, Germany, Italy, Canada, Turkey, Spain and the Netherlands. This list almost identically coincides with R. de Wijk’s evaluation of NATO members’ defence capabilities – contrary to bigger states, no small nation is able to possess the full spectrum of defence capabilities. Small states have limited capability to project military power to other parts of the world and their security is tightly dependent upon the behavior of larger countries. Their action of freedom is limited by outside powers and their security is best served within the framework of a collective security arrangement.

1. Challenges Posed by Smart Defence in Collective Defence Arrangement

The defence policy of every nation is about developing and sustaining military power. Military power serves the foreign and security objectives of individual nations. The most important task for the armed forces is to defend independence of nation, guarantee its freedom and security. To fulfill these goals defence strategists and planners are searching for the most effective ways to maximize benefits from sustaining military power within available resources. Smart defence is one of the best known proposals for how to preserve and develop military capabilities in the midst of a shrinking defence budget.

Smart defence is not the first attempt to tackle this issue. Nations already for many years have sought greater efficiency using both national and multinational formats. What is new about smart defence is the intellectual attempt to conceptualize these efforts and provide a framework where nations could engage in different cost saving exercises. NATO provided a management structure for implementation of smart defence initiatives and tasked Deputy Secretary General and Commander of the Alliance Command Transformation (ACT) to coordinate member states efforts in this area.
Individual nations engage in smart defence initiatives from different starting positions. Threat perception, strategic culture and available resources determine how individual nations respond to the challenges to their security and independence. Their response may embrace an expeditionary defence mentality or concentrate on territorial defence issues, they may decide to spend 4 percent of GDP on defence or go down to just 1 percent, they might decide to abandon certain type of capabilities (e.g. submarines) or keep a large spectrum of forces. Just compare Greece and Belgium – countries quite similar in size and GDP but their strategic outlook and international commitment lead to different answers on the build-up of their armed forces.

Membership in Alliance is an extremely important factor influencing strategic thinking on the role of the armed forces. Availability of deployable and sustainable forces for collective defence is an essential prerequisite for the successful functioning of an alliance such as NATO. Members of alliances are obliged to develop forces for defence of their allies; concentration upon purely national defence is not an option. Reliance on each other’s capabilities for collective defence connects and unites members of alliances and their armed forces. By becoming members of alliances nations do not surrender their sovereignty, but relying on other states in the event of an attack puts serious limitations on their freedom of action. As Struwe, Rasmussen and Larson emphasized “Article 5 means that state sovereignty, and upholding it, is not only a matter for the individual state. With a high level of integration, a state is at risk of being drawn into a war – often referred to as a chain gang or domino effect.”

In NATO common defence planning is performed in order to unify individual efforts for common good. All members of NATO are part of the NATO defence planning process with ACT playing a leading role. During this process after extensive consultation with other members of the Alliance and NATO staffs countries receive and must implement so called “Target Goals”, i.e. capability packages that nations must implement domestically. Via Target goals NATO has direct influence over national priorities and capability development plans. Such influence is particularly noticeable in small countries for which implementation of Target Goals constitutes a major challenge.

In theory Target Goals could still be implemented on a national basis in the traditional way – i.e. developing national forces and assigning them to NATO according to NATO requirements. Allied forces would need some com-

---

1 L. Struwe, M. Rasmussen and K. Larsen “To Be, or Not to Be (Smart Defence, Sovereignty and Danish Defence Policy), 2012, p.22.
mon training, standards and coordination defence planning but all capabilities remain a national responsibility.

The notion of smart defence provides a direct challenge to this comfortable arrangement. The three constituent parts of smart defense—prioritization, specialization and cooperation (i.e. multinationality)—puts autonomy of nations for the use of their armed forces under pressure. The concepts of smart defence question the key concept that development, financing and the use of armed forces is solely a national responsibility. Dependency on each other might generate savings but it also leads to the loss of autonomy in certain areas.

Not all nations are equally sensitive to this challenge. For instance, dependency on other allies for strategic airlift capability might be painful for countries that act autonomously in other parts of the world but would be completely acceptable for a small country that concentrates on territorial defence. For others independent nuclear capability might be at the heart of the sovereignty issue while others would remain indifferent to the nuclear dilemma. The upcoming sections will take a deeper look at why national responses to the issue of smart defence differ so greatly.

1.1. Sovereignty and Assured Access

One of consequences of the smart defence approach is that small states become increasingly reliant on other allies for access to critical capabilities. NATO officially calls for specialization ‘by design’ so that members concentrate on their national strengths and agree to coordinate planned defence budget cuts with the Allies, while maintaining national sovereignty for their final decision. It is true that it is a national sovereign decision to make decisions on the areas of specialization, but when decisions are made and implemented, nations are in the hands of “owners” of the specific capability they have chosen not to develop.

The defence community agrees that ensuring access to multinational or other national capabilities in times of need constitutes the biggest challenge for smart defence. Such obstacles could be of a different nature – military (e.g. allies fail to develop capabilities according to agreed standard), political (e.g. one member of coalition refuses to participate in operation), technical (e.g. common capabilities is already employed elsewhere), etc.

The first challenge is the need for the same resources at the same time. Even in a perfect world nobody can provide 100 percent assurance that in case
of need the desired capability would be available or the same nations would
not compete for similar resources. E.g., in the beginning of large scale opera-
tions it is highly likely that many nations would require strategic airlift assets.
In case of specialization, the owner of such capability may first satisfy its own
requirements before providing this capability to allies. In case of a multina-
tional initiative, disputes may arise on which country would be the first to get
access to this capability.

The second big issue is political differences. Enhancing mutual understand-
ing could soften political differences and strengthen alliances but risks
would always remain. European nations were utterly divided over the war in
Iraq and not all members of NATO participated in operation Unified Protector
in Libya. During the operation in Libya some non-participating Allies were
not able to help nations that ran out of ammunition. Such situations are highly
unlikely in the case of a collective defence operation but for out of area enga-
gements not all members of the alliance would participate in every operation.
Political obstacles could even become a major stumbling block for deployment
of commonly owned capabilities, such as the deployment of NATO Airborne
Warning and Control System (AWACS).

Loss of autonomy could become an issue of national sovereignty and
become a major political obstacle for implementing concrete initiatives. Small
states are more vulnerable to this challenge. They possess a limited spectrum
of defence capabilities, thus they would rely in more areas on other nations in
comparison to bigger nations. This could create political tensions and a feeling
of dependency on larger neighbors. Therefore, countries are balancing betwe-
en two extremes – specializations versus full spectrum forces.

In such circumstances a nation may choose different options – if afford-
dable, they can try to preserve national capabilities throughout the whole
spectrum; they can engage in some kind of risk management exercise, i.e. to
preserve only those defence capabilities that constitute the core of national
defence; or, then can take a risk and implement cost effective solutions.

\[1\] Jacom Henius “Specialization – the Gordian Knot of NATO’s Smart Defence” p. 29 from J.Henius and
\[5\] Germany says has no plans to boost Afghan AWACS force, Reuters, Jan 9, 2011
or L.Struwe, M.Rasmussen and K.Larsen “To Be, or Not to Be (Smart Defence, Sovereignty and Danish
Defence Policy), 2012, p.23.
1.2. Smart Defence and Defence Spending

Smart defence is largely driven by the need to save money or to spend more wisely. According to Secretary General Rasmussen, the new concept was conceived as a response to the global financial crisis and falling budgets: “we call it ‘Smart defense’ because it is about spending defence money in a smarter way.”

This notion of saving money is extremely attractive to all member states – big and small. Small states have even greater motivation to engage into smart defence projects since domestically they cannot achieve the effect of economy of scale, thus keeping national sovereignty is relatively more costly in comparison to bigger countries. The US may allow itself to finance the National Defence University with 363 highly professional faculty members, but for a smaller country with armed forces the size of 30 thousand proportionally means just 7 faculty and/or staff. Small states would always have a proportionally larger administrative and support structure, thus leaving even fewer resources for military capabilities.

The problem is exacerbated by the fact that smaller countries do not outspend bigger ones in terms of defence expenditure in relation to GDP. The two biggest defense spenders in NATO in terms of GDP percent are large countries – the United States and the United Kingdom, while the bottom of the defence spending table is occupied by the smallest members of the Alliance.

Figure 1. Defence Expenditure as percent of GDP

No correlation between size of a country in terms of population and defence spending as per cent of GDP among European NATO and EU members

---


The gap between small defence budgets and relatively large administrative and support structures is a limiting factor for small countries to create large spectrum military forces. It forces them to make drastic decisions in terms of specialization or develop niche capabilities in order to maximize their military contribution for the common defence.

Grimes and Rolfe in their article “Optimal Defence Structure for a Small Country” propose a theoretical model for analysis of small state choices under such circumstances. They find that if countries have shared objectives and they are certain about other reactions in times of crisis, then “a small country will maximize its contribution to a multi-country defence effort by adopting a small number of well-prepared force elements; the larger the country, the more force elements it will adopt”.  

Analysis based on this model proved that prioritization, specialization and cooperation are the most cost effective ways for regional defence arrangements. This logic is particular true for NATO, where countries are bound by Art. 5 collective defence guarantees and their national defence choices are influenced by NATO's defence planning system. As Struwe, Rasmussen and Larsen rightly noted, “defence material is very expensive, and it is tempting to seek to buy more with the same amount of money by utilising the economies of scale [...]. However, a precondition for pooling specialisation is a high degree of compatibility between the collaborating countries”. NATO defence planning is designed to do just that—to achieve compatibility among Allies’ armed forces.

The smart defence initiative just adds a political umbrella to the otherwise natural process of maximizing defence benefits in times of fixed or even declining defence budgets. By doing this smart defence seeks to eliminate cultural caveats, national fears and other political obstacles for nations to engage in this cost-efficiency driven exercise.

1.3. Small States in International Operations

The defence budget is not the only determinant of how a nation responds to smart defence. Nowadays international operations dominate NATO's agenda. Saying “do not tell me what you have, but tell me how many troops you can deploy” reveals the underlying logic of this thinking. Especially for small countries,

---

9 L.Struwe, M.Rasmussen and K.Larsen “To Be, or Not to Be (Smart Defence, Sovereignty and Danish Defence Policy), 2012, p.25.
NATO’s aim to have 50 percent deployable and 10 percent sustainable troops shapes national thinking and approach towards smart defence.

The ability to deploy is not directly linked to the size of the country. Beerres and Bogers’ empirical study shows that armed forces that score high on the traditional input dimension (Defence percentage/GDP) may score lower on the ‘number of troops deployed.’ Also, armed forces that score low on D/GDP may rank high on the measure ‘number of troops deployed’.¹⁰

NATO led The International Security Assistance Force (ISAF) as the best source to illustrate such statements. NATO declared ISAF as the most important operation. Since ISAF suffers from lack of manpower, almost all contributions are accepted and member states are encouraged to provide all available resources to achieve success in Afghanistan.

The thesis that small states spend proportionally more resources for international operations is proven nicely by the ISAF. For small countries to sustain one soldier in operation costs almost twice more in comparison to bigger states. For a total of 47 bln USD they sustain 9 thousand troops while bigger members states with a defence budget of 991 bln USD keep 116 thousand troops.

<table>
<thead>
<tr>
<th>Table 1. Small and big countries in ISAF</th>
</tr>
</thead>
<tbody>
<tr>
<td>troop in ISAF/d</td>
</tr>
<tr>
<td>defence budget</td>
</tr>
<tr>
<td>(mln USD)</td>
</tr>
<tr>
<td>SMALL</td>
</tr>
<tr>
<td>BIG without US</td>
</tr>
<tr>
<td>BIG including US</td>
</tr>
</tbody>
</table>

The table shows that proportionally small European states are a little bit more active in ISAF compared to the bigger countries. This difference is minor and, adding the US to the equation, small countries’ minor advantage turns into a major disadvantage (150 mln people from small states are able to sustain 9 thousand troops in Afghanistan comparing to 758 mln people and 116 thousand troops from biggest members). Bigger member states are also more resilient in causalities. Although several small NATO members suffered disproportionally, in general the biggest member states suffered 3,7 causalities per million population compared to 1 for small member states).

For political reasons small countries will remain active participants in

international engagements. Despite limiting military and economic factors they are able to sustain their contributions for an extended period of time (in the case of Afghanistan, for more than ten years). Willingness to deploy in combination with the high financial cost of such activities puts great pressure on small states to look for new and innovative solutions in finding efficient and effective solutions for deployment and sustainment of their troops.

2. Responses to Smart Defence Initiatives

All NATO member states responded positively to the call of NATO Secretary General to find new ways to create defence capabilities within the existing tight financial framework. Vast political support was built via different projects and mechanisms developed by NATO, the EU or by nations on multilateral basis.

As the previous sections have hinted, because of their size and smaller defence budget, smaller member states have bigger initiatives for cost effective solutions. Their defence budgets in nominal terms are smaller, they suffer from the lack of mass economy in purchasing and maintaining equipment, they spend more resources on operation, etc. All these indicators point out that small states should be bigger contributors to smart defence projects than bigger ones.

Small states’ positive attitude is not without prejudices. By engaging in smart defence initiatives, they do not want to become hostages of bigger states and their political agendas, which are not always identical to the wishes of their smaller allies. Small states are particularly sensitive to the issue of national sovereignty, especially when dealing with countries with which they have had a problematic relationship.

Different national circumstances explain why smart defence could lead to different defence policy decisions depending on their threat perception, the understanding of the nation’s role in the world, size of defence budget and many other factors. Nations are free to choose how to adapt their national defence structures to suit the needs of collective defence. Some could engage in “negative specialization”, i.e. decide not to develop certain type of capabilities. Some could choose to develop niche capability, as the Czech Republic did with CBRN battalion or helicopter training. Some engage in regional initiatives while others opt for integration of forces. The next sections will provide a deeper perspective on how nations respond to the challenges posed by smart defence.
2.1. Function Approach

National armed forces consist of different types of forces. Combat forces are supported by combat service and combat service support capabilities enable combat units to fight. In addition, all countries maintain training and educational institutions that prepare and train troops for their missions. Combat and combat support units are the most visible part of national armed forces but their without support combat forces cannot do their job. E.g. in “Iraq: the functional Teeth-to-Tail (T3R) is 1 to 2.5 (combat to noncombat) – 40% combat, 36% logistics, 24% HQ/Admin. Including contractor support, the combat element goes down to 28%. Throughout the 20th century and on into the 21st century, about a third of all soldiers have been organized into operational units”.

All types of armed forces are subject to smart defence initiatives, though some capability areas look more promising than others.

From a political perspective the most challenging but visible task is the creation of joint operational or combat service units. In order to achieve this, a nation must possess an enormous degree of trust and integration so that political and other differences do not destroy common effort. Even if such projects are constructed, usually they are implemented in such a way that if required national units can act under national responsibility. The Baltic Battalion (BALTBAT) or Polish-Ukrainian battalion (POLUKRBAT) are perfect examples of such arrangements.

At a higher level – multinational corps in Europe, such as ARRC, Eurocorp or MNC NE, are formed in similar fashion—units from of these corps could be used by nations according to their own needs. Usually nations assign units to NATO corps at the division or brigade level; consequently, small states establish multinational formations at lower levels in order to have adequate presence at corps.

The most visible efforts in this area are initiatives under bigger NATO or EU frameworks. In the case of multinational initiatives, nations gain access to capabilities they otherwise could not have access to. NATO strategic airlift initiative (SAC) is a perfect example of such cooperation. The NATO AGS pro-

---

11 Combat support refers to units that provide fire support and operational assistance to combat elements. Combat support units provide specialized support functions to combat units in the areas of chemical warfare, combat engineering, intelligence, security, and communications.

12 CSS includes but is not limited to that support rendered by service forces in ensuring the aspects of materiel and supply chain management, maintenance, transportation, health services, and other services required by aviation and ground combat troops to permit those units to accomplish their missions in combat – is Wikipedia

gramme could be also considered a success despite time delays, some nations dropping off the projects and political discussions over financing mechanism or legal status of this capability.

*Combat Service support units and functions* are less politically sensitive and easier to implement. Again small nations usually create joint CSS units that could be plugged into larger formations. Joint military police companies, air transport wings, and medical capabilities could become niches for small states to play an important role.

Expeditionary logistics is the first target for smart defence initiatives. When nations are responsible for sustainment of their units in operations, functioning is extremely costly for countries that participate in operations only with small units, e.g. an infantry company. As M.Flournoy and J.Smith note: “bring your own” approach to logistics should be replaced by the creation of a NATO multinational logistics command and multinational logistics units in areas where a great deal of commonality exists, such as fuel, water, food and spare parts and maintenance for common platforms.14 Another example: during the Libyan campaign Denmark pretty quickly ran out of ammunition for fighter aircraft.15 If NATO or EU had a common stockpile of such munitions Denmark could have easily used this joint resource. Not surprisingly, just after the Libyan operation both NATO and the EU started thinking about this issue.

*Training and education* provide the most fertile ground for different smart projects and initiatives. They are politically non-sensitive, and in case of political failure consequences could be repaired without substantial damage to the overall performance of armed forces. Joint standards, exercise and operational deployment provide further impetus for such cooperation.

The Baltic Defence College set up by the three Baltic States to provide general staff officer education is a perfect example of such cooperation. Even if in the highly unlikely scenario that the Baltic state would decide to abolish this project, damage could be repaired by strengthening national defence academies without substantial consequences for operational effectiveness of the armed forces.

Multinationality, joint projects and other initiatives in this area are extremely beneficial for small countries. Large nations can still maintain their extensive training and educational structure in spite of huge pressures to save

---


resources. For small nations willing to maintain high standards of troops training, this is a must. Therefore, specialized training, sharing of training ranges and other facilities, joint efforts in distance learning and other areas are the most promising areas for smart defence initiatives.

NATO Centers of Excellence is another example of nations putting additional resources in the area of their expertise. NATO declares “they generally specialize in one functional area and act as subject matter experts in their field of expertise”\(^{16}\). Small states play an important role in their development. Centers for Cold Weather Operations (Norway), Cyberdefence (Estonia), Energy Security (Lithuania), Explosive Ordinance Disposal (Slovakia), Human Intelligence (Romania), Chemical, Biological, Radiation and Nuclear Defence (Slovakia), Medical (Hungary), and Naval Mine Warfare (Belgium), allow small nations to play an important role in their area of interest.

Administrative support is highly linked with the issue of national sovereignty. As long as nation-states exist, every country will possess ministries of defence and national command headquarters. Sharing of headquarters is possible, so that even in rare examples, such as joint Belgium–Dutch Navy HQ, the joint element could be separated into national HQ, so Belgium or the Netherlands could perform independent naval operations.

2.2. Retaining Core National Capabilities

Smart defence implemented via NATO defence planning process could lead to pressure to abolish certain types of capabilities that are not necessary for the Alliance but might be required for national tasks. Faced with such pressures, nations are forced to balance Alliance needs with capability to act alone and perform independent military operations. Two overlapping categories can be distinguished.

First of all, some nations may wish to preserve self-defence capabilities. In this case even countries belonging to alliances, particularly small ones, for political, military or other reasons, may choose to preserve the capability to defend themselves alone.

The most common response would be identification of capabilities that are critically important for self-defence and cannot be abolished or preserved in a multinational framework. In this case, choices for which capabilities

---

\(^{16}\)NATO, Centres of Excellence, http://www.nato.int/cps/en/natolive/topics_68372.htm
should be preserved would vary from country to country. In most cases short range air defence, air surveillance, coastal defence and territorial army units would be the first to be retained by nations. Israel may choose to develop short and medium range missile defence capabilities, while France finds nuclear deterrence as a cornerstone of its defence and deterrence posture.

Core defence capabilities could take different forms. Renegade aircraft is one of the best-known examples. If capability to bring down a civilian aircraft hijacked by terrorists is considered essential for states, integration of combat forces could be reverted. As Struwe, Rasmussen and Larson point out, when “The Netherlands and Belgium established a joint air control station in the mid-1990s and agreed that the two countries were to take turns in the airspace violation response. This scheme was annulled after 9/11 when the Netherlands withdrew from the collaboration.”\(^\text{18}\) In such cases only capabilities that are beyond self-defence requirements are the first targets for smart defence projects.

Beyond critical self-defence requirements, such nations could engage in other smart defence arrangements, such as multinational initiatives, that are less critical albeit still important for their defence. Missile defence, air-to-air refueling, strategic airlift, ISTAR and other capabilities areas usually have large representation from small countries (e.g. in Alliance Ground Surveillance\(^\text{19}\) or the Strategic Airlift\(^\text{20}\) initiative absolute majority of participants are small countries).

Under such circumstances all components of smart defense—specialization, prioritization and multinationality have limits that sovereign nations would not allow to be crossed. Small nations will preserve the national core capabilities of their armed forces that are required for implementation of national tasks and defence of their interests.

The second category consists of nations that maintain commitments to other regions, territories or alliances. This is particularly true for bigger countries like France and the United Kingdom, which maintain commitment in diffe-

\(^{17}\) French White Paper is quite explicit. Even stating that France no longer appears to be at risk of invasion over the next fifteen years, it emphasize that “ in that “nuclear deterrence is strictly defensive. Its sole function is to prevent a state-originated aggression against the vital interests of the country, from whatever direction and in whatever form. These vital interests notably comprise the elements constituting our identity and existence as a nation-State, and in particular our territory, our population, and the free exercise of our sovereignty.” (p.64-65)

\(^{18}\) L.Struwe, M.Rasmussen and K.Larsen “To Be, or Not to Be (Smart Defence, Sovereignty and Danish Defence Policy), 2012, p.23.

\(^{19}\) The AGS system is expected to be acquired by 13 Allies (Bulgaria, Czech Republic, Estonia, Germany, Italy, Latvia, Lithuania, Luxembourg, Norway, Romania, Slovakia, Slovenia and the United States)

\(^{20}\) The participants include ten NATO nations (Bulgaria, Estonia, Hungary, Lithuania, the Netherlands, Norway, Poland, Romania, Slovenia and the United States) and two Partnership for Peace (PfP) nations (Finland and Sweden).
rent parts of the world. It must be stressed that even for them maintaining a force structure ready for autonomous action is becoming increasingly difficult. Even the strongest European military power, the United Kingdom, in the Defence Doctrine declared that “Alliances and partnerships are fundamental to the UK approach to defence and security, recognising that, internationally, the UK rarely can, or even should, act alone.” A similar statement could be found in the French White Paper\(^{21}\) and they are absolutely relevant for all smaller members of NATO.

But even under such circumstances, for political reasons nations may choose to maintain national capabilities for unilateral action, including industrial capacity. As clearly stated in the French White Paper, “France will retain national proficiency in the technologies and capabilities needed to design, manufacture and maintain the military equipment essential to areas of sovereign prerogative where, in view of our political choices, sharing or pooling resources is not an option.”\(^{22}\) Nothing similar could be found in the strategic documents of small states.

In sum, for both categories of nations, a capability list identifying areas that under no circumstances could be engaged in smart defence or pooling and sharing initiatives could be considered by all nations, including smaller members of the Alliance. Such a list would include the most sensitive areas such as national command nodes, nuclear or cyber offence capabilities, special forces, etc. Even support functions such as the storage of ammunition for anti-tank or anti-aircraft systems could remain solely a national responsibility. Cooperation in these areas would still be possible, e.g. in the area of training and education, but defence planners would know in advance the limitations for using and preparing these capabilities in a multinational context.

### 2.3. Niche Capabilities and Specialization

Specialization occurs when a country chooses to focus its resources and effort on becoming highly proficient in a given capability area while forgoing expenditure in other areas.\(^{23}\) Specialization may happen among an entire

---

\(^{21}\) “In most cases, intervention will take place within a multilateral framework. The only eventualities in which a purely national intervention remains plausible are those requiring the protection of our citizens abroad, the application of bilateral defence agreements with certain States, and, finally, a possible national response to one-off actions against our interests.” The French White Paper on defence and national security, 2008, p.67.


spectrum of forces or within a limited force structure element. Henius notes that the direct consequence of specialization is phasing out other capabilities with some of them concentrated only among only a few nations\textsuperscript{24}.

Grimes and Rolfe describe the logic of decision-making about specialization/niche capabilities in the following way: small countries depend on bigger countries capabilities. Since big states tend to have a full spectrum of forces, a small country usually observes partner behavior and considers the partners’ choices before making decisions. In this case, the small country gives a particular importance to the capability areas bigger states feel to be important for them. This arrangement brings efficiency for both sides.

But this scenario is not always likely to happen. Lack trust, and different threat perceptions and other factors force may small countries to maintain as large a spectrum of capabilities as possible. In case many defence capabilities seem to be required for national tasks, and difficult decisions are not made, small nations may end up with, as P.Pugh bluntly noted, “a one-ship navy and a one-aircraft air force”.\textsuperscript{25} The procurement circle could be totally destroyed and cost effectiveness lost, as Grimes and Roelfe cynically note: “last year, the navy obtained its new aircraft carrier, this year it is turn of the air force to receive its new fighter aircraft; next year the army can have a tank!”\textsuperscript{26}

Small countries usually start with so-called “negative specialization” in areas that are not necessary for their national defence needs. Aircraft carrier groups, expeditionary logistics, fleet of strategic aircraft, air-to-air refueling and other capabilities most likely would not be included in their national priority list. E.g. only five NATO member states retain aircraft carriers (France, Italy, Spain, the United Kingdom and the United States), only several bigger nations possess long range aviation, medium and long range missile defence, nuclear submarines and other expensive capabilities.

NATO nations provide many examples of how difficult national decisions are made in order to save resources for other important capabilities:

- Denmark decided that it was never going to be in a conflict requiring submarine warfare without the Dutch or the Brits being part of that conflict\textsuperscript{27}.

\textsuperscript{24} Jacom Henius “Specialization – the Gordian Knot of NATO’s Smart Defence” p. 29 from J.Henius and J.L McDonald Smart Defence: A Critical Appraisal, NDC Forum Paper, Rome, March 2012.
\textsuperscript{25} Grimes, Roelfe, p.279
\textsuperscript{26} Ibidem.
\textsuperscript{27} Ivo Daalder, The Success of NATO Operations in Libya and the Vital Contributions of Partners Outside of NATO, http://fpc.state.gov/176760.htm
• The Dutch government, for example, has done away with some of its military capabilities, such as manned aerial maritime reconnaissance, following a shift of its focus toward leadership in specific domains, such as communications and naval sensors.28

• Norway has scaled back in some areas like basing infrastructure, personnel, and its home guard in order to develop higher quality capabilities in the areas of sealift, mine-clearing, mountain reconnaissance, and special operations forces.29

In some case negative specialization happens not only due to financial constraints but by agreeing with other Allies to commit themselves to provide a required capability. For example, Lithuania, Latvia and Estonia decided not to acquire fighter jets and asked NATO to do air policing for them.

For small nations the most common answer to challenges of specialization is to keep core national capabilities that are essential for national tasks and defence but identify and allocate additional resources to specific areas or niches where they have a competitive advantage over other nations. Such arrangements would satisfy the most important national requirements and would add value to the overall performance of the Alliance. This is not necessarily always the most effective, but it is perhaps the most sensible solution.

2.4. Regional Approach to Smart Defence

Regional cooperation or even regional solution is the common approach to smart defence. To implement specific projects, Flournoy and Smith recommend working with a “cluster of countries that have a comparative advantage and the incentives to play a lead or supporting role in addressing the shortfall.” Flourney and Smith consider several factors to be preconditions for developing a “country cluster” for a particular capability area: operational capability or experience; national level of ambition; political leadership; historical and political-military ties; and relevant industrial capacity and expertise.”30 This list includes both political and military factors.

Geographical proximity is another important factor for making smart defence work. Training and exercising is expensive business. Moving a me-

29 Ibidem, p. 27.
30 Ibidem, p. 14
chanics company for live training from Belgium to the Netherlands would obviously be less costly compared to Greece. The same logic applies to air and navy assets. This could be done if no other options are available (e.g. sending fighter aircraft to Canada for training is typical practice for some nations) but in times of financial constraints such practices become more difficult.

The formation of regional groups is a natural response to political, geographical and historical realities. Baltic, Nordic, Nordic Baltic, Northern Group, the United Kingdom-France, Weimar, Wisegrad 4, Central European, and South Eastern European frameworks were created to foster cooperation and integration in areas that are of interest to participating nations. In some cases this cooperation is extremely extensive and encompasses almost all areas of defence (e.g. Nordic cooperation), while in others it is oriented towards a specific goal (e.g. the United Kingdom-France cooperation on nuclear issues).

For small nations, regional grouping provides a solution to the challenge of smart defence. However, it must be noted that even in a group of like-minded nations, national priorities and procedure may be different, making common effort politically painful and a time consuming exercise.

2.5. Internal Dimension of Smart Defence

Smart defence can be applied domestically as well as internationally. Two areas of smart defense—prioritization and specialization—perfectly fit the interaction model between armed forces and other state security institutions.

For instance, let us consider the “system of systems” approach, frequently applied by the business community. Usually decision-makers are looking at their own system for optimization opportunities. This approach could be easily implemented but one should not forget that optimization opportunities frequently reside outside the national defence system. Policy makers could find ample of opportunities in other governmental and even non-governmental agencies to better share cost and responsibilities.

In many countries both armed forces and police have antiterrorist units that are usually on high alert in case of terrorist attack. Coordinating their work and sharing their capacities could lead to cost savings.

Many small countries have not clearly divided responsibilities for border control, especially at sea. In some cases different ministries or governmental departments build their own “navies” or surveillance systems, which are not connected. Better sharing of platforms or surveillance data could lead to savings.

31 “Building a Smart Defense” Thinking about Defence As a System of Systems” Address by Anne Altman, General Manager, IBM Global Public Sector, Delivered at the 10th annual Global Solutions Projects and Defense Exchange Conference, Brussels, Belgium, Sept. 14, 2011.
Conclusions

Smart defence initiative is extremely important for small states. Multinational cooperation allows for the creation of capabilities they could not otherwise find, access, or afford. Prioritization helps them scrap unnecessary capabilities, thus saving considerable resources. Specialization helps nations become proficient in some areas where they have special expertise. However helpful, these approaches cannot be automatically applied to all areas; national approaches to smart defence are different and will remain so for the foreseeable future.

This study shows that several important factors limit or strengthen possibilities for smart defence solutions. Strong collective defence guarantees, budgetary pressures, solidarity and trust, and intensive operational tempo energize the search for collective and smart solutions. On the negative side, political distrust, historical enmities, and sensitivity towards national sovereignty issues limit national choices and flexibility.

National responses are directly linked with the above-mentioned factors. In the case of political distrust and antipathies, it is highly unlikely that nations would consider establishing joint combat units. However, only nations that are not bound to such problematic issues may go as deep as the creation of Joint Headquarters.

The study identified that combat service support units, including expeditionary logistics, training and educational institutions are the most promising targets for smart defence initiatives, while combat units and administrative structures are the most difficult. Smart defence projects are easier to implement when they fall outside the realm of a national core capability list. A regional approach is one possible answer, albeit with some limitations. Smart defence could also work domestically by searching for cost effective solutions outside the armed forces.

*September 2012*
Missile Defense - What It Is Designed For and How It Is Understood

This study will discuss briefly the history of missile defense, the concept of its design, created by a pioneer of the system—the USA—, as well as differences and similarities of three different and more or less functional missile defense systems existing today. The indirect influence and impact of a missile defense system to defense policies and international relations will be presented in brief as well. Additionally, the following points of popular discussion will be addressed: the potential of missile defense to substitute nuclear weapons and nuclear deterrence and its role as an instrument of propaganda and pretext to justify actions will be discussed in more detail. At the end of the study, based on all the prior-named features of the missile defense system organization design and known differences of existing US, NATO and Russian missile defense systems, the feasibility of the creation of a single missile defense system, proposed by Russia, will be explored.

Introduction

With the increase in the numbers of ballistic missiles that started right after the Second World War and reached its zenith during the Cold War, political and military authorities of the USA and USSR started to think about organizing a defense from those missiles. Although the first ballistic missile defense systems appeared already in the 1950s 1960s of the previous century, technologies that allowed making reliable ballistic missile defense systems were absent on both sides. To create and develop such technologies, and apply them in building new weapon systems was very costly. At the same time any achievements made could have been made useless by opponents only increasing a number of their own ballistic missiles. So, all costly US achievements in developing ballistic missile defense (BMD) systems were easily countered by...
the Soviets simply by producing more ballistic missiles or improving existing ones. One such improvement worth mentioning was a change of ballistic missile design that allowed a number of warheads to be placed onto one ballistic missile. As a result, instead of one or two interceptors previously required to destroy a missile, now ten or more interceptors were needed. Later, besides real warheads, decoys were placed too, so that one ballistic missile could spread ten or more reentry vehicles: real warheads and decoys. To eliminate this threat, even more, BMD systems and interceptors were needed. Later improvements led to the development of maneuverable reentry vehicles, so the number of systems and interceptors needed kept growing and the interception of a ballistic missile became more complicated. As a result, the USSR did not care about BMD and focused all its efforts on producing more ballistic missiles.

Finally, at the end of 1960s, the West shared a mindset that the best defense against nuclear ballistic missile threat was a policy of mutual assured destruction – MAD. The US offered the USSR the opportunity to sign a treaty proposing that both sides stop any development of BMD systems. Even though at the beginning those proposals were rejected, later, after signing the first strategic arms limitation treaty, START, the USSR agreed and in 1972 countries quickly agreed and signed an anti-ballistic missile treaty - ABM. The treaty restricted further development of BMD systems and allowed countries to have only limited BMD capabilities devoted to the defense of limited territories. In the beginning both countries were allowed to defend two separate places – the capital and a base of ballistic missiles; but later countries lost any interest in developing BMD and the number of places to defend was reduced to one. The US decided to defend a ballistic missile site and together with Canada established for that purpose the North American Aerospace Defense Command (NORAD). As weapons for the BMD short range missile systems were selected. The USSR decided to defend its political leadership and established a BMD system designed to defend Moscow and its close surroundings. As a weapon for defense an A-35 type BMD system was created. One of variants of this system (A-350) was armed with nuclear warheads and could destroy an opponent's ballistic missiles at the distances up to 350 kilometres from Moscow. Later the system was modernized to the A35M system and around 1995 substituted by the A-135 system.

The ABM treaty lasted for almost thirty years. It satisfied both sides. It is worth mentioning that the US kept assigning and spending limited resour-

ces for a continuation of programs to develop BMD capabilities. One of more famous of those programs was President Reagan’s Strategic Defense Initiative (SDI), which, according the American’s understanding, did not confront the treaty, even though the essence was an attempt to design a system to destroy ballistic missiles. Still, a real breakthrough came only after the collapse of the USSR, when the threat of massive ballistic missile attack disappeared and the threat of limited ballistic missile attack against the USA appeared. The new threat was caused by an increasing number of countries possessing ballistic missile technologies and limited numbers of missiles. It could also be that one of the motives to move forward in developing BMD capabilities and terminating the ABM treaty was a new Russian approach to a code of conduct of military conflict. Russia, while possessing only a portion of the former USSR military capabilities, decided that conventional power was not enough to guarantee its security and approved a new military doctrine in 2000. According to the doctrine a “door step” for nuclear weapons to be used was lowered. Already in 1999, during the military exercise “West 99 “, and later, during other strategic military games, Russians kept imitating limited nuclear attacks, usually done by short range ballistic missiles, and after this terminating all military actions. Such a code of action might be called “nuclear blackmail”. Russian chose it to terminate warfare run by conventional forces. Limited nuclear strike had to demonstrate a strong determination not to be afraid of using nuclear weapons. It had to show an opponent that if military action by conventional forces is not terminated the full nuclear power option would be used. One or other cause being true, in 2001 US President Bush informed Russia about willingness to terminate the ABM treaty and after six months, foreseen in the treaty, did that. Since then the development of the American BMD system, which is being discussed almost every day now, began.

1. Missile Defense as a Strategic Military Defense System

A strategic BMD system as such had never existed before, so we could say that the US was the creator of all basic general principles for it. In January 2002, the US Secretary of Defense signed a DoD memorandum called “Missile defense program directions”. The memorandum stated that the main tasks for a BMD were to defend US territory, its forces and allies from ballistic missiles,
by effectively engaging them in all stages of their flight\textsuperscript{2}. This meant that the BMD should be able to engage and destroy ballistic missiles of all ranges (short, medium, long or intercontinental) as well. Existing BMD systems at that time allowed engaging ballistic missiles only in the terminal stage of their flight. As a result any separate BMD system could defend only a conditionally small area, usually approximately few tens square kilometers. To defend effectively all US territory, its allies and deployed forces a large number of such systems would be needed. A clue to that dilemma was provided in the memorandum as well. The memorandum “b” direction pointed out that the BMD system had to be able to engage ballistic missiles in all stages of their flight. This meant that the US had to develop new technologies, which later could be used to create new BMD systems able to destroy inflight ballistic missiles not only in the terminal but also in the midcourse and boost stages. (Figure 1).

![Figure 1. Stages of Ballistic Missiles Flight](image)

Creation of such systems would help solve the problem of a large numbers of systems required as well. The rationale was as such: the earlier in a ballistic missile flight trajectory a system could engage and destroy inflight missiles, the bigger the territory it would be capable to defend. For example, if you can destroy an inflight ballistic missile during the midcourse stage (until numerous warheads and decoys were not spread yet) you need fewer interceptors and systems. So instead of tens of BMD systems able to destroy incoming ballistic missiles in the termination stage you might need just a few systems to be able to destroy ballistic missiles in the midcourse stage.

Another statement of the memorandum, which described the shape of the strategic missile defense system, points out that the system must be unified and integrated. In the real world this means that the system will be composed of different missile defense elements like sensors, weapons and weapon control systems and they all will be integrated into one joint system. The last will be able to accommodate any extra already existing BMD elements or newly created ones.

And finally, according to the memorandum the authorities were obliged to create a ballistic missile defense system using a capability approach. This

\textsuperscript{2} “a” and “b” point, DoD memorandum “Missile defence program directions”, 2 January 2002.
meant that the system would not be targeted against any particular country and the ballistic missiles it possesses. The system has to be able to intercept any type, any system, and any range ballistic missiles fired from anywhere.

1.1. The US National Strategic Missile Defense System

The DoD memorandum not only described the kind of a system the US national strategic BMD system had to be; it also established an organization to create the system, the Missile Defense Agency, or MDA.

It is worth mentioning that the DoD was a result of the US Congressional document dated from 1999 and named the “National Missile Defense Act”. The Act stated that the US must develop new technologies and to use them to create a national ballistic missile defense system. The system had to be able to cope with accidental, unauthorized or deliberate limited ballistic missile attacks.\(^3\) The highest US executive authority, the US president, approved and supported the DoD memorandum with Presidential National Security Directive-23 dated December 16, 2002. The directive announced that the country has to build missile defense capabilities able to fulfill all requirements of the National Missile Defense Act. Additionally the presidential Directive stated that the program is open-ended and it will be expanded and improved as required.

When talking about the US missile defense system it is important to point out that the system has to apply a hit-to-kill (or a direct hit) method to destroy incoming ballistic missiles. The speed a ballistic missile can reach is measured in kilometers per second. Interceptors, used in a missile defense, develop similar speeds. Achieving a hit-to-kill result is like hitting a bullet with another bullet. To succeed in that one needs to possess very modern and advanced technologies in ballistic missile detection, identification, tracking of its flight, transfer of information, analysis of data, interceptors control in flight and in a number of other fields. It was necessary not only to create and develop those technologies but also to put them into new weapon systems. But the effort was worth the price – a direct hit very effectively destroys ballistic missile. When an interceptor flying so fast hits an incoming ballistic missile travelling at similar speed, the kinetic energy transfers into heat. As a result both missiles evaporate during a hundred parts of a second. MDA tests show that during an intercept up to 80 percent of the missiles evaporate; thus, as a result of the intercept, nearly no debris whatsoever falls down. Another good

---

thing about the hit-to-kill approach is that the destruction of a ballistic missile happens so fast that the warhead does not detonate. This reduces the danger of nuclear, biological or chemical pollution to a minimum. Also, an interceptor has no explosives. Instead it has a solid metal bulk warhead. As a result interceptors are much safer in comparison to other missiles, which have explosive warheads. It is worth mentioning that other countries still prefer to have interceptors with explosive warheads. The destruction of a ballistic missile in this case is achieved not by hitting directly, but by detonating an interceptor close to the target. The method is called a proximity detonation. This does not require hitting a ballistic missile precisely. While exploding close to it an interceptor spreads hundreds of pieces of shrapnel, which cut a ballistic missile into pieces. To build such systems requires simpler technologies, but at the same time, when used, they produce huge amounts of debris after an intercept. That debris might include the remaining parts of nuclear, chemical or biological warheads and will fall down to ground. Besides that, interceptors have explosives, which could detonate, so such missiles are not as safe as missiles that have just a metal bulk.

Following all decisions and requirement mentioned above, the MDA proposed the creation of an integrated BMD system which would consist of different independent and specialized sensors and weapons “plugged” into a unified control system covering all command, control and communication issues and usually called command, control and battlefield management system – C2BMS. Every separate sensor or weapon has its own system designed to guarantee its functioning and orientated to perform specific tasks like the detection of ballistic missile launch, tracking of missile flight, interceptors flight control and an intercept of a ballistic missile in certain flight trajectory phase and so on. This design received the name of “System of Systems”. Figure 2 presents a schematic view of this system of Systems.
As previously mentioned, an additional feature of the system is that elements of the system are more or less designed and adopted to a particular ballistic missile flight trajectory segment or phase. Some of them, as an example sensors, might have quite a wide range of application, and some, like weapon systems, might be designed to cope with missiles in narrower intervals. Figure 3 demonstrates possible application ranges of different weapon systems in the ballistic missile defense system.

An appropriate financing was approved for the creation of the national BMD system and had kept increasing in past years. In 2008 it was 8.8 billion USD, in 2009 - 9.4 billion USD, in 2010 - 9.5 billion USD, in 2011 - 10.3 billion USD and in 2012 - 10.4 billion USD. Despite recent decisions to reduce the total US defense budget, the missile defense programs remain almost
untouched. In 2013 plans are to assign up to 9,7 billion USD to continue the program.

Because money was available, results came through already in 2004 when the initial operational capability (IOC) of national BMD system was announced. From the beginning, to create a base for defense of US territory, the US modernized four early warning radars designed to detect a launch of ballistic missiles and deployed ground based interceptor (GBI) systems in Alaska and California. Additionally, already existing antiaircraft defense PATRIOT and AEGIS systems were upgraded and adopted to perform missile defense tasks.

The next step was to protect US allies and deployed forces. The US signed adequate agreements on missile defense with some allies, which allowed the allies to join the creation of a missile defense. Such agreements were signed with a number of European (the UK, Denmark, Netherlands, later Poland, Czech Republic, Romania, Italy, Spain and so on), Asian (Japan, South Korea, Australia, New Zealand) and other (Israel, Turkey) countries. All participating countries contributed to the US national missile defense program by participating in different research and development projects, offering national territory to the US missile defense elements deployment or even providing national weapon or sensor systems. Scientists and engineers from those countries got an opportunity to join in the development of new technologies as well.

Sometime around 2007-2008 the US missile defense system started to expand beyond the US in a larger scale. As the national missile defense program progressed, early warning radars in Europe and Greenland were upgraded and new sea and land based sensor and weapon systems, mostly mobile, deployed in Asia (Japan and South Korea) to protect US and ally troops in the region. At that time the US deployed a mobile sea based X-band radar in the region and a land based ANTPY-2 radar in Japan, as well as announced plans to deploy land based radar in Czech Republic and GBI interceptors in Poland.

Progress in upgrading the sea based AEGIS system and improvements of standard missile (SM) systems to SM3 level made the system capable of intercepting ballistic missiles and suitable for missile defense. The land based BMD was strengthened by adding more PATRIOT capabilities for the missile defense only. Besides that, the development of a new program the Theatre High Altitude Area Defense, or THAAD found great success. As a result of this a new weapon system, THAAD system, was developed. Other programs like space surveillance and tracking, air based laser (ALB) placed in BOEING aircrafts, kinetic energy interceptor (KEI), two stage GBI and other continued.
Some of those progressed more, some less. An example of a success story is the AEGIS SM3 program. All changes and improvements allowed further development not only in a sea, but also for a land based SM3 design. The land based SM3 version is seen as a sort of substitute for GBI interceptors.

In 2008, after president Obama took office, the decision was made to speed up the creation of missile defense. In 2009, the missile defense program review was initiated. While reviewing the program, in autumn 2009, the US announced changes in the European part of national missile defense developments and a decision to continue by adopting the so called European Phase Adopted Approach, EPAA. Later, in 2010, when NATO announced a decision to create a NATO missile defense system, the US specified that EPAA would be an American contribution to this system. EPAA scheduled developments of US missile defense in Europe would be done in phases. Adequate missile defense elements: weapons and sensors would be deployed or stationed during every phase. The national missile defense review was finished and final report (Ballistic missile defense review report) presented in 2010.

The new program declared the same tasks, but implementation of them was clarified. Essentially the new program suggested a way to get a real, functioning missile defense system faster. With the main task—to defend the US and its ally territories and forces from limited ballistic missile attacks—remaining unchanged, the new program proposed the use of only those missile defense elements (sensors and weapons) which were already tested and approved. The earlier program allowed some elements to be included into the system while still in a developmental stage. The best example here could be two stage GBI interceptors, which were under development, but at the same time it was already planned that they would be stationed in Poland.

One more new program feature was an affordability requirement. According to it all new elements had to be affordable. The system had to be more flexible as well. The earlier proposed the US missile defense system possessed more stationary elements, whereas the new program suggested switching to more mobile systems.

The review report became an example of the US openness in missile defense as well. At first, it openly said what the US is going to do in developing its national BMD inside and outside the country. The document stated that the US will maintain and expand existing stationary elements inside the US (the GBI interceptors), to increase the number of sea based AEGIS SM3 systems upgrading those to SM3 IA, IB, IIA and IIB versions and to create a land version of the SM3. Additionally, the US announced its willingness to increase
funding for the development and acquisition of sensors and weapons designed to encounter ballistic missiles in other phases of their flight trajectories, to buy additional existing missile defense elements and to continue with the development of two stages GBI. Regarding the deployment of system elements outside, in Europe and Asia, it was noted that the additional existing systems PATRIOT PAC3, THAAD, sea based SM3 IA, radars AN/TPY-2 and so on would be bought and deployed. After successful completion of THAAD testing and establishment of the first THAAD battery in the US Army⁴, those systems quite soon would also be provided for the missile defense missions only.

Second, the document declared a sincere US wish to attract as many countries as possible to participate in missile defense developments on a bilateral or multilateral basis. As previously mentioned, the document provided detailed plans on missile defense development in Europe as well. It stated that regional missile defense capabilities in Europe would be developed gradually, during four EPAA phases. The first phase, ending in 2011, had foreseen the deployment of already existing sea based AEGIS systems and forward based AN/TPY-2 radar. Priority in this phase would be given to southern Europe and the system itself was oriented against short and medium range ballistic missiles. The second phase called for additional existing sea based missile defense components, a call for land based SM3 systems stationing in southern Europe until 2015 and additional sea based systems and radars to expand the missile defense coverage in Europe. The third phase, which is expected to end in 2018, suggested additional stationing of land based SM3 systems in northern Europe and switching to an upgraded version of SM3, (SM3 IIA). This upgrade would allow defense against medium and long range ballistic missiles. The fourth phase with the end in 2020 would face another upgrade of SM3 to SM3 IIB version and allow the system to defend Europe from a complete range of ballistic missiles including intercontinental.

1.2. NATO Territorial Missile Defense System

Europe has a particular place in the US missile defense program. As soon as the program was started, the US took the initiative to paste that idea into NATO agendas as well. Already in 2001 NATO started to discuss the possibility of creating NATO theatre level ballistic missile defense⁵. Right after the

---

NATO summit in Prague, back in 2002, a separate study, exploring possibilities to create a NATO missile defense system, was initiated. In 2005, NATO started the so called Active Layered Theatre Ballistic Missile Defense – ALTBMD program. Basically the proposed organizational schema of ALTBMD was almost identical to the US one – NATO creates a C3 system and NATO countries contribute assets like weapons and sensors. Such theatre level missile defense system, when finished, will be able to protect deployed NATO troops from short and medium range missiles. In 2005 NATO initiated a study to explore the feasibility to create a missile defense system for the entire NATO territory. Results of that study were presented in the NATO summit in Riga, in 2006.

Discussions about NATO missile defense kept running for some years and, in Lisbon at the NATO summit in 2010, a political decision was eventually made. The declaration of this summit stated NATO’s determination to create a missile defense system that will be able to defend the entire NATO territory and populations from ballistic missiles. It was decided that the new system would be created on the basis of ALTBMD by expanding it. The ALTBMD would be extended to cover the entire NATO territory. This system would be a common NATO asset. At the summit NATO decided to offer Russia cooperation in the missile defense field. This decision assigned the NATO missile defense besides a pure military a political role as well. The military role of future NATO missile defense remains classical – to be a system for militaries to be used against ballistic missiles. At the same time the political role of missile defense could be expressed in two ways. At first, as the summit declaration stated, the NATO missile defense system would show a unity of allies in accepting risks and sharing costs at the same time representing one more field (similar to nuclear deterrence) for cooperation and demonstrating an transatlantic link. Second, the NATO missile defense may become a platform for cooperation between NATO and other regional countries and strengthen a regional security in general. Despite that only Russia was mentioned in the summit declaration, all other interested countries were welcomed to take part in such cooperation.

Basically the NATO missile defense system will be organized in a similar way to the US system. It will be a system of systems, where NATO owns the command, control and communications net (similar to the US C2BMS), which is able to accommodate all national missile defense elements (sensors and weapons) offered by NATO countries. As soon as this decision was taken,
the US made a proposal to count all EPAA elements as the American contribution to the NATO missile defense. Other NATO countries are also welcome to offer national weapon and sensors to become national contributions to the system. Countries that possess no such systems could offer national territories for the deployments of elements of NATO missile defense. All this, united in one system, would provide a system able to perform all the tasks assigned to it. Of course, taken into account that the US contribution is sizably larger compare to other ones, the time lines for developing of the NATO missile defense should match the ones of the EPAA.

Talking about progress NATO made in developing its missile defense, it is worth mentioning that already in 2010 the first ALTBMD initial operational capabilities named as “Interim Capability Step 1” were created. This allowed NATO militaries to start planning missile defense scenarios. At the end of the same year “Interim Capability Step 2” was developed. The work continued and in the beginning of 2011, at one of the NATO CAOCs located in Uedem, Germany, the commander of NATO Air Component (AC) Gen. Mark A. Welsh III, while visiting the CAOC, saw a demonstration of this system. In November 2011 the first systems test took place at shooting range. During the NATO missile defense exercise “Rapid Arrow” a PATRIOT battery from Germany working together with US AEGIS ship and a frigate from German Navy, used the NATO C3 network prototype to exchange information and intercepted a target imitating an incoming ballistic missile. It is planned that the rate of development remaining the same, after Chicago summit in 2012, NATO would be able to announce about a creation of the NATO missile defense Interim Operational Capability. If no surprises are met while continuing development of the system, it is expected that final operational capability (FOC) of NATO missile defense in low and medium highs might be achieved as soon as 2018.

Despite many similarities to the US missile defense system, the NATO missile defense possesses some differences. At first it will have to accommodate national systems which might work based on different algorithms or destroy targets not by direct hit. This will be a challenge, while creating a NATO missile defense C3 network and software, to provide reliable information exchange and management of the entire system.

Second, the NATO missile defense would give much more attention to managing the consequences of an engagement (COE) and consequences of

---

9 Missile Defence Fact Sheet, NATO, June 2011.
11 Missile Defence Fact Sheet, NATO, June 2011.
the intercept (COI) of ballistic missile for civilians. This is due to the fact that Europe is more populated in comparison to the US. However, different approaches to the problem exist in different countries as well. Some countries state that the issues of COE/COI are very important. They argue that besides NATO military, civil defense people from NATO countries have to work side by side and organize civil defense any time the military is “fighting” a ballistic missile. Other countries argue that COE and COI, thought to be very important, are still different in level of importance. An explosion of a ballistic missile would have consequences a hundred times worse compare to on COE or COI, so the most important task is to concentrate the system on effective military personnel actions\textsuperscript{12}. One way or another it is already obvious today that one of the NATO committees responsible for civil defense, the Civil Emergency planning Committee (CEPC), will be involved in the creation of NATO missile defense.

Third, COE/COI problems prove that all decisions regarding any movement in creating NATO missile defense will be harder to achieve compared to the US. Already today NATO has a number of bodies involved in different discussions and decisions on missile defense. Those are the NATO Defense Policy Planning Committee (DPPC), NATO Conference of National Armaments Directors (CNAD), NATO Military Committee (MC), NATO-Russia Council (NRC). As previously mentioned, the CEPC is getting involved as well. At the same time today it is unclear what impact a new NATO agency reform will have on NATO missile defense developments.

1.3. Russian Strategic Missile Defense System

As previously mentioned, Russia never gave priority to missile defense. The main motto Russia adopted was “more and better ballistic missiles make the best deterrence”. So Russia kept producing ballistic missile defense systems only to defend the place allowed by ABM treaty - Moscow. The systems were using a proximity detonation to destroy inflight ballistic missiles. For the worst case, a nuclear version of missile defense, the A-350, missiles were available. They could carry nuclear warheads from ten kilotons to a few megatons\textsuperscript{13}, so no precision was needed to destroy flying ballistic missiles. Officially the service of those missiles had to expire around 2005, but a recent Russian statement

\textsuperscript{13} „Насколько боеспособна российская ПРО?“ „Правда“ 27 января 2011
shows that Russia plans to upgrade and extend the service of this system\textsuperscript{14}. Besides the strategic missile defense system, tactical level systems like the S300 were developed as well. They were used mainly for antiaircraft defense of separate points or small areas, but also possessed limited antimissile defense capabilities. According to the American scientist federation experts, the S300 system might have a nuclear version, where a nuclear warhead provides a potential to defend larger territories. They estimate that even today up to one third of different S300 systems might carry, if required, nuclear warheads\textsuperscript{15}.

We already know that a primary task of S300 is antiaircraft defense. Conventional S300 interceptors have a warhead of a few tens of kilograms of high explosives and shrapnel. While exploding in close proximity to an aircraft the shrapnel is spread and cuts the aircraft or ballistic missile into pieces. From the pool of first S300 systems, only the S300V version, which was designed for troop protection, had a limited antimissile defense capability. The S300P version was designed solely for antiaircraft defense. Later all S300 versions got a limited antimissile defense capability. Russia continues modernizing them today. Even the S400 system, today declared as a foundation for Russian missile defense, in its essence is only a slightly more modernized version of the S300 PMU. Furthermore, despite all loud announcements, a majority of the S400 remain armed with old S300 interceptors. Those are planned to be exchanged by new, long range 40N6 type interceptor as soon as testing of them is finished\textsuperscript{16}. Until the exchange is done, the S400 system remains at S300 level, with the same, very limited antimissile defense capability. But the most importantly, it is very difficult to expect a breakthrough in technologies, because the S400 system and even forecasted the S500 system will keep the same approach to destroying a ballistic missile (a proximity detonation), so all the progress would be achieved only by improving technical characteristics of old interceptor and other elements of the system.

It is worth mentioning that the production of S400 today is far from the numbers Russia usually declares. There are recent announcements that Russia plans to build two new factories, which would start to produce the S400 and S500 systems for Russian Air-Space defense purposes in adequate numbers as soon as 2015\textsuperscript{17}. So in the best case, this would be in 2015, but today they stand

\textsuperscript{14} Войска ВКО могут расконсервировать ракетные шахты в Подмосковье“, РИА Новости, 17 сентября 2012
\textsuperscript{15} H.M.Kristensen „Non-strategic nuclear weapons“, Federation of Americam Scientits, Special report No.3, May, 2012
\textsuperscript{16} А. Никольский, „Ракеты изготовлены, ждем выхода в море“, „Ведомости“, 12 мая 2012
\textsuperscript{17} А. Гаравский „На страже неба Отчизны“, Красная звезда, 19 апреля, 2012
where they are, and Russian ballistic missile defense foundation still consists of the S300 and a few S400 systems only. Based on what we know now, all they could provide is a limited missile defense.

Another Russian missile defense difference as compared to the US is the following. Russia prefers the universalization of a system instead a specialization. In simple terms, Russia, instead of designing a system for a particular task (for instance a midcourse flight trajectory), prefers to develop a few types of interceptors to a system with the task to extend its application range. As an example, the S400 system might have three different interceptors, which are designed to intercept targets at different ranges but in the same, terminal defense segment. By continuing improvement of those interceptors Russia hopes to create an interceptor that would be able to cover other ballistic missile flight trajectory segments as well. (Figure 4).

Figure 4. **Potential Application of Missile Defense Weapons**

For early warning of the launch of a ballistic missile, Russia, like the US, uses both land and space based early warning sensors. The Russian space based early warning system, called “Oko”, is quite old. The first satellite was launched back in 1991. Later the system was being strengthened on regular bases. But even the Russian military was not happy with the system, so in 2011, the former commander of the Russian Air-space defense, gen. O.Ostapenko, mentioned Russia’s wish to create a new system. In was not clear at the time what kind of system it would be, and there is no information today about how well the Russians have progressed on this. To summarize, the space early warning sector of the Russian missile defense is not as good as was expected.

The situation with the land based early warning sensors is better. They have undergone a modernization program in recent years. Old radars are being replaced by new “Voronezh” type radars, which are built in a number of new places.
All work goes smoothly and quickly, because Russia sorely needs a unified radar system established along its borders to ensure a capability to detect any launch of a ballistic missile. The majority of “Voronezh” type radars are operating in a metric wave diapason, but some of them are operating in a decameters’ band (Voronezh DM type). Those radars, according Russia, might become the Russian contribution to a single, unified European missile defense system..

So far it remains unclear what kind of C3 system is planned for Russian missile defense system. Today, there is no information (or data) showing that Russia will create something similar to the US C2BMS or NATO C3 systems, where all missile defense elements are plugged into a system and could exchange data and even be controlled from any place of it. Apparently recent Russian missile defense C3 is organized in a network based on a hierarchy of elements. Lower level systems are plugged into adequate upper layer structures, those, in turn, are plugged into the central command and control unit. Even more, today not all of the elements of the systems are plugged into the system. As an example, the widely announced S400 located in Kaliningrad are not in the C3 system of Russian Air-Space command and will become a part of it only in remote future.19 Besides all that, today they are commanded by the Baltic fleet. This means that they are designated to perform tasks of the fleet. This finding only proves an assumption that due to the recent reform of Russian Armed forces, the establishment of the new strategic commands and uncertainty in dividing areas of responsibilities, new Air-Space C3 system is still in “thick fog” and the possibility to get it done fast is complicated20. Other reasons like lagging behind in computer and other technologies development, algorithms of transfer of information inside the system and so on make chances to create the system similar to the US C2BMS even less feasible.21. As a result, based on what we know, we could imagine the Russian missile defense C3 system being organized differently compared to the US and NATO. It might look like what is shown in Figure 5.
Figure 5. **Organization of Russian Air-Space (ballistic missile) Defense**

In summary, the Russian ballistic missile defense system practically does not exist today. It is still being created. Even more, today still no commonly agreed understanding exists of what kind of system it should be. Some would like to see it as a system similar to the US and NATO. Others argue that it must not be a weapon-sensor system, but a missile defense concept or program consisting not only of specific weapons and sensors, but including nuclear forces, conventional units and other capabilities as well. One way or another, today the creation of system is based on the Air-Space command that was officially established in 1st of December 2011. The command is already given an early warning system, the ground radars and space satellites, and the newly established air-space defense brigades, armed by recent missile defense systems.

2. **Missile Defense as an Argument to Justify Defense Policy**

The last few years have proven that missile defense has started to play a wider role than simply a military one. More and more, it becomes a political-military argument while discussing topics not related to ballistic missile threats or defense organization, but debating other issues, which at first glance are not related to missile defense at all. The missile defense topic more often is
taken from a military-technical context and moved to general defense policy formation, implementation, international relations or other spheres. In those discussions missile defense is seen more as a substitute for another defensive or offensive system or simply as an instrument of propaganda. The best examples here could be discussions about the possibility for missile defense to supplant nuclear weapons, or efforts to make it “a scapegoat” to justify decisions and actions. In this case a country just declares any of its own actions to be an asymmetric response to the opponents’ missile defense.

2.1 Missile Defense Instead of Nuclear Weapons.

Nuclear weapons as the strongest means for a deterrence successfully passed the test for more than half a century. Today the majority of platforms to transport a nuclear charge to destination consist of using ballistic missiles. At the same time, the fear of total mutual destruction is still plying an adequate role in influencing the opponent society’s behavior. But life does not exist at a standstill. Due to new technologies and innovations a number of new ways to influence opponent societies have appeared. Global and targeted spread of information to any place in the world, long range and precise attack on any infrastructure or system located anywhere and so on are examples of new deterrence. Some of those might have the potential to substitute deterrence based on total destruction. One of those, at least theoretically, is missile defense. In an ideal case, when it is able to destroy absolutely all incoming nuclear ballistic missiles, missile defense can discredit opponents’ nuclear weapons as a deterrence tool and to force him to search for other tools, such as developing their own effective missile defense. Theoretically, and I would like to emphasize once more, only theoretically, if opposing sides have missile defenses providing one hundred per cent assurance, nuclear weapons in foes’ arsenals would lose the deterrence role.

Thoughts about nuclear disarmament, relocation of nuclear arms and a search for ideas to speed up those processes became especially cultivated in 2009-2010, when the US and Russia had START negotiations on-going. Trying to find points for the agreement and in a light of new US nuclear policy, announced by US president Obama, missile defense became one such point, able to influence the behavior or negotiation positions of both sides. Missile defense as an alternative to nuclear weapons suited some interests of antinuclear, pacifistic or other groups as well. Antinuclear, green, pacifistic and other organizations, political forces and movements which are against US troops and weapons in Europe, used that topic as one of the options for discussions. All
sides applied very simple arguments to present missile defense as an alternative to nuclear weapons. And all sides chose those particular arguments which best benefited their own positions. Here just a few examples.

The main carriers of nuclear war charges were and still remain ballistic missiles. So missile defense, as a system directed against ballistic missiles, would directly affect nuclear deterrence. The main supporter of this argument is Russia, who insists that any development of missile defense must be associated with the nuclear question. Russia strongly believes that if the number of nuclear weapons are limited and reduced, a country possessing better missile defense would gain certain advantage. As we already know, Russia is behind in missile defense development, so while negotiating START, it saw an inclusion of missile defense into the treaty as one of basic requirements. And later, after START, Russia kept insisting for legal guarantees that the US and NATO missile defenses would not be directed against it, even knowing and understanding that the request was senseless. At first Russia knew very well that any missile defense would be not able to stop all Russian intercontinental missiles. Quite recently it was openly stated by the former chief of staff of Russian strategic missiles command, gen. V. Jesin. One of Russian publications presented his interview, where he reasoned his statements that the US or NATO missile defense cannot affect Russian strategic potential. Secondly, any political guarantees Russia is requesting are politically unacceptable simply because this would mean a step back to the Cold War times and assigning Russia a role of an opponent again. Today the US and NATO no longer use threat-based planning and instead use capability-based planning while developing their military forces. Today Russia is a partner, not an opponent. In sum, all Russian initiatives should be evaluated not in the context of its efforts to safeguard its strategic deterrence but in the light of general defense policy.

The US basically agrees that missile defense could eliminate a part of nuclear arsenals, but takes a different view. It sees missile defense as a platform for the enhancement of mutual trust between countries. The position is seemingly based on the understanding that to create a missile defense system that can guarantee one hundred percent destruction of all ballistic missiles is practically impossible. There are a number of reasons for failure. One of those is the cost. Today billions of USD dollars have already been spent on missile defense. It has become one of the most expensive systems ever. But even today or in the close future there is almost no chance of making it capable of intercepting hundreds of

22 В. Есин, Е. Савостьянов “ЕвроПРО без мифов и политики”, Независимое военное обозрение, 13.04.2012
ballistic missile launches at once—an action only Russia can perform today. But
the existing missile defense is already able and will be able even more in the fu-
ture to guarantee the interception of a limited number of ballistic missiles armed
with nuclear or other mass destruction weapons and used for a nuclear blackmail
or terrorist act. Because the US, and I assume Russia as well, has no blackmailing
plans, missile defense has the potential to become a good platform to increase
a mutual trust and create a new code of conduct in fighting any blackmailers.
That is why almost all the US proposals for cooperation start and emphasize the
importance of a common threat assessment and exchange of information.

There is another argument suggesting that missile defense can supplant
nuclear weapons. Here the emphasis is put not on nuclear weapons as wea-
pons, but as a tool of deterrence which unifies allies. In this context missile
defense plays the role of “symbolic glue” which keeps all allies together and
represents a transatlantic link. Such ideas could be heard starting from student
discussions up to high level expert talks. For example, on the 8th of November
2008 the US Peace Institute organized a discussion titled “A Future of Nuclear
weapons and NATO missile defense”. Participants of the discussion, including
a representative from the US State department Ms. E Taucher, German ambas-
sador IW Ichingerand and others, discussed the possibility for missile defense
to play a symbolic role of responsibility and burden sharing between NATO
members and to act as particular “glue”.

2.2. Missile Defense as a Pretext to Rearm

Another example of how a military system could be assigned a politi-
cal role is found in recent Russian behavior. As previously mentioned, despite
all wishes and declarations, Russian success in the creation of its own missi-
le defense still does not allow it to compete with the US. Russian politicians
and military brass make different statements about the success and progress in
building their own missile defense. Those statements quite often contradict or
even deny each other, sometimes different officials say opposing things about
the same subject and so on. Some examples: On 13 February 2012, Russian
news agency INTERFAX published a statement of the commander of Russian
Air Forces, gen. A. Zelin. The general stated that in 2012 the S400 system would

23 US Institute of Peace, round table on „Future og nuclear weapons and missile defence in NATO“, 8
missile-defense-in-nato-security.
get a new long range interceptor, which is able to fly as far as 400 kilometers\(^{24}\). As a result the missile defense capability would be increased considerably. The type of the interceptor was not mentioned, but experts believe the talk is going around the 40N6 missile type. This interceptor is effective at distances up to 400 kilometers, but, the truth is that, it could engage only aircraft at that distance. In the case of ballistic missiles, the effective range is only 60 kilometers (a modernized version might have twice the distance). This means that even having the new interceptor, the S400 would be only able to provide only a point or small territory defense. The interceptor itself is also not a new one. First reports about it appeared in 1999. In 2003, during the MAKS exhibition, it was stated, that the 40N6 interceptor would be brought to armament in 2005. Later terms were moved to 2007 and 2008\(^{25}\). The INTERFAX messages already talks about 2012. Another example is the situation with the acquisition of S400 systems. Back in 2007, it was announced that plans exist to have around 200 systems by 2015\(^{26}\). Today (five years later) Russia claims to have two regiments of those systems, which means, in the best case, less than a hundred systems\(^{27}\). There are more examples showing that Russia faces difficulties creating and acquiring missile defense systems. Not being able, at least in the coming decade, to compete in the missile defense building, Russia has chosen the same old strategy from the sixties. Russia decided to modernize and improve its ballistic missiles, to increase the number of warheads, to create additional countermeasures against interception and to increase early warning capabilities. These steps allow us to assume that the so-called asymmetric Russian answer to the US missile defense might sound like this - "Because we are not able to create more or less reliable missile defense in the close future, we decided to refuse a defense and to concentrate on an offense. We will launch all our missiles at once, any time we see any bigger launch of any type of missiles, including missile defense interceptors". The main task of such a message is singular: to create a situation of uncertainty, then the US or NATO would never know how Russia is going to interpret, for example, the launch of ten interceptors to intercept a few Iranian ballistic missiles. The Russian early warning system will detect the launch and Russia would decide itself how to interpret it - as a missile defense against Iran or attack on Russia. This “mild” Russian blackmail is the answer Russia has chosen. And this was confirmed by the Russian Prime minister V. Putin, who said that to create its own missile defense

\(^{24}\text{Заявление генерал-полковника Александра Зелина" Москва. 13 февраля, 2012 INTERFAX.RU}\)

\(^{25}\text{“S300 system", Global Security catalog", http://www.globalsecurity.org/military/world/russia/s-400.htm}\)

\(^{26}\text{“S300 system", Global Security catalog", http://www.globalsecurity.org/military/world/russia/s-400.htm}\)

\(^{27}\text{“Минобороны разместит комплексы С-400 на границе в ЗВО"13 февраля 2012, http://www.rg.ru/}
is expensive and senseless; it is much better to make an asymmetric answer. Some in Europe understood that message as well. The director of strategy department from the ministry of defense of France, during his speech in the Moscow international missile defense conference, said straightforwardly that Russia used missile defense to justify a massive modernization of its own nuclear weapons. At the same time, it appears that Russia has decided that missile defense could justify anything, not only nuclear modernization. Anything means everything: modernization of other weapons and systems, military reform, relocation of military units, creation of new operational plans and so on. This was obviously presented in a declaration of the Russian president responding to creation of NATO and American missile defense. On November 23, 2011, the president as supreme commander sounded a declaration which named five response actions. The first three actions specified an asymmetric answer. First, to include a new radar in Kaliningrad into the unified early warning system - meant to increase the ability to detect any interceptor launch from Europe. Truth be told, only Kaliningrad was mentioned. It looks like this was done deliberately just to increase the psychological effect on some countries. Such radars are already built or being built in other places like Saint Petersburg, Orenburg, Irkutsk, and the polar circle as well. The second action ordered the increase of protection of strategic objects or, simply put, the defense of stationary strategic missile units. This meant securing the possibility to launch its own missiles. And the third point ordered the modernizing of ballistic missiles, an increase in the number of warheads and so on. The fourth and fifth actions had nothing to do with missile defense. Here missile defense was only “a cover” to justify other actions and represented mainly not a response to missile defense but changes in Russian defense policy and maybe potential future plans. But one may judge for oneself. The fourth order told Armed forces “to prepare means to destroy missile defense C3 and Information infrastructure if required”. Missile defense C3 and information infrastructure here is understood as the US BMC3M and NATO C3, radars and command posts. The phrase “to prepare the means” translated from Russian

28 „Модернизация ядерных сил и разработка высокоточного оружия станет асимметричным ответом РФ на американскую ПРО – Путин, Алабино (Московская область), 22 февраля, 2012, ИНТЕРФАКС-АН.
29 А. Александров, Е. Орлова, “ПРО: диалог продолжается”, „Красная звезда”, 4 мая 2012
30 Заявление Д. Медведева в связи с ситуацией, которая сложилась вокруг системы ПРО стран НАТО в Европе, 24 ноября 2011.
31 Заявление, командующий Войск Воздушно-космической обороны (ВКО) генерал-лейтенант Олег Остапенко, ИНТЕРФАКС-АН, 13 мая 2012.
32 Заявление Д. Медведева в связи с ситуацией, которая сложилась вокруг системы ПРО стран НАТО в Европе, 24 ноября 2011.
military language into daily speech means to plan what particular things to destroy, how to destroy, what troops and weapons to use, to train those troops for that kind of action and so on. The phrase “the means” might contain not merely “Iskander” missiles. It might be a conventional aircraft raid or Special Forces operation, secret services agents’ action or you name it. But the most important point here is that those missile defense objects are located on NATO territory. So, frankly, the Russian President ordered his own military to start military planning for an attack on NATO. In essence this is already planning for aggression. One can argue that those plans might already be in place. Yes, such plans might exist, but officially and publicly such an order was never given before, and this is already more than missile defense business; this is already a defense and foreign policy matter. Lastly, the fifth and final order is also strange. The decision to place “Iskander” missiles in Kaliningrad is not a new one and not caused by missile defense. The decision to substitute all old “Tochka” type short range ballistic missiles with new “Iskanders” was made much earlier than military reform was started. Russia has ten short range missile brigades and one of those always was stationed in Kaliningrad. Sooner or later it would have been rearmed with “Iskanders” independently of missile defense existence. We all know that the “Iskander” range is larger than “Tochka”. Deploying them in Kaliningrad without any explanation would have risen a number of questions to Russia and might be taken as an aggressive step without any reason. Now everything is “explained”.

So the missile defense became “a scapegoat”, “the reason” to justify any rearmament. It is used by Russia to justify any—and not merely the “Iskander”—case. Another example is long range precision guided weapons. The chief of Russian Air Force gen. A. Zelin announced that Russian MIG-31M aircrafts would soon get new air to air missiles for missile defense purposes. He added that the MIGs would get air to land and air to sea cruise missile to engage different targets on land and sea as well. Among other targets whose cruise missile could engage, he mentioned missile defense objects. This keeps going. Missile defense is being used to justify almost anything nowadays. The Russian newspaper “Izvestija” explained, that modernisation of the Tu-22M3 strategic bombers is a response to missile defense. The vice president of the Russian academy of geopolitical problems, Mr. K. Sivkov, believes that arming Russian “Antei” class nuclear submarine with new “Kalibr” cruise missiles, which are able to attack any targets in the Europe, is a response to missile defense. Even the president Medvedev himself once mentioned that by ignoring existing arms control mechanisms Russia is only responding asymmetrically to missile defense.

33 Д. Тельманов „Из ТУ-22М3 сделают убийцу европейской ПРО“., Известия, 7 февраля 2012.
34 Д. Тельманов „Близнецов АПЛ «КУРСК» Превратят в убийцу ЕВРОПРО“, Известия, 23 мая 2012.
Conclusion: Why is It Impossible to Create a Joint (Russia – NATO) Missile Defense System?

Today the missile defense topic remains among the most current and relevant ones in the US-Russia and NATO-Russia dialogues. Russia keeps recommending to NATO the creation of a single, joint missile defense system and promises to contribute its own systems to it. Still, taking into account everything mentioned above, we can state a number of objective reasons why creating such a system would be impossible. Those reasons include different political positions on certain issues, different levels in technology, differences in concepts of missile defense organization and management of consequence of intercepts, and, lastly, the financial capability of both countries to run the venture.

Naming different political positions on certain issues, at first it is worth mentioning the differences both sides have in positioning each other. As soon as the Cold War ended, the US and NATO, in all documents and at all levels, kept stating that Russia is not a foe and offering a role as a strategic partner. By offering cooperation in the missile defense, NATO and the US do not rule out the possibility to see this cooperation progressing, expanding and finally leading to potentially new missile defense system integration. In contrast, in a majority of its own national strategic documents, including its military doctrine, Russia keeps clearly stating that the Alliance (and in majority of cases the US) is among the main threat sources. As long as this situation remains, it would be very naïve to believe in Russia’s supposedly sincere intentions to create a single missile defense system with those named as potential enemies.

As previously mentioned, the development of adequate technologies is a very important factor in building a missile defense system. We have to keep in mind that countries choose different methods to destroy ballistic missiles: by direct hit and by proximity detonation. As a result of this choice, the US has made sizable progress not only in the development of interceptors but in launch and target detection, trajectory tracking, dissemination, transfer and analysis of information and other fields as well. All those achievements were incorporated into existing or new systems. Other countries, Russia in particular, have been paying less attention to possible changes in concept, so their weapons and sensors designs were far behind. While creating a unified missile defense system the question of sharing modern technologies with partners comes up and has to be somehow solved. In the Russian case, the creation of a single missile defense system, which supposes incorporation of so many different systems into one, would mean unilateral transfer of the newest technologies without receiving anything.
The Russian proposals to have a joint system (a joint command and control system) are being criticized even by its own military experts. It appears an impossible project today and in the near future.

We should not forget the differences in concepts of missile defense organization and the consequence of intercepts. The US and NATO have their own understanding of how the system is going to appear, how it should be built, how it would be used. All this has a direct impact on concepts of operation of the system. Russia’s understanding about its own system is not finished, so the concepts of operation are also in the development stage. Add to the mix topics like COE/COI, which neither exist or never were discussed in Russia, and we will see that creating a new system would mean either the US and NATO sticking into Russian internal military debates and forcing it to accept already existing concepts or to change already existing own ones and adopting them with Russia. It is obvious that both missions are practically impossible.

In conclusion, despite the fact that missile defense systems appeared at about the same time as ballistic missiles, today there are different understandings about the place and importance of those systems in the context of a country’s total armaments. As a result money devoted and spent on missile defense is different in comparison to money spent on other defense systems. For example, antitank or antiship defense cases’ targets are conditionally slow (compared to a ballistic missile), so in general all elements of the defense remain more local and less joint. Because systems are built on simpler technologies they are cheaper as well. Antiaircraft defenses face faster targets – aircrafts, so they are more sophisticated, usually united into regional systems and of course more expensive. A missile defense systems advanced even farther compare to antiaircraft defense ones. They are based on the newest technologies and are very expensive. For example, to create its own system the US spent more than 45 billion USD (approx. 1.1 trillion rubles) in the period from 2008 to 2011 and still keeps financing in the range of tens of billions USD annually. Despite all the Russian announcements and real increases in defense financing, the country simply will not be able to devote enough money to be a sterling participant in any joint missile defense venture.

*Trakai, September 2012*
Transatlantic Relations and Lithuania: Unfinished Issues of Security

The present article deals with the problem, often discussed in the public sphere, of the decreased attention that the USA gives to Lithuania and to the region of Central and Eastern Europe (CEE) on the whole, discusses the changing international environment, USA's "pivot to Asia" and possible changes in the US foreign policy during the time of President Obama’s second term of office. The article states that Lithuania, being interested in the vitality of transatlantic relations, should consider the issue of "winning back" the USA's attention to the region and to Europe as a whole, by assessing the issues of security to be solved. The research shows that even with a decade of its membership in Euro-Atlantic structures, Lithuania has not been fully integrated into the transatlantic security community. On the basis of a theoretical perspective of a small state and neoclassical realism, the article deals with the external and internal factors explaining the state's foreign policy, analyzes Lithuania's possible behavior in an international space, including the North Atlantic Alliance. In recent years NATO has been confronted not only with the global threats of the 21st century but also with a "burden share" problem that is becoming ever more acute. The situation of Lithuania’s security as to the guarantees of collective defense provided by the Alliance is assessed as the best one since the restoration of Independence; however, this does not release it from the necessity to widely develop its own defense capacities. Even though Europe constantly underlines the importance of transatlantic relations and intensive economic-trade relations with the USA, it has not developed a common attitude to its relations with the USA. Taking into consideration the present-day challenges, Europe needs a more global, more strategic attitude.

Introduction

Opinions about the decreased attention that the USA gives to the region of Central and Eastern Europe (hereinafter referred to as CEE), hence, to Lithuania too, have recently been often heard in the public sphere¹. These apprehensions are provoked by the changed plans of the USA concerning the

¹ Sigita Trainauskienė is a doctoral student of the Faculty of Social Sciences of Kaunas University of Technology. Address for correspondence: K. Donelaičio 20-508, LT-44239 Kaunas, Lithuania, tel. +370-37-300144, e-mail: sockat@ktu.lt

anti-missile defense system in Eastern Europe and by the supposition that after the USA policy with respect to Russia has changed (having replaced “containment” by “engagement”) outspoken “soft power” expansionistic moods in Russia will strengthen therefore its neighbors will possibly become more vulnerable. However, there are opinions that the concern of the Baltic Sea eastern region about Washington’s commitment to security stability of the countries of this region is groundless, and the CEE states “should support USA’s aspiration to restore its relations with Russia though success is not guaranteed”2.

This discussion testifies to the fact that security problems in the region remain acute despite the fact that Lithuania, like other countries of the region, is a member of NATO, which is committed to permanent collective defense (24 hours per day, 7 days per week, 365 days per year3). On the one hand, Lithuania’s present position in the international security system has been the best one since the restoration of Independence; on the other hand, the national Security Strategy of the Republic of Lithuania identifies certain external and internal risk factors and threats to national security (recently the problem of energy security has been especially emphasized), the necessity to successfully establish oneself in Euro-Atlantic structures4 and to go on strengthening the transatlantic relation is further considered; the academic discussion about the tendencies of “securitizing” its foreign policy, e.g. with respect to Russia, continues.5

Lithuania’s concern about national security and transatlantic partnership, looking at it from the perspective of a small state and bearing in mind historical experience, is quite understandable. The political and academic elite of Lithuania, in essence, unanimously recognize the exceptional role of the USA in restoring the independent state of Lithuania and regard it as “the main guarantee of Lithuania’s self-efficacy”6. US-Lithuanian ties are characterized as a strategic partnership7, which is determined by ideological, geopolitical and political circumstances, therefore Lithuania is especially

---

3 Secretary General welcomes Lithuanian leadership and commitment, February 1, 2013, http://www.nato.int/cps/en/SID-D047024D-A5B7A679/natolive/news_94378.htm, 01 02 2013
5 E.g., Statkus N., Paulauskas K., Tarp geopolitikos ir postmoderno: kur link sukkti Lietuvos užsienio politikai? [In Between Geopolitics and Postmodernism: What Direction the Lithuanian Foreign Policy Take?], Vilnius, 2008; also Works by T. Janeliūnas, G. Miniotaitė and others
7 See for more: The Programme of the 15th Government of the Republic of Lithuania, 2008; The national Security Strategy of the republic of Lithuania, 2012, XIP-3399(2)
sensitive to the changes in the US foreign policy. Vaidotas Urbelis and Gerda Jakšaitė have analyzed US-Lithuanian relations, and they draw attention to the fact that the significance of Lithuania as a small country with respect to the USA manifests itself within the CEE or the Nordic-Baltic context only. During the past years, to balance the policy of “reset” the CEE countries sought reassurance that the USA remained committed to the region’s security, or, as Poland, tried to “reset” their relationships with Russia themselves. Nonetheless, in the analysts’ opinion the countries of the CEE region were not so much affected by the fear of the “new Yalta” or doubts about the political will of NATO; rather, they felt the absence of a clear vision of the US policy in that region as the factor that united and stabilized the foreign policy of the countries of the region.

However, having achieved Lithuania’s membership in NATO and the European Union, which is regarded as a historical achievement, a certain vacuum in foreign policy is observed; hence there are attempts to fill it with a different substance. Perhaps the most obvious attempt to define a new post-integration concept of foreign policy was made in a speech by Artūras Paulauskas, interim and acting President of the Republic of Lithuania delivered at Vilnius University in 2004. This, however, was the beginning rather than the end of the discussions. According to Evaldas Nekrašas, after a direct existential threat to the Lithuanian state had disappeared, Lithuania should have given the same significance to the issues of welfare of the state and its citizens, chosen the policy of the West rather than that of the East. Nortautas Statkus and Kęstutis Paulauskas urged the country to reconsider Lithuania’s policy of euroatlantism, which “should not be the dogma of the country’s foreign policy”, Česlovas Laurinavičius and others urged it to turn to “normal balancing within the limits of Lithuanian collective commitments”, or, according to Raimundas Lopata, to perceive the paradigm...

---


11 Nekrašas E., “Kritiniai pamąstymai apie Lietuvos užsienio politiką” [Critical Thoughts on the Lithuanian Foreign Policy], *Politologija*, 2 (54), 2009, p. 127;

12 Statkus N., K. Paulauskas K., “Lietuvos užsienio politika tarptautinių santykių teorijų ir praktikos kryžkelėje [Lithuanian Foreign Policy at the Crossroads of International Relations Theory and Practice]”, *Politologija*, 2 (42), 2006, p. 54

of “both NATO and the EU” as “the permanent solution of two loyalties whose criterion was a real rather than formal withdrawal from the sphere of influence of the East”\textsuperscript{14}. Attempts were made to counterpose the conception of golden province of Europe\textsuperscript{15} with the conception of Lithuania as the leader of the region, to revive the ideas of good neighborhood\textsuperscript{16}, but, on the whole, a clearer vision of Lithuania’s foreign policy is absent.\textsuperscript{17}

This article argues that transatlantic relations continue to be an inexhaustible theme of both the foreign and defense policy of Lithuania and of academic discussions. In the most general sense transatlantic relations mean the relation between the USA and Europe; the conception of the Transatlantic Security Community encompasses the following: a) the common identity and values, b) (economic) interdependence, c) common institutions based on the norms regulating these relationships\textsuperscript{18}; in other words, it means a deeply integrated social group. The collective study \emph{Beieškant NATO Lietuvoje} (In Search of NATO in Lithuania)\textsuperscript{19} devoted to the discussion of Lithuania’s experience in NATO points out that even almost a decade after membership, the Alliance has not become a part of us yet; rather, it is perceived as “they”, “others”, etc. According to Shapiro and Witney, the anti-missile history revealed a profound lack of trust by new NATO and EU members in the solidarity of the communities and their collective strength\textsuperscript{20}. Though the USA and Europe are the most important trading partners for each other, Russia remains Lithuania’s main trading partner – it takes the first place according to both import and export volumes: in 2011 this accounted for 32.8 percent and 16.6 percent, respectively, of the total volumes, the largest part being energy resources\textsuperscript{21}. Meanwhile

\textsuperscript{14} Lopata R., \emph{Debatai dėl Lietuvos užsienio politikos} [Debates about Lithuania’s Foreign Policy], \emph{Politologija} 1 (57), 2010, p. 130

\textsuperscript{15} Aslo see: K. Girnius, \emph{Ar esame Europos provincija?} [Ar we Europe’s Province?] http://www.delfi.lt/news/ringas/lit/kgirnius-ar-esame-europos-provincija.d?id=50335636, 12 09 2012

\textsuperscript{16} The Programme of the 15th Government of the Republic of Lithuania, \emph{Valstybės žinios} [Official gazette], 2012-12-20, Nr. 149-7630

\textsuperscript{17} Girnius K., \emph{Prezidentės užsienio politika – važiuoti ar nevažiuoti?} [The President’s Foreign Policy – to Go or not to Go?] http://www.delfi.lt/news/ringas/lit/kgirnius-prezidentes-uzsienio-politika-vaziuoti-ar-nevaziuoti.d?id=58735513, 13 09 2012


\textsuperscript{19} Jakniūnaitė D., Paulauskas K., ed. \emph{Beieškant NATO Lietuvoje} [In Search for NATO in Lithuania], VU TSPMI, 2010


the USA is neither among the ten main trading partners nor investors. Together with its partners Lithuania has assured NATO defense plans for the Baltic States, however, the expenses it allocates to the defense budget (like those of the majority of other European states) decreased to the critical limit – in 2012 they accounted for as little as 0.8 percent of GDP. On the whole, Europe, being dependent on US military power, paradoxically lacks a common European attitude to the USA and transatlantic relations, as well as other growing powers. President Obama’s first term of office was noted not only for “resetting” relations with Russia but also for shifting the US attention to other regions, first and foremost, to the Asian-Pacific region, thus the analysts on both sides of the Atlantic speculate about how the USA and Europe could remain “irreplaceable partners” to each other in the future. Lithuania, being a full member of the Euroatlantic Community, should take part in this discussion.

All the more so with Lithuania’s NATO membership, which strengthened the region’s security considerably when the probability of the existential threat was assessed as non-existent or at least as minimal, the matter has not been completely resolved, because:

- Lithuania, being a small country, due to its geopolitical position, has to constantly watch and assess changes in the external environment and react to them adequately;
- Lithuania’s membership of the North Atlantic Alliance does not release it from the necessity to develop its defense capacities (and allocate adequate financing to it);
- Taking into consideration economic-social aspects of security, deeper integration into the transatlantic security community should be sought in this sphere too to strengthen relevant institutions and values.

Seeking to give an answer to these questions, the following theoretical suppositions will be taken as the basis: according to the neoclassical realist

---


theory, the foreign policy of a small country is determined to a large extent by the structural factors of the international system, and the geopolitical position of the state; however the pressure of the external environment affects it through intervening unit-level factors, such as a state structure and decision-makers’ perceptions.


1.1. Security

In international security studies, security is usually discussed within the context of power policy and is related to the traditional political-military conception of security in which security in essence means the survival or absence of a threat. According to Glen Snyder, security means “strong confidence that the values held onto (i.e. territorial integrity, political independence, etc.) will be protected in case of an external military threat.”\(^\text{26}\) From Ken Booth’s viewpoint, security means survival-plus\(^\text{27}\), i.e. not only absence of a threat to the survival but also certain choices of life. The dilemma of security on the whole is considered to be a fundamental conception in security studies because, according to Booth and Wheeler, it is related to the \textit{existential condition of uncertainty} characteristic of all kinds of relations between the people, not only to interaction on the most aggressive – international arena\(^\text{28}\). It is thought that one government or policy maker cannot be absolutely sure of other actors who can have an impact the state’s security, of present and future intentions and motives (“unsolvable uncertainty”), therefore, when assessing possible threats, one has to be very conservative.

The security issue usually arises when \textit{existential} threat to a certain object (traditionally but not necessarily, to a state, a nation) is posed by other actors of the international system (e.g., by revisionist states), which have more power (military, economic) and which are in a geographical proximity and have hostile intentions. According to Statkus and Paulauskas, on the basis of the neo-realistic paradigm, the state’s safe existence is assured when other sta-

\(^{26}\) Snyder G., \textit{Alliance Politics}, 1997, Cornell University Press, p. 5  
tes either have no hostile intents or power to realize them. The strategy of the states in the presence of threats is usually aimed at seeking to balance and thus maintain status quo, or seeking for more power.

There exists another viewpoint, which maintains that security arises from the cooperation relation rather than from the ability to concentrate and use power against others. The so-called Copenhagen School questions the conception of objective security (with the exception of the obvious cases of a direct threat) and states that in many cases it is socially constructed and intersubjective. Statements can be found in literature that security is self-referential practice, or it is the way a certain issue becomes a security issue: it does not necessarily have to pose a real existential threat and is presented by a speaker as such and understood by the audience as a threat to the survival (identity). In other words, security does not belong either to the object or subject, it exists among the subjects. According to Buzan and others, “securitization” of the issue moves policy beyond the limits of the established rules of the game making it the object of the “extraordinary” policy (or: the above-policy object), which makes the use of any means (e.g. the use of force, universal mobilization) essentially justified.

The criteria according to which a certain issue is recognized as having existential significance are as follows: when it is possible to argue that it is more important than all others and it should be given absolute priority; that without solving this issue all others can become unimportant; the issue does not fit in the framework of usual politics. Security issues, however, must not be made absolute in a democratic state (e.g., due to the danger to use them for the purpose of the internal policy); in the ideal case policy must be able to evolve on the basis of routine procedures without resorting to immediate extreme measures. The optimal long-term strategy is the desecuritization strategy, which seeks the solution of certain issues out of the discourse area of “a threat-countermeasure” and moves towards the ordinary public sphere. Maria Mälksoo has called the foreign policy of the Baltic States existential, which, following the states’ integration in NATO and EU, gradually had to turn into

29 Statkus N., Paulauskas K., *Tarp geopolitikos ir postmoderno: kur link sukči Lietuvos užsienio politika?* [In Between Geopolitics and Postmodernism: What Direction the Lithuanian Foreign Policy Take?], Vilnius, 2008, p. 22-23
32 *Ibid.,* p. 23
33 *Ibid.,* p. 29
normal politics\textsuperscript{34}. Transnational integration and creating a collective identity is the solution of the security problem proposed by the constructivists; however, contemporary security theoreticians tend to underline the synthesis of both viewpoints in seeking for the solution of security problems.

1.2. The Small State

The small states, to which Lithuania is attributed, are regarded as especially sensitive in the security issues because they have “limited power and have no possibilities to exert essential influence on the actual world order”\textsuperscript{35}. The small states have not been studied extensively enough in academic literature; they were even considered ignored\textsuperscript{36}, because on the basis of the (neo) realistic paradigm (Waltz, Carr, Morgenthau, Niebhur and others), the behavior of the small states in the international system is restricted to a great extent (and explained sufficiently well) by the structural factors, contrary to the case of the large states. The small states are usually treated as the object rather than the subject of international relations.

A state is usually attributed to one of the following categories – super power, large, medium, small power or a mini state – on the basis of the objective material parameters of its power. According to Robert Rothstein\textsuperscript{37}, the following features are characteristic of the small state: 1) it admits that it cannot ensure security with its own means available therefore it has in essence to rely on help provided by other states, institutions, processes or development of events, 2) the narrow margin of safety is characteristic of it, 3) the leaders of the state understand its weakness as an attribute that in essence cannot be changed. The foreign policy of the states that do not influence the international system (i.e. the small states) is treated as “adaptation to the reality” rather than restructuring it in the classification presented by Robert O. Keohane\textsuperscript{38}. Other features characteristic of the foreign policy of small states: narrow range of foreign policy issues (often


\textsuperscript{35} Jankauskas A., ed., \textit{Politikos mokslų enciklopedinis žodynas} [Encyclopedic Dictionary of Political Science], VU TSPMI, 2007, p. 77


limited to nearby regions); focus on international law and institutions; underlining moral principles; relying on a super power in issues of security; flexibility and creativeness. Many authors underline the geographical (in other places – geopolitical) factor as the primary one, which influences the foreign policy of the small states – that is, the military and strategic situation of the state (neighborhood of more powerful states, intersecting interests are regarded as an unfavorable position), its natural resources, dependence on their import and others, as well as a characteristic consensus on the issues of the foreign policy.

Michael Handel uses the definition of a weak state\textsuperscript{39}, where not only objective but also certain “intuitive” criteria, such as absence of strength rather than the size of the country, are of importance; it is underlined that the state’s strength or weakness is sooner a relative than absolute magnitude, a dynamic rather than fixed feature. He distinguishes the internal sources, such as geographical conditions, human resources, organizational abilities (political institutions, etc.) and external sources of the state’s strength, that is, formal and informal alliances. Alliances of a different nature are considered a primary instrument of national security policy, a characteristic strategy of the behavior of a small state in international politics. Though the primary purpose of the alliance is a joint rebuff of the external threats, its additional internal ties, such as mutual trade or common values are of no less significance. In his study on alliance formation\textsuperscript{40}, Stephen M. Walt makes a conclusion that common interests strengthen the ties of the alliance more than a common ideology. With a threat increasing (for instance, with a change in the balance of powers in the international system), rational behavior of the state is, according to Snyder, to strengthen the ties of the alliance, to support the allies, to create a reputation of a loyal, determined partner, to underline mutual dependence and commitments. According to Handel, weak states can never afford to lose vigilance in the security matters or merely enjoy the security provided by the super power.

It has been noted that the small states often are not helpless victims of the system; on the contrary, they are able to make an efficient use of the possibilities of the international system, and to manipulate the power of the large states for their own benefit. The state’s “soft power”\textsuperscript{41}, that is, communicative, organizational, institutional abilities, making use of interdependence, and especially the ability to accurately react to new information, are mentioned as significant factors

\textsuperscript{39} See for more, Handel M., \textit{Weak States in the International System}, 1990, Frank Cass & Co Ltd, p. 68

\textsuperscript{40} Stephen M. Walt, „Alliance Formation and the Balance of World Power“, \textit{International Security}, Vol. 9, No. 4, Spring 1985, p. 3-43

when speaking about economic, social security, as well as about powers of the states within the context of the European Union (e.g., putting forward innovative ideas, the ability to form the agenda or a discourse by changing preferences of other actors). One of the examples of how a small state can influence the international system is the Scandinavian countries, which have become established in the world community as creators of certain norms in international politics.

Theorists of neoclassical realism (Rose, Schweller, Lobell and others) emphasize that unit-level variables, such as a state structure, its decision-makers’ perceptions, key social and economic actors, and a lack of consensus among them can prevent states from adapting rationally to changes in the international environment (i.e., shifts in power). Identification and assessment of threats and strategic adjustment is a complex rather than a single-minded process, entailing considerable bargaining within the state’s leadership and other important stakeholders. Lobell points out\(^\text{42}\) that the foreign policy executive, standing at the intersection of international and domestic politics, should forge and maintain a coalition with various societal elites. According to Randal Schweller, historical experience shows that the states often assess and balance their behaviour in the presence of arising threats insufficiently\(^\text{43}\).

In summary, the following relevant factors can be distinguished within the context of the problem in question:

- The international system sets certain opportunities and constraints for the foreign policies of the states; the small states are especially sensitive in their security issues;
- A change in the balance of powers in the international system is assessed as an increasing threat to security, at the same time taking into consideration the geographical (geopolitical) factor too;
- The rational behavior of the state is to balance or acquire more power (external or internal strength); strengthening the ties of the alliance and interdependence;
- It is within the state (institutions/political elite) that decisions on the origin and nature of arising threats to security and the necessary measures to be taken are made; a lack of consensus between the foreign policy executive and key societal actors can impede the process of foreign policy adjustment.

\(^\text{42}\) Stephen E. Lobell, “Threat assessment, the state, and foreign policy: a neoclassical realist model”, in: *Neoclassical Realism, the State and Foreign Policy*, Lobell S., Ripsman N., Talliaferro J.W., eds., 2009, p. 42–74
The global security environment is constantly changing, it is dynamic, and the agendas of politics change respectively. After the elections of the President and the Congress that took place in 2012, the assessment of possible changes in the US foreign policy became one of the most important issues for Lithuanian policy makers.

2. Growing “Others” and the Global US Agenda

2.1. Changing Balance of Powers

The feeling that it is losing its role as hegemon in the world, which the USA became after the Cold War, has prevailed for some time already, though the USA is still the strongest global power and likely will remain so in the future. According to Fareed Zakaria, during the recent years the USA has not become weaker but, rather, “all the others are growing”. The “9/11 shock” has become one of the factors that destroyed America’s self-confidence and changed its understanding of threats, states Zbigniew Brzezinski. In his opinion, the world “after America”, that is, with its power gradually declining, seems much less safe. According to the data of the statement The Global Trends 2025 of the National Intelligence Council, the probable scenario of the future of the world is the formation of a global multi-polar system due to the growing new powers (China, Russia, India and others), the shift of economic power referred to as the historical one from the West to the East and the increasing influence of the non-state actors. It is forecasted that new players will bring new rules of the game into the system, and a threat arises that the traditional Western alliances would be weakened. The analysts, when speaking about the tendencies of recent years, alongside globalization mention strengthening of regionalism and, besides the Asian region, indicate the regions of Latin America, the Middle East and Africa as demanding USA’s attention. The major threats identified are global ones, such as expansion of nuclear weapons of mass destruction.

---

destruction, terrorism, issues of economy and energy, climate warming, etc. The majority of them, such as the issues of cyber security, are reflected in the NATO New Strategic Concept⁴⁹.

The changing view of the world due to globalization and the increased threats is also stated in the US National Security Strategy approved in 2010⁵⁰. The Strategy states that the USA fought against “a wide network of violence” for almost a decade therefore the time has come for the USA to renew itself – to strengthen its economy and to reduce the budget deficit, to invest in education, energy, innovations, and competitiveness in the world market – and to assess its global role anew. The document characterizes NATO as “the exceptional Alliance of security” in the world and the relations with the allies in Europe (the United Kingdom, France, Germany, in particular) are identified as the “corner stone” of USA’s involvement in the world. The commitment to Article 5 of the Washington Treaty is emphasized once again; however, at the same time, it is underlined that the Alliance has to be reformed on the basis of the NATO New Strategic Concept. The commitment to partnership with the stronger European Union is expressed by seeking common goals, including encouraging democracy and welfare in the countries of Eastern Europe, which are still transitioning to democracy. However, in fighting against the global challenges it is planned to create new partnerships and develop cooperation with the rising “key centers of influence” – China, India, Russia, as well as Brazil, South Africa, Indonesia and other growing powers. The strategic “pivot” of America towards the Asian-Pacific region is one of the essential features of Obama’s first term of office, which, by assessment of some analysts, will continue in the future due to “economic and geopolitical charm of China”⁵¹, though the latest opinion polls show again the significance of transatlantic relations⁵².

After the elections of the US Congress and the President in 2012, which ended in Obama’s victory, analysts tried to forecast the future foreign policy of the country and to identify the main objectives of the foreign policy that the President is expected to achieve during his second term of office. Certain changes in politics are likely for the simple reason that some important members in Obama’s Cabinet have changed—the new Secretary of the State

⁵¹ For example, Engel R., „Top 10 Foreign Policy Issues Facing Obama”, NBC News, 7 November 2012
Kerry, Defense Secretary Hagel and others have been appointed. However, the majority of commentators identified the key objectives of the foreign policy as similar to those during the President’s first term of office: the withdrawal of the US forces from Afghanistan, Iran, Israel and Syria, as well as North Korea. The latter issues are expected to dominate the transatlantic agenda alongside the issues of terrorism, trade and relations with Russia. The President’s new term of office gives him the opportunity to look anew at the relations with the “key foreign partners”, including the new President of Russia Vladimir Putin.

2.2. The End of “Reset”?

The global agenda and understanding of global threats have an effect on constructing USA’s relations with Russia: to begin the “reset” seeking for cooperation on the basis of mutual interests – reduction of the arsenal of nuclear weapons in both countries; a fight against terrorism (especially in Afghanistan); cooperation in the sphere of trade. The National Security Strategy also specified the aspiration to create a “stable substantive, multidimensional relation” with the player that has reappeared in the international system seeking to achieve mutually beneficial objectives.

As previously mentioned, the policy of the “reset” of the relations that caused a certain concern to the CEE governments is assessed in the USA itself in an ambiguous way. According to the assessment of the US Council on Foreign Relations the “reset” helped improve the relations between the USA and Russia; however, disagreements between the countries still existed on many issues, especially concerning the creation of the US anti-missile defense shield in Europe, and recently a deterioration in the relations has been observed. In the opinion of Steven Pifer, the “reset” stage with relatively easy issues of the bilateral agenda has passed already, the elections in both states have come to an end, thus the question whether Russia was ready to re-engage and cooperate in the issue of reducing the nuclear arsenal or the compromise concerning anti-missile defense shield in Europe remained open.

There are people who think that the main problem is the drifting of the USA itself, having concentrated on a fight against terrorism and without having developed a global vision during the past decade, whereas its rivals,

---

including Vladimir Putin, do not conceal their ambitions. The latter seeks for strengthening of the regime, re-industrialization of the country and “excessively concentrates” on the security matters. One of the examples is the militarization of Kaliningrad Region of the Russian Federation. Russia’s military doctrine of 2010 identifies the use of NATO capacities for defensive purposes and the development of infrastructure in the Member States in the vicinity of the borders of the Russian Federation as one of major military threats. Russia’s growing power is related to its energy resources. US Secretary of State Clinton, at the end of her term of office, stated that Russia sought to expand its political and economic influence on the former countries of the USSR: to “re-sovietize” the region under the cover of regional integration. Meanwhile Moscow, according to the Vice Prime Minister Dmitrij Rogozin, does not believe the statements made by Washington that anti-missile defensive shield in Europe was not directed against Russia. Therefore, though Russia is no longer the existential threat that the Soviet Union posed, regulation of relations with it, in the opinion of experts, remains the essential strategic task for both the United States and Europe, since Russia is thought to be able to pose a direct challenge to the present international (in Russia’s understanding – dominated by the USA) system.

These trends and circumstances should draw the attention of the foreign policy-makers of the states of the Baltic region, which, according to Edward Lucas, is the most vulnerable European region.

---

57 „We Don’t Take Americans on Trust- Rogozin on AMD“, http://rt.com/politics/rogozin-missile-defense-obama-221/, 18 01 2013
3. Threats to the Alliance and the Decreasing Power of Europe

The report *The Global Trends 2025* specifies that recently NATO has been encountering serious challenges related to the ability of undertaking an ever increasing responsibility that extends beyond the borders of the Alliance and the decreasing military capacities of Europe. Weakening of traditional alliances is forecasted in the future, and at the same time it is almost unanimously agreed as to the spread of increased insecurity in the 21st century.

As Jovita Pranevičiūtė has observed, after September 11, 2001, attacks in the USA, the list of the North Atlantic Alliance threats started to expand and each review of the NATO strategy added “one more or several definitions of the new threats, challenges or risks”

Different NATO members, however, see the threats posed to the Alliance in a different way – from traditional to the new threats of terrorism, development of weapons of mass destruction, energy and others. On the basis of all that and the imagined role of NATO in the future, the countries of the Alliance are divided into three groups: “reformers”, “supporters of status quo” and “propagators of a return to themselves”. Poland, the Czech Republic and the Baltic States, which accentuate the real implementation of Article 5 and which speak for planning conventional armament, the nuclear deterrence strategy and, according to Pranevičiūtė, the only potential threat which has not been openly identified by anybody is Russia.

The paradox, however, is that with the list of potential threats growing, expenses of the majority of allies on defence have decreased. During the economic financial crisis the majority of governments were made (or at least considered) to resort to strict saving measures, including a reduction of expenses on national defence. Meanwhile recent NATO operations in Afghanistan and Libya revealed certain weaknesses of the allies – only a small part of the Alliance members were able to undertake the “hard” (i.e. fighting) part of the task. The so-called “burden sharing” problem came to light once again, and NATO and US officials started to speak ever louder about the necessity for the Europeans to invest in their defense.

Twenty-eight members of the Alliance are taking part in its activities in several ways; however, participation in NATO operations, as well as possibilities to deploy their armed forces is considered to be the main way. For exam-

---

ple, the Afghanistan International Security Assistance Force (ISAF) operation (a total of 49 countries participate in it – the greatest part of them are EU states, including Lithuania)\textsuperscript{61} to be continued until 2014.

The key discussions about division of expenses in the Alliance are held with respect to deployment of the armed forces in NATO operations since this constitutes the largest part expenses related to NATO membership. At the present time only five NATO countries allocate the agreed 2 percent of GDP to the defense of the country, and the expenses allocated of the European countries have decreased by almost 15 percent during the past decade. Besides, when assessing the indicators of the defense budget of the countries, not only the absolute figures are taken into consideration but also proportions allocated to the staff, renewal of the armament and other things. During the recent years the average of NATO countries (with the exception of the USA) allocated to acquisition of equipment accounted to as little as 16.7 percent (in some Member States – less than 10 percent); this raises doubts about the capabilities of the allies to repel traditional and new threats, and to participate in new operations. According to the amount of expenses allocated to its defense, Lithuania is nearly in last place (see Table 1). By the assessment of the international expert group, if the present tendencies remain Lithuania might be unable to carry out its Alliance membership commitments in the future\textsuperscript{62}.

\begin{table}[h]
\centering
\begin{tabular}{|l|c|c|c|}
\hline
\textbf{Country} & \textbf{Expenses on defense in 2005-2009 (average, per cent from GDP)} & \textbf{Expenses on defense in 2009 (per cent from GDP)} & \textbf{Expenses on defense* in 2011 (per cent from GDP)} \\
\hline
USA & 4.5 & 5.4 & 4.8 \\
Turkey & 3.2 & 2.1 & 1.9 \\
Greece & 2.9 & 3.2 & 2.1 \\
United Kingdom & 2.3 & 2.7 & 2.6 \\
France & 2.3 & 2.1 & 1.9 \\
\hline
\end{tabular}
\caption{Expenses of NATO countries on defense\textsuperscript{63}}
\end{table}


<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>2004</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>2.2</td>
<td>1.9</td>
<td>1.4</td>
</tr>
<tr>
<td>Norway</td>
<td>1.9</td>
<td>1.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Poland</td>
<td>1.7</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Estonia</td>
<td>1.6</td>
<td>1.8</td>
<td>1.7</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1.6</td>
<td>1.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Italy</td>
<td>1.6</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Portugal</td>
<td>1.5</td>
<td>1.6</td>
<td>1.5</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1.5</td>
<td>1.6</td>
<td>1.3</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1.5</td>
<td>1.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Croatia</td>
<td>no data</td>
<td>1.6</td>
<td>1.5</td>
</tr>
<tr>
<td>Albania</td>
<td>no data</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1.5</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Denmark</td>
<td>1.4</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Romania</td>
<td>no data</td>
<td>1.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Latvia</td>
<td>1.4</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Canada</td>
<td>1.3</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Germany</td>
<td>1.3</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Hungary</td>
<td>1.3</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Spain</td>
<td>1.2</td>
<td>1.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.1</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Lithuania</td>
<td>1.1</td>
<td>1.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Luxemburg</td>
<td>0.5</td>
<td>0.4</td>
<td>0.5</td>
</tr>
</tbody>
</table>

By its official documents Lithuania has confirmed more than once its commitment to adequately financing national defense. This has been done through agreements of political parties of 2001, 2004, Resolution of the Seimas of the Republic of Lithuania of 1 May 2004, in which it was promised to allocate at least 2 percent of GDP as far back as 2005-2008, and finally the latest agreement of May 2012. However, thus far there has been no agreement about how this will be implemented. The National Security Strategy treats insufficient financing of the defense sphere as one of the factors of internal risk, which can have a great effect on national security of the Republic of Lithuania.

In his farewell speech made on 10 June 2011, the US Defense Secretary Robert Gates unambiguously warned the allies in Europe about “a dim, if not dismal future for the transatlantic alliance” if the NATO member states do not seriously undertake expenses on defense and will participate in NATO operation more fully and actively. After the Cold War the share of the USA in the NATO defense budget increased from 50 percent to more than 70 percent,
whereas expenses on defense of economically strong European countries were constantly on the decrease (See Fig. 2), some part of them are “specializing” in the “soft” tasks.

![Pie chart showing defense expenditures of NATO members]

**Figure 1. General Defense Expenditures of NATO Members**

According to Gates, Europe cannot expect the US tax payers to pay for its security forever: if downtrends of defensive capacities of Europe remain unchanged, the future generation of the US political leaders, which grew up after Cold War, might “see no sense in America’s investments in NATO”\(^\text{64}\).

US warnings to Europe are related to the intentions of America itself to limit its military expenses within the context of acute political debates about a general reduction of the budget deficit of the country. In 2011, the US expenses on defense amounted to almost 700 billion US dollars – the defense budget itself totaled 530 billion US dollars, while 160 billion US dollars was allocated additionally for the needs of the wars in Afghanistan and Iraq. The Act on Budget Control that came into effect in 2011 provided for reducing the US budget deficit by 1.5 trillion US dollars in 2013-2021, including a reduction of expenses of the military budget. During the time of preparing this clause it was not known yet on what further measures for reducing the budget the leaders of the Democrats and Republicans were going to agree, but the current debt of the federal budget amounting to 16 trillion US dollars (exceeding GDP of the USA) is assessed by the representatives of the American political elite as a “national security crisis” in the sense of economic security\(^\text{65}\). The size of the current debt is such that, according to Peter W. Singer, it would be enough to purchase 16 Marshall plans or 16 NATO military budgets. True, America’s power even in the worst-case scenario, the case of sequestration, is going to remain sufficiently large: the planned US

---


military budget will account for 38-40 percent of the total world military budget in 2013, whereas the indicators of the nearest potential rivals are much lower: China – 8.2 percent, Russia – 3.9 percent.

The defense strategy guidelines of the US Department of Defense issued in 2012 specify that the priorities of the US foreign and security policy are reoriented from Europe towards Asian-Pacific region and the Middle East. This also means a strategically different redeployment of the US armed forces in the world, and the military bases and infrastructure related to them. For example, it is planned to reduce the number of soldiers stationed in Europe down to 70 thousand soldiers by 2015 (compare to the Cold War period – about 300 thousand US soldiers). Thus, both a further reduction of US defense expenses during the period between 2013 and 2021 and transfer of the arsenal of the identified main threats to other continents means only one thing: namely, that the allies in Europe must assume more responsibility for their own security, develop their defense capacities on the basis of the New NATO Strategic Concept, and bridge the gap separating them from the USA seeking a common objective – “NATO forces 2020”. All countries are urged to contribute more to “smart defense” and the NATO Summit held in Chicago in 2012 identified the NATO Air Policing Mission in the Baltic States as one of the most successful examples of it.

4. Challenges to Europe: Together or Separately?

Hence, the following challenge is going to be posed to Europe: to assess the changed geopolitical picture of the world, as well as to assess the way Europe sees itself in that picture. It seems that during recent years the issues of Euro zone, the economic crisis, as well as problems of the Mediterranean Sea Region, has been given much attention in the European Union. In the opinion of José Manuel Barroso, President of the European Commission, in the presence of global challenges deeper economic and financial integration is necessary, that is, a federation of nation-states, which, at minimum, the United Kingdom opposes.

---

The office of EU High Representative for the Common Foreign and Security Policy established after the Lisbon Treaty is one of the instruments in seeking for more coordinated and consistent foreign policy of the European Union. Europe, which accentuated economic integration for the past half century, seeks to define itself ever more clearly as a global political figure with a clearer external identity. Europe declares that the USA was its main strategic partner with which it wanted to cooperate in different spheres – from developing peace, stability and democracy in the world to a fight against global challenges but thus far more obvious progress has been achieved in developing economic relations. The volumes of EU and USA trade and investments are the largest in the world – about 31 percent of the total trade volumes and 49 percent of the total world GDP. The perspective of the Transatlantic Trade and Investment Partnership, being considered on both sides of the Atlantic against the background of current economic challenges is expected to provide a stimulus and give mutual benefit when seeking for economic recovery. This is important to Lithuania in solving the issues of economic-social security: though from the point of view of EU membership there is a tendency towards accentuating the aspects of welfare, in 2011 as much as 33 percent of the inhabitants of Lithuania found themselves on the brink of poverty or social exclusion. Public opinion polls show a growing disappointment in democracy and market economy.

So far transatlantic cooperation in the security sphere has been directed more towards crisis management; however, it seems likely that time has come to develop not only “soft” but also “hard” security. At the end of 2012, the European Council commissioned the High Representative to prepare and submit the plan of measures of strengthening the Common Security and Defense

---

Policy (CSDP) until 2013.\textsuperscript{75} Thus far the goals set by ESDP/ CSDP, which were planned to be implemented by 2003, later by 2010, have not been implemented (Headline Goal 2010)\textsuperscript{76}. Engagement of each European Union state in military operations further remains a matter of political will. Recently much attention has been devoted to energy security issues on both sides of the Atlantic\textsuperscript{77}. There are spheres where transatlantic cooperation is not so smooth; for example, the USA has not granted the visa free regime to some EU countries, such as Poland or Bulgaria.

Though during the US election campaign the theme of Europe was hardly in the picture, the choice of Obama as President on the whole was met favorably in Europe\textsuperscript{78}. In the opinion of experts of the European Council on Foreign Relations (ECFR) Obama’s words that the USA no longer wanted to be Europe’s patron and sought to become its partner would also mean that “the time has come for Europe to grow up” and start to solve the issues of both relations with Russia or Eastern neighbors and become engaged in solving the issues of Syria, Iran, the Near East and other issues \textsuperscript{79}. As Jeremy Shapiro and Nick Witney\textsuperscript{80} stated in their study on the relations between the USA and EU, a threat to transatlantic bond rose not because of America’s global strategy but because of the fact that Europe itself had not become aware yet of how the world was changing and how the transatlantic bond should change in relation to that\textsuperscript{81}. Europe’s current relations with the USA are characterized as conflicting and consisting of many identities: bilateral relations of the European states with the USA (which the majority, beginning with the United Kingdom, the Netherlands and ending with the countries of CEE, think to be special); military relations through NATO and developing EU relations with the USA (true, the EU Member States still have a strong feeling of national

\textsuperscript{79} Bechev D. et al “Time to Grow-up: what Obama’s re-election means for Europe”, http://ecfr.eu/content/entry/time_to_grow_up_what_obamas_re_election_means_for_europe, 18 01 2013
\textsuperscript{81} Ibid. p. 8
sovereignty in the sphere of the security policy too). Stefan Lehne openly says that through the eyes of an outside observer, the block of 28 Member States (where all countries formally have equal weight in decision-making process), which unanimously adopts decisions in the sphere of security policy actually has three main players — Germany, France, United Kingdom — upon the behavior of which the position of the entire EU depends to a great extent. The ECFR research carried out all over the European Union denied the prevailing stereotypical opinion about more “European” or more “atlanticist” European states – in the opinion of the majority of the respondents their countries were more than on average committed to both communities. In the opinion of the authors, despite continuing to live with myths, the European Union should be able to formulate and carry out a common foreign policy.

Thus far Europe’s unwillingness or inability to speak in a single voice has prevented it from speaking efficiently not only to the USA but also to other powers – China and Russia. In the opinion of Shapiro and Witney, the European states should establish a tradition to discuss various concepts of security in different parts of the Continent inside the European Union. A lack of trust between the old members of the European Union and those that are still regarded as the new ones can be overcome only by open talking of the European States among themselves instead of waiting for Washington’s decision on a greater necessity of seeing NATO in the CEE region or their dependence on Russia in the energy sector. The European Union is urged to give the following features to the transatlantic bond: assuming responsibility in the security issues; seeking for agreements/compromises – to do this not only the analysis of the foreign policy problems but also concrete initiatives at the negotiation table are needed; acting on the basis of arguments; choosing a choir rather than solo roles. One of the main reasons identified, which has prevented Europe from making its unanimous voice heard and becoming a significant international player was a lack of a political will and strategic attitude.

As Statkus and Paulauskas have observed, thus far the Lithuanian political elite have followed the (misguided) supposition that strengthening the CFSP (without which the European Union cannot be imagined as a political union) can do harm to the transatlantic bond and they have argued that Lithuania is a part of the identity of this collective subject called Europe, thus it can

82 Since July 1, 2013 after Croatia joins the E. Ten pat., p. 17
84 Statkus N., Paulauskas K., Tarp geopolitikos ir postmodernio: kur link sukiti Lietuvos užsienio politikai? [In Between Geopolitics and Postmodernism: What Direction the Lithuanian Foreign Policy Take?], 2008, p. 51
exert influence on its policy. Taking into consideration the present institutional arrangement of the EU, possibilities for Lithuania to influence its policy are limited, however, it can still present its ideas and arguments. For instance, one of the major priorities during Lithuania’s presidency in the EU is the Eastern Partnership initiative as a means for creating a more secure and democratic area close to the EU borders.

The thing that is characteristic of Lithuania’s institutional structure is that the key role in its foreign policy falls on the Head of the State who decides on the major issues of the foreign policy and, together with the Government, conducts foreign policy. Lithuania is a parliamentary republic (with certain semi-presidential features) that has certain competence (e.g., ratification of international treaties, consideration of other issues of the foreign policy) provided for the Seimas of the Republic of Lithuania too. Hence, when looking for answers to the security issues raised or the explanation of the current situation, it is necessary to take into consideration the institutional structure of the state, perceptions of its political elite, to look for consensus with key social actors about major security issues and necessary measures to be taken.

Conclusions

Attempts have been made in the article to go back to transatlantic relations and the issues of Lithuania’s security, assuming that they are still relevant.

According to the neo-realist theory, small states are especially sensitive to security issues because of their limited power. The foreign policy of small states is primarily influenced by systemic-structural factors and is usually regarded as “adjustment to reality”. When looking for security small states usually balance against threats; “soft” power is often emphasized in the global world. With the rise of threats, a state should strengthen the ties of the alliance; to underline interdependence and commitments; to foster a common identity. Small (weak) states can never afford to lose vigilance in security matters or merely enjoy the security provided by a super power.

Lithuania, with its membership of NATO and the EU, is regarded as having essentially solved its security dilemma. There are some other features inherent in the foreign policy of small states that are also present in Lithuania’s foreign policy: attention to the closest region (e.g. Eastern Partnership); focus on international institutions and norms, emphasis on values. On the other hand, there is a lack of diversification of economic ties (especially, there is a
problem of higher dependence on a single energy resources supplier). Despite the “securitized” public discourse, Lithuania falls behind other Alliance members in the amount of its expenses allocated to defense. From the point of view of neo-classical realism, this can be explained by intervening unit-level variables - state structures and perceptions of the political elite.

The key factor for foreign policy decision-makers of small states is a reasonable assessment of changes in the international system. Analysts note of a shift from the unipolar to multipolar world because of the rise of the regional powers and economic interdependence. The world nowadays is facing global threats. Accordingly, a strategic change (“pivot to Asia”) in the foreign policy of the US, which is considered to be a strategic partner for Lithuania, is being observed. Although commitments to collective defense are persistent, the European allies are encouraged to assume more responsibility in regional security matters. The decrease of the US defense funding and strategic redistribution of it in the world should encourage European countries to invest more in their defense. Measures to strengthen the CSFP will be considered at the highest level by the end of 2013. The Lithuanian political and academic elite should take these processes into consideration and assess their impact on the security of the country and the region, as well as the best means to address these challenges.

Due to its geopolitical situation, Lithuania is especially keen on the vitality of transatlantic relations. They may be challenged by at least two factors: a need for a more unanimous European attitude and economic-financial constraints on both sides of the Atlantic. Because of the institutional arrangement of the EU, the possibilities for Lithuania to exert influence on the CFSP are limited, however, Lithuania is ready to contribute to a greater security in the region by fostering the Eastern Partnership. Prospects of concluding the Transatlantic Trade and Investment Partnership opens up opportunities for mutual economic recovery and further fostering of social and economic transatlantic ties.

The Copenhagen School believes that security arises from cooperation and a common identity rather than from the ability to concentrate and use power against others. Research shows that the issue of Lithuania’s integration into the transatlantic security community is still an unfinished matter.

The aim of the article is to prove that security issues are still of great importance to Lithuania. Their solutions could be as follows:

• to become a reliable, loyal partner to the Alliance not only committing itself to the common policy and strategy of the alliance but also respectively investing in the development of defensive capabilities;
• to further deepen Euro-Atlantic integration in the economic-social sphere: to strengthen interdependence reorienting and diversifying its economic-trade relations accordingly; to encourage the development of human relations;
• inside to further strengthen democratic values and institutions;
• in view of the ongoing external processes and with a decade of Lithuania’s membership in the Euroatlantic community approaching, a public debate about the changing international environment, Lithuania’s place and role in the world, and its understanding of threats and security can be held; it could help to clarify some answers while seeking together with partners on both sides of the Atlantic for common security solutions.

*September 2012 – March 2013*
The Changing European Security Space
Cooperation of Nordic-Baltic Countries in the Areas of Security and Defence

The strengthening of relations with the Nordic countries has already for some time been among the priorities of Lithuania's foreign policy. As opinion polls suggest, the people of Lithuania believe that Lithuania should be associated with the region of Northern Europe. But the Baltic States are members of the EU, NATO as well as other global organizations and belong to all conceivable regional organizations – the CBSS, the Northern Dimension, etc. Why then is some other regional format at all necessary? When a discussion of the cooperation in the security and defense area gets started, still more fundamental questions arise. Will it not be a substitute for NATO? What has changed that after more than two decades since the end of the Cold War, and after nearly eight years since the membership of the Baltic States in the EU and NATO, the Nordic and Baltic countries have actively entered into the discussion on the cooperation of eight countries in the area of security and defense? What are the changes that can lead to the Nordic-Baltic cooperation in the area of security and defense (that just a short time ago was nearly verging on taboo)? Why would the Nordic countries choose the Baltic States as partners and not, for instance, Germany or Poland? This article, primarily focusing on the presentation, analysis and generalization of the current processes (but not on the theoretical discourse), explores the transformation of the Nordic-Baltic region, security and defense challenges and threats. This study, largely through the prism of Lithuania's interests, attempts to analyze the advantages and disadvantages of regional cooperation formats. The arguments here supply a basis for stating that the time is ripe for starting to speak in earnest about the Nordic-Baltic "security community", the establishment of which requires not only practical efforts but also further serious academic study.

Introduction: Is it Appropriate to Speak About Security and Defense in the Nordic-Baltic Region?

This region has lately been genuinely much heard of. The Nordic countries (further – the NCs) are mentioned in statements of the Heads of the Baltic States (further – the BSs), they dominate in finance, business and energy dis-
courses. During the state visit in Iceland, held in August of 2011, President of Lithuania Dalia Grybauskaitė summarized that „the orientation of Lithuania’s foreign policy towards the Scandinavian States is based on the compatibility of the interests of our and the Nordic countries … these countries have never betrayed Lithuania and have always helped”¹. It is not only interests that link the countries of the region, but also idealism, the desire to help whoever at the time needs that help most.

Researcher of relations with the NCs, Mindaugas Jurkynas, referring to a public opinion poll conducted in 2008, points out that people of Lithuania believe Lithuania should be associated with the region of Northern Europe, and not with Eastern Europe². Northern orientation dominates in the cases of Estonia and Latvia as well. Orientation towards the North was even proposed by a foreign company that consulted the Government of Lithuania on image creation issues: in terms of economy Lithuania had rather be associated with the stable, advanced, socially responsible NCs than the post-soviet space.

Notwithstanding the geopolitical movement of Lithuania and other BS towards the NCs, we have to acknowledge differences as well. Contrary to the NCs, we are a country with a predominant Catholic faith and historical gravitation towards Central Europe which continues since dynasty connections of the Great Duchy of Lithuania and the Kingdom of Poland. Our economic-financial situation is considerably different. Formally the BSs are not integrated into institutions of the NCs.

Thus, we are dealing not with the integration of the BSs and the NCs, but about the cooperation with the NCs. But the BSs are members of the EU, NATO and other global organizations, and also belong to all regional organizations – the CBSS, the Northern Dimension, etc. Why then some additional regional Nordic-Baltic (NB) format is at all necessary? Does it have a real basis?

When talking about the Nordic-Baltic cooperation in the area of security and defense, still more fundamental questions arise. Will it not be a substitute for NATO? Does that not mean that the present institutions – NATO, the EU and others – fail to perform their tasks and we have to think about regionalization? Is it at all conceivable to think about full cooperation among the countries which have different institutional preferences? Sweden and Finland do not belong to NATO and at least in the foreseeable future do not plan to give serious consideration to the membership. Norway and Iceland, in their

² Jurkynas M., „Inkarų“, užmestų Šiaurės regione, yra išties nemažai“, www.bernardinai.lt 7 February 2012.
own turn, do not belong to the EU, while Denmark enjoys the exception for participating in the common EU security and defense policy. Only two countries – Finland and Estonia – belong to the Euro-zone.

In November of 2011, in Sweden, Örebro, a meeting of Defense Ministers of the Nordic and Baltic countries (further – NB) took place. After the meeting, the then Minister of National Defense of Lithuania Rasa Juknevičienė underlined that, during the meeting of defense ministers, the discussion about the security situation in the region was not the only issue, that all the ministers with one voice expressed the idea that the NB States should seek closer, more concrete practical cooperation in the area of defense, considering future joint exercises, enhancement of interoperability, joint efforts of the countries in the areas of cyber defense and energy security³.

Since the very beginning of the restoration of independence, the BSs have been actively aiming at trilateral cooperation in the area of security and defense (about this – later on; while writing this article there appeared a statement in the press that the Chiefs of Defense of the BSs had come to an agreement to establish a Joint Military Staff in 2013⁴). In their own turn, the NCs, that had long been consistently moving towards cooperation in the field of defense (within the framework of NORDDEFCO), made this cooperation still more intensive in 2009, after the so-called Stoltenberg Report was published⁵. Here, for the first time, the aspiration of the NCs for enhanced relations was clearly formulated. And this was done not only because of their geographical closeness, but because of common foreign and security policy interests, because of the fact that the region of the NCs is getting ever more significant from the geopolitical and strategic point of view. The Stoltenberg Report also reflected a growing interest of the EU and NATO in regional cooperation among member states and non-member states. A recent decision of Sweden and Finland to accept the invitation to contribute to the air policing mission of NATO in safeguarding the air space of Iceland only confirms that fundamental changes in the area of defense are underway in the region⁶.

What has actually changed after more than two decades since the end of the Cold War, after nearly eight years since the membership of the BSs in the EU and NATO, such that the NB countries have actively entered into the

---

³ From a private conversation with the then Minister of National Defense of the Republic of Lithuania R. Juknevičiene in November of 2012.
⁴ „Joint Baltic Military Staff to Be Established”, news.err.ee , 9 November 2012.
⁵ „Stoltenberg Report presented to Nordic Foreign Ministers“, www.icenews.is , 10 February 2009.
⁶ „Suomija ir Švedija prisidės prie NATO oro policijos misijos Islandijoje“, www.alfa.lt , 16 October 2012.
discussion on the cooperation of eight countries in the area of security and defense? What are the changes that can lead to this cooperation (that just a short time ago was nearly verging on taboo)?

During the last several decades, the NB region has most probably undergone the greatest transformation. From the region which was characteristic of the Cold War tensions between the West and the East, even in terms of armaments concentration, it has turned into one which is associated with economic and fiscal stability, high-level political integration, advanced technologies and the highest standard of living. The idea that the countries of the region are competitive and economically stable has also been proven by the fact that the NCs have been only slightly affected by the economic and financial crisis that began in 2008 and continues up to the present day and the BSs have rather adequately curbed it. The NB region also impresses by its quantitative indices – it is the fifth in the EU and eleventh in the world according to the value of the GNP.

During the years of the Cold War, even the NCs were directly affected by the situation when the “Berlin Wall” went through the middle of the Baltic Sea. Let us recall the case, when in October of 1981, the USSR submarine S-363 (of “Whiskey” type) ran on the rocks not far from the Swedish southern port Karlskrona. Later on, the mass media called this the “whiskey on the rocks” incident. Though the submarine most probably ran aground the rocks due to the unintentional fault of the crew, the submarine was almost doubtless executing an unidentified secret mission in the proximity of the principal military Navy base on the southern coast of Sweden. The event caused unprecedented tension between Sweden and the USSR⁷.

The level of democracy in the region has also changed unrecognizably. No matter how intriguing to the population of Lithuania were the latest elections to the Seimas, they raised no doubts for external observers. The eight NB countries have taken advantage of the fact that the borders opened and free mobility of people, goods, capital and services in the region and Europe has been completely implemented. Due to the membership and inculcated standards of the EU and NATO, the countries of the region are known as the least corrupted or at least making good progress in this area.

True, the BSs still have to emulate the NCs, which amaze the world by being at the very top of the “Human Development” index and have not been surpassed in terms of living standard. The NCs are one of the most successful regions of the world when estimating not only the quality of living but also

⁷ Mosey Ch, Special to the Christian Science Monitor, October 3, 1981.
the social environment and work culture. They are unquestionable innovation leaders in the world.

The region is the second donor in the world in the amount of development assistance. There is also the general image of the NCs as “honest mediators” in the bargain. It is not surprising that the historical Oslo Accords of 1993 could be signed just here. If the number of the most high-ranking officials of the UN system is counted, the NCs are unsurpassed. This also makes the region unique worldwide and its influence is considerably greater than its relative weight. It is not without reason that famous Western experts characterize the region as “the soft power”.

The BSs took advantage of all this very successfully because they soon realized that the assistance and support of the NCs could help guarantee them a greater weight in the European and transatlantic space as well as assist in solving problems urgent for them and the entire region.

“The Eight” became an informal format for the cooperation between the Governments of the Nordic and Baltic States. Within the framework of this format, not only a close political dialogue and departmental relations became possible, but joining the NCs electrical energy market by the BSs, became a reality.

The NCs have always been among the greatest supporters of the BSs integration into the EU and NATO. However, the NCs became the largest investors into the BSs, not to mention their financial support for the States’ civil societies, democracy and other important processes which were particularly important to us as developing States that had restored their independence and statehood.

Certainly, it would serve no purpose to mix the NB countries up into one whole. True, the NCs are the countries that are the closest to us not only geographically but also in the cultural and historic sense. Yet, we have quite a few differences. The NCs particularly emphasize gender equality, the rights

---

8 The first „Oslo Accords“ meetings already with the participation of Norwegians, Jews and Palestinians took place on 20-22 January 1993 at the situated near Oslo home of the Minister of Defense of Norway (after the April of 1993 – the Minister of Foreign Affairs) J. Holst and his wife M. Heiberg. Beyond doubt, the informal role of Norway in this was ineffably great (in more detail – http://history.state.gov/milestones/1990-2000/Oslo)

9 Here, data on the country that I know best – Sweden – could serve as an example. But a similar situation could be taken from other NCs. D.Hammarskjöld (1905-1961) was the second UN Secretary General in 1953-1961. F.Bernadotte (1895-1948) was UN mediator. In June 2005, J.Eliasson was elected as the Chairman of the UN General Assembly during its 60th session. The list could be extended further.

of sexual and other minorities, and human and individual rights in general. Here, like nowhere else, the consensus, a specific social contract, between the State and the individual, has been established. The decision-making type is different: in the BSs – “from the top to the bottom”, in the NCs – “from the bottom to the top”. A huge problem is posed by the lack of mutual information (a paradox – an ordinary Lithuanian knows more and closely follows activities in Minsk rather than in politically adjacent Stockholm).

Yet, talking about the “Nordic-Baltic” community or as the pre-war Lithuanian scientist Kazys Pakštas named it – the Baltic-Scandic community – is not in vain. On the contrary, life shows that even at present socially and financially different countries have rather many similarities. Why did the business of the NCs get so easily established in the BSs? It happened because business found similarities in both the culture of work and the understanding of business. Again, why did so many Lithuanians find it so easy to get established, for example, in companies of the NCs? Actually the BSs treated the financial-economic crisis in a “North-like way” – they did not rush to keep on borrowing, thus attempting to retain the economic prosperity, consumption, but “tightened belts” and through economic measures (sometimes drastic ones) forced the economies to operate again. By this quality the BSs demonstrated that we belong to Northern, not Southern Europe.

Of course, the NCs should not be idealized either. Globalization, an increase in the number of migrants, society ageing and other tendencies typical of developed Western societies make the NCs adapt their social standards and change them as well.

However, should the NB region be understood only as “soft power”? What about the security and defense dimension? True, the BSs historically have never had a safer environment. But a paradoxical situation emerges. Previously, it was necessary to worry about the security of the region for the simple reason that the region was not safe, particularly after the Cold War ended. But then, talking about the “hard security” in the Baltic region was impossible, solely for the sensitiveness of Russia (it is worthwhile to remember that the first organization of the entire Baltic Sea region – the Council of the Baltic Sea States – since its very establishment in 1992, did not include “the hard security” among its functions). Now, when the security situation has dramatically changed, it seems that it is the issues of “hard security” as well as the NB cooperation in security and defense area that have become not urgent any more.

This is only part of the truth. The countries of the region have never distanced themselves from security and defense. Testimony to this is also infor-
mative facts about the accumulated extensive experience in peacekeeping, participation not only in the UN operation but also in NATO and EU missions. It suffices to look at the geography – Afghanistan, the Horn of Africa, the West Balkans, etc. Denmark in general pays the greatest attention to NATO overseas operations\textsuperscript{11}. Sweden participated in the operation in Libya by sending combat planes though being the only non-NATO country (although Sweden took part only in the assurance of the no-fly zone, it went considerably “farther” than some members of NATO, for example, Germany, Poland). Sweden and Finland participated in almost all NATO missions, starting with SFOR and KFOR and continuing with ISAF in Afghanistan.

However, the combat capability of the NB region is also sometimes belittled. A relevant example: in Europe only Germany has more combat planes than collectively all the NB countries. In case of a crisis or a military conflict, the NB countries could send sufficient (and well-trained) land forces, including the reservists.

Once again, like in the case of the economic and financial development level, the NB countries are also not uniform in terms of security and defense. The BSs are among the weakest NATO countries. In contrast, the NCs possess the most modern armed forces. The outstanding commentator of “The Economist” Edward Lucas rather aptly defined the situation: “The countries that have the greatest needs have the worst security ... And the countries that have the strongest defense are divided”\textsuperscript{12}.

In spite of the fact that the region is fairly well known, it was only a short time ago that the discussions on the cooperation of the NB countries in the area of security and defense were entered into. Of course, reflection on this topic has never been in short supply, though for a long time social, economic and diplomatic dimensions, as well as energy security, relations with Russia, etc. dominated in the security discourse of the region.

So, has the time really come to start speaking in earnest about Nordic-Baltic security and defense? This article provides key arguments as to why I support this statement; further on I elaborate on those arguments; and in the concluding section I summarize my ideas.

So, what has changed and what new assumptions have surfaced?


• Though the situation in the NB region is changing in the positive direction and though the division of the region as well as threats is no longer on the agenda, the region does not feel a shortage of challenges (this will be analyzed in more detail further in the article). It is possible to mention internal political tensions, illegal migration, ecology, etc., because it is obvious that the very notion of security is changing and discussion is not only about military threats.

• But this concerns not only “new threats”. The countries of the region, particularly the BSs, are reasonably concerned about military threats. True, the situation is completely different if compared to that when Russian army was on the soil of the BSs. But the military threat has not been discarded. Though it is not a Cold War situation, defense issues return to the agenda of the region’s countries. For the NB countries, Russia’s war with Georgia in 2008 and the lasting occupation of the two regions is a “reminding call”.

• With NATO’s capabilities decreasing and the USA ever more clearly declaring a declining contribution in Europe, the time has come for both Europe in a wide sense and its individual countries to assume greater responsibility. In any case, the topic of the NB countries does not dominate in the USA press. After the reelection of the USA President B. Obama in November of 2012, talks were instantly heard that the first “victim” of the drastic budget cuts would be the military budget of the USA. Inevitable budget restrictions in European countries are also related to this. Even if Europe overcomes the economic and financial crisis soon, its consequences will be long felt. Meanwhile, the NB countries will have to learn to live in the “world” of smaller budgets.

• Another tendency is that the region’s way of reasoning about security and defense is undergoing change. The report of 2009 of the former Prime Minister of Norway Thorvald Stoltenberg about the security cooperation of the NCs covered many interesting proposals concerning the cooperation of the five NCs¹¹ and reached beyond the traditional NORDEFCO cooperation. Of course, the report did not practically cover the BSs, but demonstrated a clear tendency – of “the soft power” region, the Nordic (and in the future also the NB) region has a tendency to get transformed into a “security community”. The Swedish Solidarity Declaration of 2011 also indicated that the Nordic (again, let us hope that in the future the

NB) region transcends traditional borders defined by EU and NATO memberships (further on, this will be discussed in more detail).

- The NB region, undergoing a transformation towards a security region, attracts external attention – of the neighboring Poland and also of the countries farther afield, such as the UK. As the response of the NCs to this was the regional defense initiative, i.e. the Northern Group made up of the NCs, the BSs, Germany, the Netherlands and Poland. Another regional reaction was the establishment of the Nordic Battle Group to which the BSs were also invited in May of 2012.

- As a consequence of globalization and integration (the EU, NATO) processes, the NB region, its security problems have become part of a broader transatlantic security: unpredictable nuclear Russia, unresolved High North issues, unsettled “the knot” of NATO–EU relations, Russia’s relations with Europe and the USA, etc.

It was not just the changing circumstances that encouraged me to take up the exploration of the NB cooperation in the security and defense area. Regardless of the extensive literature on the BSs\textsuperscript{14} or the NCs\textsuperscript{15}, the NB as a combined geopolitical unit has become the object of research only recently. Here first of all, it is necessary to single out a joint USA and NB experts’ study which was carried out as part of the long-lasting project of the USA Atlantic Council (financed, by the way, by the Ministry of Foreign Affairs of Sweden)\textsuperscript{16}. Here, perhaps for the first time, attempts are made to explore the common security of the NCs and the BSs, and certainly analyze security challenges of the NCs and the BSs in more detail and, in a broader sense, the processes underway in the Baltic Sea region.

But the distinguishing feature of the NB cooperation in the area of security and defense is dynamism. Therefore, while further exploring this topic,


\textsuperscript{15} Here it is particularly important to single out some most significant studies, since the security of the NCs has been analyzed for more than one decade.

particularly the current situation, and formulating tendencies for the future, I have largely relied on the analysis method of the ongoing processes. This study also attempts to analyze security and defense processes not by separating them but as a general whole.

1. Challenges for the Nordic-Baltic Region

What challenges affect the Nordic-Baltic region? We will look into this issue from several aspects – political–strategic, military–security-related, energy-bound–economic which are actually interrelated. These aspects are beyond the limits of the traditional security and defense issues, but provide a broader grasp of the problems.

While analyzing the challenges affecting the Nordic-Baltic region, we will explore them from the temporal perspective, by analyzing former challenges and the current ones. Without getting “ahead” of this section, it is already possible to state that the previous conception of threats to a rather great extent separated the Nordic and the Baltic States, whereas currently we see a fairly large convergence of threats.

At present, not only the NCs but also the BSs are applying a comprehensive security approach. For example, the study of the Swedish Defense Studies Institute published in October of 2012 has clearly demonstrated that meanwhile non-military threats are more urgent for the BSs\(^\text{17}\). The NCs do not see military threats in somewhat tangible perspective either. At the same time, neither the NCs nor the BSs are isolated from diverse challenges and threats.

1.1. Political–Strategic Aspect of Security

If in the case of the BSs it were possible to “turn back the clock” and look twenty years back, we would see that threats and challenges the BSs then faced are changing. The BSs, particularly during the first years of the regained independence, were solving the issue of the withdrawal of Russia’s (the former USSR) armies from their territories. A sizeable minority of Russian-speaking inhabitants in Latvia and Estonia (a less urgent problem for Lithuania) was posing a constant concern. Lithuania, in its own turn, had a specific challenge

– the uncertainty of the future and further development of the Kaliningrad region – the region which during the first years of the independence, particularly keeping its excessive militarization in mind, posed a serious problem. Another specific problem of Lithuania was Russia’s military transit through the Lithuanian territory. As a barrier for the final withdrawal of the Russian (the former USSR) army from Latvia, the Skrunda radar problem emerged.

Finally, in 1991–1994, the uncertainty concerning the enlargement of NATO dominated, particularly because of the indecisiveness of Washington. “The red lines” drawn by the then Prime Minister of Russia Victor Chernomyrdin concerning the membership in NATO, caused concern for the BSs. The constant reiteration of “the near abroad” doctrine from the side of Russia’s elite did not add to the confidence either. The idea of the possible regionalization of the Baltic Sea security – both in using the OSCE and other multinational formats – which was raised by Russia and supported by individual Western countries, also posed a threat to the long-term security of the BSs. Had these ideas been implemented, the BSs would have found themselves in “the grey zone” for a long time.

Thus, with threats gone, what challenges could at present be singled out? They could be divided into several categories.

First, ranking the challenges referring to direct experience. For several weeks in 2007, in the region and beyond, there loomed a great tension, triggered by Russia’s reaction to the decision of the Government of Estonia to dismantle the monument for the USSR soldiers killed in WWII: the pressure of the Russian government at the international level, the rise of ultrapatriotic organizations not only in Estonia but also in Russia that manifested itself even with respect to Estonian diplomatic embassies in Moscow and St. Petersburg (in political science and mass media this became known as the incident of “the Bronze Soldier”). And as the climax of this tension a cyber-attack against the governmental Internet resources of Estonia followed. It would be possible to add to this Russia’s war with Georgia in 2008 that was an “eye-opener” for many politicians and experts of the NB region.

19 According to V.Černomyrdin, the conception of „the Red Lines“ meant approximately the following: in principle, it is possible to agree with the membership of Poland, the Czech Republic and Hungary in the Alliance, but the accession to NATO of the former USSR countries, including the BSs would mean that a certain imaginary „boundary“ is crossed.
Migration problems should doubtless be attributed to “modern challengers”. Quite a few facts indicate that migrants from Asia and other distant regions, having crossed the borders of the BSs, continue to travel to the Scandinavian countries. Extensive criminality and illegal smuggling on both sides of the borders are also related to this.

Second is what could be called a sense of (in)security. In the case of the BSs, this is what the then Prime Minister of Sweden Carl Bildt at the time so vividly called “the litmus test”\textsuperscript{21}. True, at present a military attack from Russia or any other neighbor does not seem real, but the possibility is not discarded (more about it in another part devoted to “the hard security”). Though not a single state from the NB countries has labeled Russia as a threat, it is undoubtedly perceived as “uncertainty”. Pessimists though voice the idea that it is only a question of time when Russia will start actively expanding its sphere of influence in the BSs by taking advantage of energy, national minorities, exercising influence on elections, etc.

Within the context of Lithuania, the Kaliningrad region also remains a challenge, particularly in case of a conflict in the region. In such a situation, the military capabilities of Russia deployed here would considerably influence the BSs situation. Modern armaments, air defense systems, such as S-400 or ground-ground missiles of the “Iskander” type militarily make Kaliningrad region much more significant than it used to be.

All in all, Russia has been and will remain a security factor for the NB region. Because Russia shares borders with five countries of the region, Northern Europe is a direct corridor for it to the West. No matter how controversial Russia is, it is a strategic partner of the EU, NATO and a member of the UN SC.

Russia claims having no frictions with the NCs (though historically they did exist and were quite numerous). Russia’s interests are to maintain a stable security environment with the region, which borders on the “second capital” St. Petersburg, the Kola Peninsula, still retaining the nuclear weapon, Kaliningrad region. Russia takes interest in the NCs because of their advanced technologies and investment capabilities (for example, Sweden is the greatest investor per capita to Russia).

Therefore, Russia attempted not to strain relations with the NCs, even though they remained rather critical of Russia’s democratic standards. For example, Russia has successfully settled legal aspects of the sea border with Norway, has taken into consideration the ecological requirements related to the gas pipe “NordStream”, has even at the time invited the Norwegian compa-

\textsuperscript{21} Bildt C., „The Baltic Litmus Test,“ \textit{Foreign Affairs}, 73, September-October 1994, p. 72-73.
ny “Statoil” to join the exploitation of the Shtokman gas deposit.

True, the changing military situation in the region, particularly with Russia rapidly arming, can also be observed in the capitals of the NCs. It is this factor that becomes the primary one when talking about the changing security conception of Sweden and Finland (about this – later)\textsuperscript{22}.

Russia’s relations with the BSs are essentially different because the trust between Russia and the BSs is in short supply. The above-mentioned war in Georgia, the large-extent and offensive-nature exercises “Zapad” and “Ladoga” in the region, the acquisition of “Mistral”, and the ambiguity of the Treaty on Conventional Forces in Europe (CFE) also added to the mistrust. It is a possibility that Russia itself is interested in cultivating the myth about the “hostility harboring” BSs.

Dmitri Trenin, a famous Russian political analyst, summarized Russia’s interests in the following way: Russia tries to prevent the deployment of NATO infrastructure in the BSs; aims at obtaining the elements of infrastructure in the BSs; forces Latvia and Estonia to decrease standards in acquiring citizenship, thus increasing the political weight in them; and, defends the role of the USSR in liberating Europe from the Nazism\textsuperscript{23}.

There are also strategic matters that do not satisfy Russia, for example, NATO’s plans for the anti-missile defense (AMD). The AMD is not directly linked to the NB region, but nuclear weapons are indirectly present in the region. In the new NATO Strategic Concept, the Alliance has made the decision to remain nuclear, until nuclear weapons make up the basis of security assurance\textsuperscript{24}. In this sense, the assurance becomes important for the entire NB region. There is some talk that Russia’s newest missiles “Iskander” are deployed in Leningrad region (possibly in Kaliningrad region as well) and that means that Russia can easily reach the BSs and Finland. Thus, the AMD-related decision though indirectly will also affect the NB region, particularly being aware of Russia’s further aspirations to become part in decision making and execution.

The problem concerning the above-mentioned decline of the USA leadership in the region, transfer of the USA’s focus to Asia, the USA’s economic problems, demanding more orientation towards home policy, are also associ-


ated with Russia’s influence\textsuperscript{25}. The lessening of the USA military presence in Europe is linked to the fact that Germany is also cutting its forces in the Baltic region. The relative decline of the political influence of the USA in Europe is perfectly illustrated by the situation that emerged during the NATO summit in Bucharest in 2008 when a lack of political will made it impossible “to push” Georgia and Ukraine towards the Alliance.

The “placing side by side” of the USA and Russia in the study is not accidental. It is a valid guess that Russia would undoubtedly try to fill the “vacuum” that surfaced after the withdrawal of the USA, thus making the ever growing influence on its neighbors, particularly the BSs. The rapprochement of the USA–Russia (the “restart” policy) including security and non-proliferation areas has also caused concern for the BSs. Doubts have as well been raised by NATO–USA AMD discussions and in general the course of relations with Russia when attempts have been made to seek cooperation on not always mutually beneficial basis\textsuperscript{26}.

1.2. Military-Security Dimension

Regarding the military-security dimension, several of its most significant elements should be mentioned: NATO’s role in the region in general, the membership of the BSs in the Alliance, as well as security policy changes in the NCs, particularly in connection with the NCs Declaration of Solidarity.

NATO plays a decisive role in the security of the region. This is well illustrated, even in the social networks, with the utterance, voiced by the Minister of Foreign Affairs of Sweden Bildt, during the visit of NATO’s Supreme Allied Commander Europe James Stavridis in Stockholm: “Sweden is not a member of NATO, but Article V commitment of NATO to our Nordic and Baltic neighbors is important also for our security”\textsuperscript{27}

No matter how paradoxically it may sound, Sweden and Finland, being non-members of NATO, were the greatest supporters (particularly Sweden) of the BSs membership in the Alliance. In 1990s, in a quiet manner, without much commotion, Sweden passed over some armaments to the Armed Forces

\textsuperscript{25} The best „barometre“ of this is the latest presidential election in the USA when the primary emphasis was not on foreign policy but on unemployment, medical reform, the growing debt, etc.

\textsuperscript{26} „Grybauskaitė: JA V prezidentas Obama pakeitė požiūrį į santykius su Rusija“, www.alfa.lt, 21 May 2012.

\textsuperscript{27} C.Bildt’s message disseminated on the social network: “Sweden is not member of NATO, but Article V commitment of NATO to our Nordic and Baltic neighbors is important also for our security”, 16 October 2012.
of the BSs, thus contributing to their establishment. Now as well, these non-aligned countries scrupulously observe that NATO commitments in the region be implemented. From this also stems the cautiousness with which Sweden and Finland react to the signals about a possible responsibility of both the countries in safeguarding the air space of the BSs. It is clearly stated, at least at the informal level, that this mission has to remain a NATO operation.

It is understandable that NATO’s air policing mission is almost the best felt expression of the BSs membership in the Alliance; the decision on the infinite extension of the mission had been made before the NATO Chicago summit in April 2012. The countries of the Alliance want the BSs to assume more financial commitments pertaining to the execution of the mission; therefore, the BSs have promised that the financial support for this mission will start increasing after 201428.

Right after the BSs became members of the Alliance, the issue of defense plans was not raised. Recently it has surfaced in connection with the discussions that have turned public and has become sensitive in several aspects. First, the states of the region became concerned that though formally the BSs were members of NATO, they were not “covered” by contingency defense plans. Second, as soon as experts began to analyze the issue concerning defense plans more explicitly, it became obvious that any NATO activity in the region would have an impact on Sweden and Finland.

In January 2010, “The Economist” commentator Lucas, who had been closely following the issues related to the BSs, announced that within NATO decisions on defense plans had come to life. These plans will be a supplement to the existing Poland-related plans, and they leave some space for the role of Sweden and Finland29. Summarizing the NATO summit, held in Lisbon in 2011, President of the Republic of Lithuania Grybauskaitė confirmed: “Article 5 has finally started actually functioning”30.

Why has the issue of the defense plans of the BSs become so urgent? The situation has not changed dramatically. No new threats have emerged after the accession to NATO. Defense plans, or, to be more exact, the absence of them, have become a serious security policy challenge for the BSs. It is possible to claim that, in the absence of NATO defense plans, Russia or any other country could come to the conclusion that the BSs were not full members. This could become a destabilizing factor.

29 „Contingency plans for the Baltics (?)“, edwardlucas.blogspot.se , 14 January 2010.
Yet, a still more interesting issue in the region is the relations of the non-aligned Sweden and Finland with the Alliance. According to Bo Hugemark, the Solidarity Declaration of Sweden (about it later) poses no less strict requirements for Sweden. In case a war breaks out in the countries around the Baltic Sea, Sweden will for sure be involved. Hugemark asks: What does Sweden stand to lose if it becomes a member of NATO? The answer is simple: nothing. In case of a war in the region, Sweden (and Finland) is bound to be involved. Then, Sweden had better be ready and that is possible only being a member \(31\).

As a significant step in developing relations with NATO, experts point out NATO Article 5 crisis management exercise “CMX 2011”, when Norway was being “defended”: alongside NATO countries Sweden and Finland also “participated” then; Sweden not only “rendered assistance” (its military Air Force), but also “granted” an absolute right to use its air space for transit.

Though the societies of both Sweden and Finland are skeptical regarding the membership in NATO, more and more experts claim that both countries, exploiting the current rather peaceful situation, should start reorienting their defense doctrines towards the membership in the Alliance. The membership of both the countries, i.e. Article 5 guarantees, would be beneficial not just for them but for the entire region, would contribute to the security of the whole region. Ironically, the membership of the BSs in the Alliance has decreased the psychological pressure on Sweden and Finland to become NATO members.

Of course, the specificity of both the countries – Sweden and Finland – is different. In the argumentation of Finland, like in that of the BSs in 1990s, Russia is the central focus. It was during his visit to Helsinki that the then Chief of Defense of Russia Sergey Makarov said that “cooperation between Finland and NATO threatens Russia’s security … Finland should not desire NATO membership, rather it should preferably have closer military cooperation with Russia”\(^{32}\). This even forced the Minister of Defense of Finland to react by stating that Finland is a free nation and that “Finland evaluates its relationship with NATO in a manner that is consistent with its government policy program and on the basis of its own national security and defense policy interests”\(^{33}\).

In experts’ opinion, both Sweden and Finland technically meet NATO standards and could become members of the Alliance at any moment. In certain cases, they are more integrated into NATO and correspond to NATO criteria than members of the Alliance. The above-mentioned participation of

---

33 Ibid
Swedish Grippens in NATO operation in Libya testifies to this. There are quite a few areas, for example collection of intelligence data, where Sweden could substantially contribute to NATO.

For Sweden “neutrality” and “non-aligned” country status was the status of a moral country during the entire Cold War period, for example among Third World countries. Anyone who is interested in the history of the relations between Sweden and the USA knows the episode when the then Prime Minister of Sweden Olaf Palme alongside the ambassador of Vietnam protested in front of the USA embassy in Stockholm.

But even during the Cold War, Sweden (perhaps in a lesser degree – Finland) maintained close relations with the USA and NATO. It was not in vain that the phenomenon got the label of “the double doctrine”. There were talks that Sweden, while conducting the formal “non-alignment” policy, had made secret agreements concerning defense with individual NATO countries.

During the years of the Cold War, the USA acknowledged the strategic significance of the NCs. A pragmatic conception dominated that if the USSR gets established in the North region, NATO defense commitments will be in essence weakened. Therefore, the USA accepted Sweden’s proposals to cooperate in the security area, notwithstanding the fact that Sweden was not a member of NATO (L. Michel mentions a top-secret memorandum prepared by the National Security Council in 1952 which stated that in case the USSR started to dominate with advanced air, guided missile and submarine bases, this would threaten allied operations in the Atlantic and would form a protective shield against the related sea and air operations while attacking from the northwest; the memorandum provided for the means how to assist Sweden and Finland).

This clearly pertained more to Sweden. In the case of Finland, “neutrality” was a geopolitical reality. But it was possible to understand Finland: the primary challenge of Finland was and remains: how to deal with Russia. Nevertheless, Finland’s decision to procure F–18s right after the end of the Cold War indicates that, in spite of perfect mutual relations, Finland treats threats posed by Russia realistically.

Apart from NATO, another important factor in the issues pertaining to the security and defense of Nordic and Baltic countries are commitments of the EU Treaty.

If the EU membership for Sweden in 1995 was conditioned by economic arguments, for Finland and later for the BSs it was not only an economic project but also the assurance of national security.

In the case of Sweden, the security aspect emerges much later, after the Lisbon Treaty came into effect. On 14 January 2010, the Parliament of Sweden adopted the Declaration of Solidarity: for the first time after hundreds of years Sweden renounces neutrality and declares that it will take care not only of its own security but, on the basis of reciprocity, will contribute to the defense of the Nordic and neighboring countries.

A leading expert on NB defense matters, Karlis Neretnieks argues that Sweden’s commitments are pertinent to this declaration in the following way. First, it is Sweden’s wish to comply with Article 42.7 and Article 2.2.2 of the Lisbon Treaty on the EU (the first of them states that “if a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power, in accordance with Article 51 of the United Nations Charter”). In Neretnieks’ opinion, of no less importance was the growing understanding that in case of a conflict, Sweden was not going to keep aloof. And, of course, historical legacy – the role of Sweden during the interwar period, when it was rather sluggish in providing assistance to Finland and did not support the sovereignty of the BSs (it was as early as in the 1990s that, as a certain compensation, Sweden showed rather strong support to the independence of the BSs). In any case, these were revolutionary changes in Swedish security policy.

Hugemark, who was mentioned above, goes further not only presenting arguments for the Swedish Solidarity Declaration, but also analyzing three hypothetical scenarios. The first scenario is about the already mentioned “Bronze Soldier” type conflicts when NATO is asked to demonstrate solidarity. The second scenario is a political crisis when Russia considerably increases its military contingent and Sweden is asked to participate with land and navy forces. And the third scenario is when Russia unexpectedly attacks the BSs. In this case, Sweden is asked to get involved with all of its capabilities.

Hugemark summarizes that all operations in the Baltic region will have to be executed under NATO command because none of the countries of the region would be able to act independently. At the same time, whatever the scenario Sweden will be involved.

---

The authors of this and similar studies raise a particularly important question – how to fill the “defense gap” in the BSs’ territory – and propose “to compensate” it through practical measures: by organizing joint exercises of Sweden and the BSs, by preparing Swedish society such that it will be necessary to defend the BSs, by inviting the BSs to join the NCs’ defense cooperation, by Sweden participating in NATO exercises in the NB region.

This was not the case before World War II. At that time, the Swedish political elite were thinking in the following way: Russia (the Soviet Russia, later – the USSR) would inevitably grow stronger. It would need an entry to the Baltic seaports; therefore, the BSs would unavoidably lose independence. Thus, changes in Swedish and Finnish security policy are underway. They will also be determined by another factor – consistent belief that one country, even considerably well armed, will not stand long by itself. When I was about to complete this writing, the Swedish political elite and experts were “shaken”, in the literal meaning of the word, by a statement made by the Commander of the Swedish Armed Forces General Sverker Göranson when he claimed that without external assistance the Swedish Armed Forces would, in the best case, withstand external threat for a week. This provoked a stormy reaction and was likely to have repercussions. After some time, a similar idea was also expressed by the Finish expert Alpo Juntunen, who claimed that in case of a Russian attack, the Finns would be capable of defending only the southern part of the country for a short time. Both statements caused a great deal of reactions and commentaries (of course, with both Swedish and Finnish government representatives denying it) that were both for the Swedish and Finnish membership in NATO and for as fast as possible further expansion of Nordic and NB cooperation in the military field.

The fact that Swedish public opinion (and, most probably, Finnish, too) is not monolithic was also revealed by a recent survey of public opinion. Thus, Swedish society is increasingly supporting the state’s NATO membership. Although only 29 per cent expressed their support and 32 per cent disagreed with this option (39 per cent abstained), this data should be compared with previous surveys. A similar survey carried out in 2011 showed that at that time only 22 per

39 Ilta-Sanomat, 7 January 2012.
cent of the society supported the membership, while 50 per cent were against\(^{40}\). Thus, the changes are obvious, though it is too early to make any conclusions\(^{41}\).

It is possible to say that changes in the Swedish security policy have had an impact on changes in the region as well. An important step was made by all five NCs when on 5 April 2011 in Helsinki they adopted the Declaration of Solidarity. As commented by the then Norwegian Minister of Foreign Affairs Jonas Gahr Støre, “this is yet another building block in our Nordic cooperation”\(^{42}\). The Helsinki Declaration sets out that it is a natural continuation of cooperation between the NCs, that they will cooperate in a spirit of solidarity to meet challenges in the foreign and security policy area. This is particularly relevant in the face of potential risks, including natural and man-made disasters, cyber attacks and terrorist attacks.

The key statement of the Declaration provides commitment to mutual assistance – “should a Nordic country be affected, the others will, upon request from that country, assist with all relevant means.” This enhanced Nordic cooperation will be conducted by complying with each individual country’s security and defense policy, and will complement the existing European and Euro-Atlantic cooperation\(^{43}\).

The idea of the Declaration of Solidarity of the NCs was first put forward in the above-mentioned Stoltenberg Report\(^{44}\). It is not yet clear how the Declaration would work in real life since it was not grounded on defense plans. Nevertheless, it is a significant symbolic step. Although semantically there are few differences between the Declaration of Solidarity and Article 5 of NATO, it is not likely to be the beginning of Sweden’s and Finland’s joining NATO. Likewise, as the decision of Sweden and Finland to join NATO air space patrolling over Iceland will not be the beginning of joining NATO either, though the symbolic aspect of this joining is yet to be evaluated\(^{45}\).

\(^{40}\) “Gradual shift in Swedish public perception in its military preparedness - more people support the country joining NATO”, www.scancomark.com, 18 January 2013.
\(^{42}\) “Agreement on Nordic declaration of solidarity”, www.regjeringen.no, 5 April 2011.
\(^{43}\) ibid.
\(^{45}\) “Sweden and Finland discussing unarmed air patrols over Iceland“, www.acus.org, 15 November 2012.
1.3. Energy (Economic) Security

Energy and energy dependence are going to remain the key priority(s) of national security for a long time, particularly in the case of the BSs. In the modern world this is becoming a dominant element on the security agenda in spite of the still remaining importance of the “hard” security, especially in the BSs. However, even the establishment of the NATO Energy Security Center in Vilnius shows that energy and military security are interrelated.

The essence of the problem is as follows. The three BSs are forced to import energy from only a partly diversified source. In 2020, in the three states energy shortage will be 1.3 GW.

Although in 2004 the BSs became EU and NATO members and are integrated into transatlantic structures, energy supply depends on Russia and is not diversified. Russia not only declares, but also uses energy as an instrument to gain geopolitical advantages and foreign policy objectives. Investments of Russian companies in the BSs would not be a problem provided they operated by the same transparency and accountability standards as traditional Western companies. Under cover of mystery which is characteristic of the energy sector, Russian companies are beginning to make impact on the internal political life. Energy is becoming Russia’s tool to establish itself not only in the BSs but also in Central and Eastern Europe by creating its influence zone there.

Energy dependence has also a clear defense dimension. The scenario when the country is thrown into turmoil which later turns into a deep political crisis because of a shortage of energy resources cannot be discarded. It is obvious that the capability of a country to defend itself by military means would be considerably reduced.

Energy dependence of the BSs on Moscow not only makes them vulnerable, but also prevents them from making optimum use of energy.

Denmark and Sweden do not depend on external supply because they have sufficient possibilities for internal generation. Finland also largely uses Russian oil and gas, but even though it is, like the BSs, “an energy island”, it is developing its own generation capabilities, for example, nuclear power plants. Norway has full energy independence.

It is only in the case of the BSs that the notion “energy islands” can be used, since their energy network is still isolated from the West and is connected with Russia’s/the former USSR energy network.

The situation is different. Estonia is least dependent on other countries due to the still exploited shale resources. In contrast, Estonians even export
electricity. The biggest problem will be after 2016 when shale exploitation is stopped. Latvia has been largely dependent on external suppliers, but part of its energy is hydro energy. Latvians are consistently increasing the use of renewable sources.

Lithuania faces the biggest problem of energy supply dependence. Before the shut-down of Ignalina Nuclear Power Plant on January 1, 2009, it was one of the biggest energy exporters in the region, and now, according to energy consumption per capita, it “has taken the lead” in the entire EU, especially after gas export from Russia increased.

This is why Lithuania puts the greatest emphasis on energy as the biggest security challenge. The Lithuanian Government had prepared a rather clear energy independence plan comprising the following key elements: the building of Visaginas Nuclear Plant (at the time when this article was being written it was still unclear how the new Lithuanian Government would react to the results of the 14 October 2012 consultative referendum on nuclear energy), the construction of the liquid natural gas (LNG) terminal in Klaipėda, the building of the Lithuanian-Swedish electricity link (NordBalt), the building of the electrical connection between Lithuania and Poland (LitPolLink), unbundling of gas and energy sectors, search for shale gas, and synchronization with the Western electricity system (the second LitPolLink line).

Another problem in the region is that the projects of the Kaliningrad nuclear plant and the Belarusian nuclear plant (close to the Lithuanian border; 50 km from Vilnius) have made a start. The problem that lies in the projects is not only the fact they are carried out without compliance with international standards. As long as Russia is not part of the EU-regulated market its energy price will always be lower and, consequently, discriminatory.

In spite of the optimistic plans, in the energy area Russia was and is going to be a problem for a long time. Although it claims to be a reliable energy supplier, this may be the case with Finland. The BSs have different experience. For example, in 2000, after the Lithuanian Government made a decision to give over the former “Mažeikių nafta” not to Russian enterprises (something actively sought for by the Russian authorities), but to the Polish enterprise “PKN Orlen”, Russia immediately cut off oil supplies via the Druzhba pipeline. This was explained by the fact that the pipeline was outdated and its further exploitation posed serious environmental problems. Lithuania’s proposals to contribute to the repair of the pipeline and even pressure on Russia through

---

46 On 26 June 2012, the Lithuanian Seimas discussed and approved the draft of the new “National Security Strategy” (see: http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_1?p_id=428241).
the EC and the capitals of EU states did not add to this either. Another negative experience was Russia's drastic behavior after Lithuania and other EU member states started the implementation of the EC Third Energy Package.

Economy should also be attributed to strategic economic problems of the NB region. Of course, the region is related to general tendencies in the EU and world markets, that is, with the financial problems of the EU and the euro zone.

It should be noted that the efforts of the BSs to resolve the crisis have been repeatedly commended by the NCs. During his visit in Vilnius, the Minister of Foreign Affairs of Sweden Bildt pointed out that “around the Baltic Sea we have growth; we have some of the most competitive economies in the world. I think Lithuania, Latvia and Estonia have overcome the financial crisis extremely well”\textsuperscript{47}.

Neither Sweden nor Denmark has introduced the euro. Lithuania and Poland are still planning to do that. Only Estonia and Finland have common currency. Membership of the euro area has not only fiscal meaning – it is hard to imagine the case when a member of the euro zone would be affected from the outside and other EU members would show no reaction.

In the strategic sense, it will be important for the Nordic and the Baltic region countries to retain solidarity, even though they have different policies regarding the euro. It is also extremely important due to the fact that the banking systems in the region are very closely related. The growing flow of mutual investments and the involvement of Nordic business in the economies of the BSs, the threat that the NCs’ banks faced at the beginning of the financial crisis in 2008 showed that there was growing interdependence. Banks of the NCs (especially the Swedish ones) and the biggest companies (Ericsson, TeliaSonera, IKEA, ABB, etc.) would suffer great loss if the BSs faced problems of “the hard security”. Mutual economic dependence is a precondition that, having made investments, in time of crisis the country will not leave these investments but will defend them.

Unevenly developed economy of the states in the region as well as inadequate transport connections should also be attributed to economic problems.

And finally, another challenge in the region related to the regional economy and energy is ecology. It relates to declining fish stocks, oil spill risks, climate change, and increased transport flows. About 8 per cent of world shipping takes place in the Baltic Sea region, and Russia keeps expanding the capacities of its ports in order to bypass the ports of the BSs. Industry and agriculture are still the biggest sources of pollution in the region. In general, the Baltic Sea is

\textsuperscript{47} BNS, “Šiaurės šalys giria Baltijos šalių pastangas krizei įveikti”, 4 September 2012.
very vulnerable because of its shallowness – any pollution does not necessarily have to be highly massive to inflict huge damage. An unidentified amount of chemical weapon dumped in the Baltic Sea during World War II remains a potential ecological problem.

2. Formats of Nordic-Baltic Cooperation

To what extent are Nordic-Baltic cooperation structures adequate to the above-mentioned challenges? Especially, if we claim that at present we encounter a clear tendency that, at least at the level of understanding challenges, the Nordic and the Baltic States have more in common than not.

During the Cold War, the NCs were perfectly aware that not only traditional means, but also such means as sabotage, threats and other asymmetric means (the mentioned “whiskey on the rocks”) could be used against them. Therefore, they used the strategy of “total defense” when both state and private sector had their coordinated role as to what should be done in case of threat. The scenarios of the Estonian “Bronze Soldier”, the bank crisis or cutoff of energy supplies definitely prove that such scenarios of “civilian security”, i.e. the involvement of civilian and private institutions in state defense, have not lost their relevance.

However, even with strong national institutions established, a multilateral context always remains of the greatest importance for small or medium countries. As early as 1992, in Bornholm (Denmark), the NBs began cooperation between the eight countries, which was originally known as the “5+3” format, and was later transformed into the “Nordic-Baltic 8” (NB8) format of governmental cooperation. After the BSs joined the EU and NATO, the intensity of cooperation slightly decreased – most probably, the NCs decided to leave more space for the BSs to adapt themselves to EU and NATO structures.

The involvement of the NCs, which had had regional cooperation formats for over 50 years, in the affairs of the BSs some decades ago was sincere and even emotion-based. Of course, it had and will have pragmatic interests. The NCs give priority to noncommittal cooperation, sectorial cooperation and voluntary rapprochement. This has been passed on to NB8 cooperation.

In 2004, after the BSs joined the EU, an informal decision was made on further parallel development of the five-lateral cooperation between the NCs and trilateral cooperation between the BSs. At the same time, NB8 cooperation had to be developed. The only institution, which the BSs could join on the basis of equality, was the Nordic Investment Bank.
So, how does the NB8 work? Without going into detail\textsuperscript{48}, the main tendencies can be mentioned in order to see which direction this cooperation is taking at present.

Here are some facts. In 2012, Lithuania, which coordinated activities that year (every year, the activities of the NB8 are coordinated by one country), set the following priority guidelines: (1) to strengthen economic links, seek BSs’ business representation through the NCs (and vice versa) in third countries, to press the initiative for electronic signature; (2) to expand regional ties with the USA and Eastern Europe (the E-PINE initiative and its further development was mentioned); (3) to create common symmetric information space of the Nordic and Baltic states which would enable to know each other better\textsuperscript{49} (here, Lithuania took vigorous action in designing an NB8 Internet portal, “placing” the NB8 in Wikipedia, encouraging national television to more actively promote information about the NB8). Over a year, Lithuania hosted multiple meetings and events of NB8 representatives at different levels in the areas of foreign affairs, defense, energy, nuclear safety, cyber safety, justice, finance, gender equality and development cooperation.

Here are some examples of cooperation in different areas.

In the political area, the most evident contribution of the region is the eastward extension of democracy. The NB region has for some time been regarded as “an exporter” of security and stability. The “spring” of North Africa and “Arab spring” again reminded us about democracy and pluralism. The experience of the BSs is particularly valued for both implementing the EU \textit{acquis communautaire} and carrying out structural reforms. Small bureaucracies of the BSs provide a good example to other countries. However, the BSs are still familiar with the countries of the former USSR, and they speak Russian (when it is necessary). Even in the military area, the BSs have proved they have something to offer to Eastern European countries that are only now implementing the same reforms.

The NB8 is not created as an alternative to other regional initiatives. For example, since Norway and Iceland have limited access to EU policies, the NB8 cooperation format becomes a good platform for them to be involved in EU policies in the region – whether it is the Northern Dimension or the EU Strategy for the Baltic Sea region. NB8 cooperation is interrelated with the activities of another regional organization – the Council of the Baltic Sea States. This organization, es-

\textsuperscript{48} On the NB8 see: nb8.mfa.lt
Established in 1992, covers all areas of intergovernmental cooperation in the Baltic Sea region, with the exception of security and military defense.

In the political-military context of the NB cooperation with the USA, the E-PINE – the cooperation initiative between the USA, the NCs and the BSs, officially announced in 2003 in Washington – plays a major role. As was aptly formulated by V. Urbelis, the NB8 cooperation format is particularly important for supporting the presence of the USA in Europe, because “it would be a much easier work for the USA with us as a solid region than as 35 individual countries”\(^{50}\).

When the BSs became full members of NATO and the EU, it was assumed that the main objectives of the US-Baltic Charter of Partnership were implemented; therefore, its place was taken by the E-PINE. As the then Minister of Foreign Affairs of Lithuania Audronius Ažubalis said, the EU Eastern partnership and Russia should remain an important part of the coordinated policy of the NB region\(^51\). It should be noted that the NB8 countries showed strong support for the USA during the events of September 11 and became advocates of EU-NATO cooperation.

Cooperation vitality of the NB8 (of the E-PINE, too) is the ability to adapt. For example, in 2011, when the informally formed Alliance was executing a military operation in Libya, major political issues were tackled by an informally set up Libya Contact Group. It should be noted that the NB8 demonstrated their political wisdom and in this group spoke “with one voice”\(^{52}\).

In the military area, this cooperation also has its prehistory. Without waiting until the formats of the NB countries go into effect, the BSs achieved a lot in the trilateral context. The BSs are running common trilateral projects: this is the above-mentioned NATO air space policing mission, the Baltic Defense College (BALTDEFCOL, Tartu) where officers of the BSs and other states are trained, the Baltic Air Space Surveillance (BALTNET) project, etc. Special Operations Forces of Lithuania and Latvia operate together with the NATO-led International Security Assistance Force (ISAF) mission in southern Afg-

\(^{50}\) „Krašto apsaugos ministerijos politikos direktorius V. Urbelis su kolegomis aptarė Šiaurės ir Baltijos šalių bendradarbiavimą“, www.kam.lt, 15 October 2012.

\(^{51}\) „Užsienio reikalų ministras E-Pine diskusijoje pabrėžė energetikos ir transporto projektų regione svarbą ir ragino remti Rytų partnerystės šalis“, www.urm.lt, 3 September 2012.

\(^{52}\) “One voice” manifested itself by representation of the NB8 countries in the Libya Contact Group by one of the ministers of foreign affairs and by regular coordination of the NB8 experts’ activities. It should be noted that the practice that occurred during the crisis in Libya was later used in the case of the crisis in Syria as well. E.g. the statement of the Ministry of Foreign Affairs „Lithuania and other Nordic and Baltic countries state that acts of violence carried out by the Syrian regime against its citizens cannot be tolerated “, www.urm.lt, 12 December 2012.
hanistan. The cooperation is continuing to develop. In April 2012 in Tukums, Latvia, in the meeting of the Chiefs of Defense of the Baltic States much attention was paid to joint combat training, military capability development, cooperative exploitation of the present and planned infrastructure and simulation systems according to the principle of “Smart Defense”53.

From the very outset of the independence of the BSs, cooperation with the NCs was actively sought. For example, in the case of Lithuania, the NCs have long been active partners in further development of military capabilities. With Denmark, one of the most important NATO partners, Lithuania is carrying out the LITBRIG project which ensures the interoperability of the NATO-compatible Motorized Infantry Brigade “Geležinis Vilkas” with NATO forces through the Danish division. Military cooperation with Norway, Sweden and Finland is also rather active and includes the use and maintenance of donated equipment in our military, training of officers to operate it, relations with volunteer forces, etc.

At present, the NB8 countries extend cooperation by organizing joint training and exercises and coordinating their positions on the issues of energy and cyber security. The NB8 initiative supports security sector reforms in the countries of the Western Balkans, Georgia and Ukraine; the initiative is seeking to include Moldova as well.

On 5 November 2009, in Helsinki, in the meeting of the NCs’ ministers, the NORDEFCO was approved; it is the NCs’ defense cooperation format that integrated all prior existing projects and emerged as an initiative of the NCs to look for synergy in the area of defense procurement, but only later expanded. During the meeting, the NB8 ministers expressed a political will to strengthen cooperation with the BSs within the NORDEFCO context; therefore, since 2012, they have been participating in the sittings of the Defense Cooperation Committee of the NCs.

NB8 cooperation is taking place in other areas related to security as well. In terms of finance the NB countries are closely integrated. In the BSs, banks of the NCs, whose systems are closely related and their standards are coordinated, dominate. In 2010, a NB8 memorandum on financial stability and crisis management was signed. This agreement strengthened the preparedness to resolve intergovernmental problems of financial stability in the region54 and

53 „Baltijos šalių kariuomenių vadai sutarė dėl bendrų karinių projektų ateities“, www.15min.lt , 20 April 2012.
became a particular “declaration of solidarity” in this area. The NB countries are jointly represented in the World Bank and the International Monetary Fund. Yet there is still more. There is enhanced cooperation between NB8 financial institutions, such as the ministers of finance, heads of central banks and supervisory institutions; and the establishment of a cooperation forum – the NB Stability Group – had a major impact on the financial stability in the region, and it also influences general stability and security of the BSs.

Cooperation between the NB countries in the area of strategic sectors of economy is also a highly important aspect of security. Energy and transport links between the NCs and the BSs are being developed.

In the energy sector, an integrated NCs’ power system (Nordel) and market (NordPool) have been created. Therefore, in this context, the aspect of regional energy integration – the NB Energy Market Interconnection Plan – is of considerable importance. Common energy market of the NCs is one of the most important objectives of the above-mentioned BEMIP (including the NCs, the BSs, Poland and Germany; the BEMIP is an indication that the EU still plays a key role within the region).

Undoubtedly, these are excellent examples that illustrate how interdependence in the strategic – energy – sector contributes to security. Since 2012, the electricity market of the BSs Baltpool will be integrated into the NCs’ electricity market NordPool. Estonia joined the NordPool through the 300MW Estonian-Finnish (EstLink) cable as early as 2007. At present, a new 350 MW link (EstLink-2 cable) is under construction. Lithuania (alongside Latvia since it is a regional project) and Sweden will be connected through the NordBalt 700 MW cable. At the same time, Lithuania and Poland have already started the construction of a still bigger project – the 1000 MW LitPolLink.

The establishment of the regional energy market has already started; therefore, further integration into the European grids is only a question of time. In the gas sector, the process will take time because it is a monopoly sector. Yet there is progress here as well. For example, Sweden and Denmark have already done it, and Estonia, Lithuania and Finland asked to postpone the implementation of the Third Package. Only Lithuania is on a full implementation route.

However, not everything depends on the NCs. There is a distinct lack of common coordination from the BSs. Talks about the joint LNG terminal have not materialized. The efficiency of energy consumption in the BSs is still

---

35 A unanimous „voice“ of the NB8 is also a possibility to jointly affect global processes, e.g. the statement of the Ministry of Foreign Affairs „Pasaulio banko prezidentas teigiamai įvertino Baltijos šalių žingsnius kovojant su ekonomikos krize“, www.urm.lt, 12 December 2012.
markedly lower than that in the NCs; the use of renewable energy is still low, energy is used inefficiently, etc.

Transport connections also have strategic significance to the security of the NB8. Alongside Sweden and Denmark, Lithuania is developing a promising transport project – the East-West Transport Corridor – the aim of which is to connect the European and Asian markets by land routes and develop an effective, safe and environment-friendly way of transporting ever-increasing amounts of goods. Together with the BSs, Finland is also actively developing the North-South direction by supporting the Rail Baltica railways project that is to connect the BSs and Poland with the European common market. At the same time, the Bothnian Corridor project is being developed.

3. Nordic-Baltic Cooperation – What Next?

Of course, the question arises as to what direction the NB8 cooperation is going to take?

The NB countries are increasingly seen by many neighbours as a geopolitical unit. The NCs-EU members and the BSs (informally, this format has its own name – the NB6) actively cooperate within EU formats. Cooperation is also taking place in the UN, NATO, the Council of Europe, the International Monetary Fund, etc. These tendencies are reinforced by globalization and the economic and financial crisis. An excellent example of cooperation between the NB8 countries is joint efforts to increase regional competitiveness in the world. In general, the tendencies of regional grouping are inevitable in both Europe and the entire world. Therefore, the NB8 countries will be inevitably “pressed” to reach an agreement to find a common agenda and interests.

NB8 cooperation, which started in 1992, became slightly less intensive after 2004, when the BSs joined the EU and NATO. However, it was then that a qualitative “break” occurred and the assistance gradually turned into equal partnership. At present, another peculiar process can be observed – “the renaissance” of the NB8.

In order to encourage reasoning about the future of the cooperation, in 2010, on the initiative of the BSs, a NB8 Expert Group (“the wise-men group” – the former Latvian Prime Minister and Foreign Minister Valdis Birkavs and the former Danish Minister of Defense Søren Gade) was tasked with making recommendations, the implementation of which should promote closer NB8 cooperation.

In the meeting of NB8 Ministers of Foreign Affairs, which was held
in August of 2010 in Riga, the so-called “wise men’s report” was approved. Recommendations in the following areas were formulated: a foreign political dialogue (this initiative can be implemented most easily because interests in the majority of foreign policy areas coincide); cooperation on diplomatic representation (in 2011, the NB8 governments signed a memorandum in this area, which facilitated practical implementation); civil security, including cyber security; cooperation in the defense area; energy; and the NB8 “brand”.

In 2011, the NB8 countries, following the recommendations of “the wise men report”, implemented many important objectives: the twentieth anniversary of the establishment of diplomatic relations between the NB countries was marked by joint events, and joint discussions on the future of the region took place. Additionally, on 30 August 2011 in Helsinki the governments of the NB8 signed the Memorandum of Mutual Understanding on the basis of which the states of the region will be able to post their diplomats to the mission abroad of another Nordic or Baltic country. Central state banks, ministries of finance, defense, transport, various agencies and other institutions are actively coordinating their actions at the regional level.

Conclusions

Those who had naive expectations that with the accession of the BSs to the EU and NATO the region would be fully “fixed” and “completed” were wrong. The region has not yet become “a security community”. The existing and potential challenges still require attention and adequate action. Yet also wrong were those who claimed that by itself, without external assistance, the region cannot do anything. Thus, NB8 cooperation in the area of security and defense is not only desirable, but also necessary. This is not “mystique” but inevitability.

Herewith are the most important conclusions. In principle, they are related to the conclusions made by the authors of the study of the above-mentioned Atlantic Council of the USA; but, first of all, they analyze processes and new challenges that occurred after the study had been published. Second, the conclusions are based on my (the author’s) practical experience.

First. With regard to the challenges that the NB countries are facing, it is obvious that it is only acting together and as an integrated region that the impact of these challenges can be reduced. Only such a region can play a

---

major global role. From the geopolitical point of view, solidarity of the NB8 region enhances their negotiating weight in international organizations (the mentioned NB8 coordination in the case of the crisis in Libya) and helps hold the attention of Western partners to regional security and democratic reforms in the neighbouring region.

The NB8 countries will inevitably be “pressed” by reality to look for still greater synergy to maintain influence at the European, transatlantic and global levels since only this is a practical response in enhancing efficiency and possibilities (for example, the above-mentioned decision on common diplomatic missions).

There is a clear tendency that in a long term perspective the NCs will inevitably expand integration mechanisms with the three BSs, because this cooperation has rather distinct strategic significance. The NB cooperation inter alia contributes to the pursuit of still greater integration into transatlantic and European structures. This is beneficial for the NCs, too. Greater integration will mean that the BSs will gain a still more effective political, economic, financial, ideological “antidote” against any attempts to make influence on them. One of the most important “lessons” learnt by the BSs after their accession to the EU and NATO in 2004 is that integration does not finish but only starts with the membership.

Certainly, the format of the Declaration of Solidarity of the NCs can and should be extended, in the future including the BSs, too. It is not that commitments to NATO are “declining”; on the contrary, by extending the application of solidarity, the countries of the region will demonstrate that third countries have no possibilities “to exclude” one country of the region as was the case with “The Bronze Soldier”.

Second. In a broader sense of security and defense, it is necessary to develop NB8 cooperation in the areas of politics, economics and energy. The political dialogue, coordination of EU policies, financial and human flows between the NCs and the BSs are and will be increasing; infrastructure links—electricity, ITC— which will strategically connect the NB8 countries, will be strengthened and extended. The NB8 countries and other states of the Baltic Sea region will be interconnected on the basis of common activities related to climate change and ecology. All this will undoubtedly contribute to the NB8 sense of security.

Cooperation at the regional level in the energy sector that had an excellent beginning should be further continued. The BEMIP mechanism, the objective of which is to contribute to the establishment of links between the BSs and Poland, the BSs and the NCs, is the best manifestation of that.
Third. NB8 cooperation in the area of security and defense should remain at the top of the agenda. It is obvious that the region must assume active responsibility and operate together. The NORDEFCO and other multilateral formats, where the NCs gradually include the BSs, provide for joint capability formation and distribution of resources. Budgetary restraints alone will make thinking about it more active. Joint planning at the operational level, exercises with all types of weapons and military branches, joint procurement, joint training and logistics should be provided. The NB8 countries could compare their national training systems and identify the needs for training in other countries, in particular, in the BALTDEFCOL. As the first step, more coordinated or even joint NB8 activities in Afghanistan could be undertaken. The NB8 could be active in the EU anti-piracy operation “Atalanta”.

In this context, the NB8 countries should expect that the issue of increase of military budgets will be raised (Lithuania, Latvia, even Sweden reduced their military spending and it did not return to the pre-crisis level even after the economies picked up). Why should the USA, having a smaller economy than the EU, defend Europe? Why can Europe, including the NB8 countries, not pay for their own defense, thus making up for the withdrawal of the USA?

Fourth. NB8 cooperation should not be carried out at the expense of NATO; on the contrary, it should contribute to NATO. Absolutely all of the authors analyzing BSs’ security agree on that. Even far-reaching cooperation and possibility for joint action would not counterweigh all challenges and risks that the NB8 countries are exposed to. Thus, approving of a more significant regional role of the NB8, it is still necessary to understand that such proposals to regionalize security are dangerous (keeping in mind that, as has been mentioned, the idea of security regionalization was rejected during the first year of the BSs’ independence).

The NB8 have (and will have for a long time) different formal relations with NATO (although with the region becoming more integrated, the issue of Sweden’s and Finland’s membership in the Alliance will be raised more often; as aptly put by the Minister of Foreign Affairs of Estonia Urmas Paet, “some have ... said that Sweden and Finland already are de facto members of NATO... But with the question of closer integration on the EU’s agenda too, it is no secret that Estonia would like to see the Nordic-Baltic region as integrated and unified as possible”57). This, however, does not prevent the non-NATO members Sweden and Finland from developing active relations with the Alliance. A

good example of this is the fact that they both, alongside other NATO members, are now engaged in the NATO Strategic Airlift Capability project which is aimed at employing C17 strategic transport aircraft for national, NATO or EU operations. Sweden and Finland are developing other close relations with NATO. For example, among the states that will establish themselves in the NATO Special Operations Headquarters both countries were mentioned.

However, the division between NATO and non-NATO member-states is getting less apparent. As has been mentioned, both Sweden and Finland participate in the NATO staff exercises, which comprise the scenarios related to Article 5.

The two issues which are now difficult to achieve—Sweden’s and Finland’s membership in NATO and reinforcement of EU defense capabilities—should not “overshadow” the essential security conditions within the region. Instead of theoretical considerations, it should be necessary to concentrate on practical cooperation, starting, perhaps, with less controversial things. For example, one of the decisions made at the meeting of the NB defense ministers in November of 2011 in Örebro was to set up a regional working group on cyber security.

However, practical projects of the NB8 countries, such as sea surveillance, planning and development of civil capabilities will result in regional synergy. And in the future it will be possible to make another step, for example, to invite Sweden and Finland to the NATO exercises “Steadfast Jazz 2013” and “Amber Hope”. The better NB8 officials and military personnel will know each other, the more confidence there will be. In this context, the BSs’ participation in the EU Northern Battle Group is of major importance.

No doubt, in the future the issue of the relation of Sweden and Finland to the NATO air policing mission in the BSs will be raised. The most important thing is that this mission has to remain a NATO mission.

The BSs should concentrate on the increase of host nation support, development of NATO infrastructure, NATO exercises in the region as well as on the expansion of NATO centers of excellence: specifically, cyber security in Estonia and energy security in Lithuania.

Fifth. The USA should be further actively engaged in the region. Even being aware that the USA is shifting its focus on other regions, the USA should stay in the NB region merely for the reason that even a hint that the USA

---
58 „NATO inaugurates new HQ for allied special forces“, www.acus.org, 13 December 2012.
is withdrawing and the NB8 countries have to take full responsibility, would send a wrong signal and would not contribute to the security of the region. The USA should support the E-PINE format. Of course, the presence of the USA in Europe will depend on our ability to speak as a unanimous region.

Thus, regional cooperation is not a substitute for NATO membership or further involvement of the USA in the region, but the more integration is achieved, the more difficult it will be for any external force to have influence on any of the NB8 countries.

Sixth. The region will be less safe unless a mechanism for involving Russia is found. Of course, the question will still remain – how? Russia has totally different priorities; therefore, efforts thus far to involve Russia in wide cooperation in the Baltic Sea region were only partly fruitful. More successful than the CBSS was the Northern Dimension, but for practical considerations Russia prefers cooperation based on practical interests and projects (for example, NordStream). Another important aspect is participation of the EC in intensifying the energy dialogue with Russia.

Whether the position of Russia within the region will further lead to distrust or to constructive involvement will depend on both the parties. According to the latest evaluations, the Russian-Norwegian relations that have been positively developing recently are no longer considered by Norway to be such.\[60\] Sweden also started to openly voice its concern over Russia’s armament in the region.\[61\]

Nevertheless, in spite of occasionally inefficient cooperation with Russia not adhering to democratic principles, the NB8 countries both through the EU and NATO and regional mechanisms (the Arctic Council, the Barents Cooperation Council, the CBSS) managed to involve Russia in a wide circle of cooperation. This comprises political, economic, tourism-, culture- and human resources-related exchange. Only coordinated and unanimous NB8 will be able to resist the growing Russian pressure. In terms of relations between the BSs and Russia, future-directed projects, for example, the exchange of young people, will be highly important. Here, of great service would be the NCs and the USA, but not as “intermediaries”; yet, the fact of their presence alone would boost confidence. Indeed, despite negative issues, there are many positive things between Russia and the BSs: excellent economic relations, tourism, exchange of human resources. In spite of “black” sce-

\[60\] “Russian relations ‘not the same’”, www.newsinenglish.no, 30 November 2012.

narios, Kaliningrad transit (including military transit) through the territory of Lithuania does not pose any problems. What is more, both Lithuania and Latvia have coordinated and implemented ISAF transit through the territories of Russia and Belarus (the so-called ”Northern Supply Route” through Riga and Klaipėda seaports).

**Seventh.** With reference to NB8 cooperation in a wide sense, we will have to remain realistic. There are neither possibilities nor need for a revolutionary approach. This cooperation is going to continue to develop not as some large-scale “strategy”, but as practical cooperation having common goals and implemented in small yet practical steps. It is hard to expect, as Latvia’s Defense Minister Artis Pabriks suggests, that “the Baltic and Scandinavian countries should speak not about cooperation but about integration objectives”\(^{62}\). At present, there is simply no basis for that. This cooperation will be rather an addition to the existing mechanisms and institutions, which will draw more attention from such players as the USA.

It is worthwhile agreeing with American analyst D. Wilson who provides the limitations of NB8 cooperation which show that the movement of cooperation in the area of security and defense will be unhurried and considered. The defense concepts of the NB8 countries are different (Finland is oriented to conscription and territorial defense, while Denmark - to a professional army oriented to expeditionary missions), Sweden and Finland are not NATO members, Norway is not a member of the EU, and Denmark is exceptional in reference to the ESDP. It is easy to plan, but it is not easy to implement, for example, joint procurements. The countries have different foreign policy priorities: Norway is clearly oriented to High North issues, Denmark is pro-Atlantic but also less oriented to the Nordic-Baltic Region. And, finally, the BSs see NATO as the main guarantor of security\(^{63}\).

**Eighth.** NB8 cooperation should remain flexible, adaptable so that other countries—the UK, Poland, etc.—could also join if necessary. The involvement of the UK in the region is now limited to “the soft security”— e.g. e-government, health care reform, retention of senior citizens in the labour market, etc. But there will be quite a few topics, for example, spread of diseases, climate change, migration, spread of international crime, etc., where it would be more logical to involve other countries of the region, such as Germany and Poland,

---


in NB8 cooperation. There are also issues—e.g. terrorism, spread of weapons of mass destruction—where results can be achieved only in a global context.

In the case of Lithuania, strengthening ties with the NCs does not contradict but, instead, complements the cooperation with Poland that has so far been developed.

Of course, at least at the EU level, NB8 relations with Germany will gain increasingly more significant strategic importance, especially with the old East-West division giving way to the North-South division. Hence, the unity of the NB8, Germany and other Northern European countries has never been so necessary.

Like at the political level, as far as more extensive security is concerned, it is very important for the region “not to enclose itself”. In this context, the spread of democracy in Eastern Europe and elsewhere is not only indispensable but quite implementable (particularly considering the experience of the BSs in reforms, EU and NATO integration and other areas).

Stockholm, January 2013
Financial Crisis and New Solutions in the European Union: 
the Case of a Small Country

This paper addresses the probable modifications of the economic strategy of Lithuania after the 2008-2009 crisis (the Great Recession) and the changes in macroeconomic environment in the European Union (EU). In Lithuania’s case, like that of the other two Baltic states, a certain specificity of a small open economy was revealed and the need for some adjustment of strategy was displayed. Both the rapid economic progress of the Baltic States as well as their extreme economic depression during the crisis in the largest part was the result of the integration of those national economies into the European and world markets. The crisis has not only halted the economic progress of the EU and other countries of the world for a few years, not only induced attempts to review some weakened postulates of economic theory, but also asked for major adjustments in the economic policy of the EU and member states. Based on the texts drafted by the European Commission it has already agreed on tougher requirements in the Stability and Growth Pact, signed and ratified the Treaty on stability, coordination and governance in the economic and monetary union, and the European semester began operating procedures. EU Member States’ economic policies have become inserted into a rigid frame, and the process of content aggregation of national economic policies will continue. Based on theoretical conclusions of single currency area and the practical requirements of the common monetary policy in the euro area integration processes are underway and will proceed rather fast. By the decisions of European Council the euro area should become a nucleus of economic integration of the EU member states, leading to full economic union. EU’s political leaders, in conformity with the theory of European integration, raise already an issue of political union into the agenda. The article provides an analysis of the changes and draws a couple of conclusions. First, the process of economic integration should be separated stricter than ever before from process of political integration. Second, economic integration modifies the sovereignty of the states (increasingly moving to the principles of unified economic policy and economic decision-aggregation), which is not to be equated with the loss of sovereignty, but requires a new approach in the assessment of factors and motives of a national economic policy and its role in securing country’s sovereignty.
Third, the economic strategy of small states has to continue to rely on the active involvement of European economic integration, giving priority to real economic convergence (reduction of development gap) and real participation in decision making concerning the issues of the integrated economy of the EU. The conclusion is made that on the basis of these provisions it would be possible to distinguish inexorable, rationality-based process of the EU economic integration from the alleged imperative of political union of European countries.

Introduction

The increasing pace of technological advancement and dissemination not only enabled the world's national economies to increase productivity and improve well-being, but also pushed towards more intensive economic exchange and the increasing interdependence. Problems of international cooperation, globalization and regional integration problems inevitably take up more and more prominent place on the agendas of politicians and research projects of scientists.

These changes are by no means merely nominal. They gradually transform national economies into regional and global economic structures, tied up by trade and capital flows and co-operative production networks. Continental economic complexes relentlessly destroy the relative autonomy of national economies, thereby denying traditionally understood economic sovereignty and demanding a new approach to national economic policy. The current de facto continuing crisis - not throughout the whole world, but in the most developed part of it - shows that the hitherto used means of economic policy arsenal needs to be updated, and the update direction - greater orientation to external economic factors and international cooperation in the economic policy. Some analysts even offer a rethinking of substantive issues of economic theory.

An intellectual dispute between economists of the two camps and a face-off of the United States and the European Union (EU) policies, to be used for an exit from the crisis, is especially relevant for small open national economies. The reason here is that the two alternative strategies to address the crisis caused by economic depression are presented as equivalent, while in fact this is true only for large national economies which are less dependent on external trade and capital markets than small national economies.

Supposed equivalence of these strategies—either to boost demand by deficit financing in anticipation of subsequently balancing public finances when economy recovers, or to eliminate public finance deficit as the necessary condition for investment rebound—threatens small nations with much great-
er destabilization of the national economies than large ones, because having chosen the first strategy they would receive much more powerful inflationary impulse than the great powers and would be pushed into a long-term inflationary spiral, destabilizing the economy.

Thus, the current financial and economic crisis requires a new look at the specificity of economic policy of a small nation. The analysis here will offer new insights for further discussion about what economic strategy is recommended for small national economies during the rapid regional and global economic integration.

Principal provisions of an economic policy require ensuring the state's economic security. Economic security is directly linked to economic independence (sovereignty). Each state, in search for security and benefits, binds itself to the proliferating international commitments, among them, to the commitments in economic policy (by joining the intergovernmental organizations such as the WTO, IMF, WB, ILO, signing multilateral and bilateral trade, investment protection, and the like agreements with other states). This intertwining with commitments will continue to increase, it is sufficient merely to mention climate change, non-recoverable mineral resource exhaustion problems. All this changes the content of economic sovereignty.

The main threat to national economic security is the asymmetric situation of a country in the global markets of commodities and raw materials, dependence, in its external economic relations (suppliers, markets, creditors and others) on one or a few partners. As each threat, the dependence also offers means neutralization of its harmful effects, but until there is no unambiguous identification of threats, there is no consensus on measures to threats to economic security should be mitigated and eliminated.

The article is based on the theory of economic integration, developed by the works of B. Balassa, F. Machlup, J. Viner, mainly devoted to international trade, and the theory of optimal currency area, first elaborated by R. Mundell to address a higher, monetary, level of economic integration. In this article economic integration is studied within the EU, i.e. without examination of its impact on the EU’s economic relations with the outside (the problem of trade diversion and impact of the euro on international currency system are left aside).

The article consists of two sections. The first section gives a brief overview of specificity of small states economic policy, describes the current financial and economic crisis and post-crisis period, and identifies changes in the economic environment of the EU small member states. The second section focuses on the crisis in the euro zone and the debate on its resolution – in
the authors’ view, the discussion about causes, progress and solutions of the euro zone crisis enables the discovery of new phenomena in the problems of economic policy of small states and, by delving deeper into them, grasping the guidelines for adjustment and revision of their economic strategy.

1. The Specificity of a Small National Economy and Changes in Its Macroeconomic Policy, Boosted by the Crisis in the EU.

1.1. Impact of globalization on a small state’s economic policy.

The strategic goal of economic policy is to ensure the country’s economic security. Economic security treatment is homogeneous neither in theory, nor in practice; it has options. In our view, one of the most accurate definitions is given by Artūras Grebliauskas, who emphasizes the essential importance of sustainable economic equilibrium: “... the economic security of a country has to be understood as the ability of state and national [economic] actors the ability to sustain economic entities and systems in state of equilibrium in response to external environmental conditions.”

Equilibrium in the economic systems of the big states is, to a large extent, a matter of their domestic economic policies, while for the small states this equilibrium is the result of their external economic relations and the issue of their external economic policy. The guarantee of success for small national economies is their participation in international trade and capital markets in most rational way. International trade allows for specialization and economy of scale even for small countries, capital markets provide funds for investment and technological progress. Along with that a small country becomes dependent on those markets, and to a much greater extent than the great powers. Although the national interests of small states is not something special (as compared with the interests of the great powers), such states, as Gediminas Vitkus notes, are forced to act in specific, less favourable conditions. The crisis is a strong shock for such equilibrium; it raises serious issues for economic strategy of small states.

---

In 2010, U.S. export volume amounted to 12.6 per cent of its GDP\(^3\), import - 16.1 percent.\(^4\) Meanwhile, Lithuania’s export in 2011 amounted to 69.6 billion. LTL, i.e., 65.4 percent of GDP, import - 78.7 billion (74 per cent of GDP)\(^5\). This means that the Lithuanian economy is totally dependent on communication with the exterior, while for the U.S. economy this linkage is relatively less important (if to dissociate from the vital importance of such links to individual sectors of the economy). If, say, the price imports of the United States and Lithuania in some year would increase by 10 percent, the price level in the U.S. would rise (we distance ourselves from the structural changes taking place afterwards) by 1.6 per cent, and in Lithuania – by 7.4 percent.

Due to the relatively lesser economic openness major powers can afford, in times of depression, the increase of the money supply not only by making borrowing less expensive or buying up securities in the secondary market, but also by “printing” money, that is – by the decisions of central bank, the country’s monopolistic issuer of money, financing the deficit state spending, undertaken to increase aggregate demand and thus pulling up the productive activity. Small countries cannot do this. The demand of their households and corporations is satisfied, for a large (or even largest) part by imports, which means that by boosting money supply state may only increase the growth of the trade balance deficit and pose a risk to the stability of the domestic currency (thereby, after the currency depreciation or its devaluation shall trigger fast inflation, to create a risk for country’s export competitiveness).

The importance of external economic relations (both for the provision of energy resources, raw materials, capital goods and the production realization as well) shows the dependence on the choice of suppliers and buyers; it also suggests solution: open economies should strive as much as possible to diversify their foreign partners in supply and demand relations and to achieve the mutual liberalization of the relations on the principles of free market. Only under such conditions is the equilibrium of domestic entities, sectors and the

---

\(^3\) The value of exports and imports in statistics is calculated according to their full value, while GDP expresses only the value, created (added to what has already been left for productive use from previous years) in that particular year. Therefore, we can not state that the US imports represented 16 per cent of the country’s GDP; just two different economic indicators are compared among themselves. The whole value of goods and services produced in a country in particular year has to be counted by adding the value created in previous years and transferred to the value of goods and services produced in the current year to the value created in the current year. Accordingly, the total value of the produce of the country in a particular year is larger than its GDP and, consequently, the value of exports and imports would be less by a few percentage points. This insignificant difference allows to treat relation of export and import to the GDP as an approximate measure of export’s and import’s relative weight in the country’s yearly production.


whole economic system relatively sustainable and dynamic. In the economic sphere that relatively much higher dependence on external factors requires specifics in the economic policy of small states. The issue of economic integration is much more relevant and pressing for them.

Economic integration greatly facilitates the access of production of small countries to markets, and thereby fosters greater economic cooperation in general. The integration also facilitates mitigation of the impact of negative external economic factors. Thus, both with a view to economic benefits and the economic security economic integration for small countries’ economies is to be assessed positively. However, participation in a multilateral economic structure with the inevitable domination of the great powers in its institutions requires a change in the content of national economic policy: strengthening its adaptive function and prioritize further regional (in global scale - local) integration.

Such trends – the overlapping of internal and external policies and intensification of regional cooperation - are common to all public policy areas. However, the specificity should be noticed – in the economic activity these trends are much stronger than in other fields of activities of nation states, therefore national political agendas now contain and implement economic integration items, while in other areas of public policy such integration is still a subject of academic interest only. Therefore, in the current phase of economic globalization economic policy has a tendency to branch out from other sovereign state policies. What this policy detachment mean for the politics of small states is a large and complex issue.

1.2. Economic Crisis in the World and in Lithuania

Although after the Second World War the economy retained its cyclical lity, its swings softened dramatically. When at the end of the twentieth century more serious economic problems emerged (Mexico’s “Tequila Crisis” in 1992, the crisis in Southeast Asian countries in 1997 ant that in Russia and Argentina in 1998), it was considered a global economic phenomenon on the peripheries. In 2007, the economic crisis hit the most developed countries in the world. The scale of the crisis shattered the world economy. For the first time since World War II, the planet’s economy shrunk - in 2009, the global GDP fell by 0.6 percent, among other the EU economy declined by 4.2 percent, United States - 3.5 percent.\(^6\)

\(^6\) IMF, World Economic Outlook, April 2012, p. 190.
It was a systemic crisis. The inherent “genetic” failures of market mechanism broke the regulation of national and fragmentary work of international trade and financial institutions, used channels of free movement of capital, and finally organized a “Valkyrie feast”. As N. Roubini and S. Mihm rightly point out, it is wrong to consider the U.S. subprime loans crisis as the cause of the crisis which rolled over the global economy. This could be just the catalyst. In most other countries the financial and then economic crisis blew up due to the analogical excessive expansion of mortgage loans and construction sector as well as the rise of financial investments for which those economies needed just a slight jab to being placed in the inevitable hole already inevitable.7

The global financial crisis was caused by too liberal order in world financial system – the uncontrolled commotion in real estate and credit markets, fueled by unlimited private interest to make use of ever heating conjuncture drove it out of equilibrium. The global financial system, says N. Roubini and S. Mihm, “…rotted from the inside out.”8

It is the private capital markets which are to be identified as the fireplace of the crisis, now called the Great Recession. Multiannual and excessive public sector deficit was only in Greece; other euro area and non-euro EU countries before the credit crisis were characterized by the expansion of the private sector, which later caused problems and deficits in national budgets. Since the introduction of the euro in 1999 up till the financial crisis in the EU in 2008 the bank loans and private debt grew by an incredible pace.9 Only in the public sector (euro zone countries) debt not only failed to increase but even decreased - from 72 to 68 percent GDP. Public finances have become deficient after the beginning of the financial crisis because, first, states had to rescue ailing banks and, second, to take on the costs of increasing functioning of automatic stabilizers, when the crisis halting economic development its revenues decreased and expenses increased.10 “As we saw during the crisis,” write the authors of a study, “private commitments may very soon become public debt.”11

In small Baltic economies these excesses occurred on a greater scale.

---

8 Ibidem, p.272.
Private sector borrowing in Lithuania in 2003-2007 grew by 37 percent annually. Short-term loans’ real (nominal minus inflation) interest rates since 2005 became negative and remained such until the year 2008 inclusive, in 2007 and 2008 they were negative also for long-term loans. Housing prices increased on average by 26.5 percent. Public finances have always been deficient – governments were borrowing and pouring money into economy, which was already heating for several years and approaching disaster. Unemployment, as it was to be expected under such borrowing fever, decreased from 16.4 percent in 2000 to 4.3 percent in 2008. Banks’ profitability has reached unprecedented heights – in 2006-2007 returns on equity in the banking sector were respectively 21.4 and 27.3 percent. Bank loans, granted to customers, jumped from 8 billion LTL at the end of 2002 to 71 billion LTL at the end of 2008.

All of this led to overheating. According to the assessment of the experts of Lietuvos Bankas, during 2000-2007 the country’s economy grew yearly by an average of 8 percent, and it has exceeded its potential; non-inflationary growth could, in their view, be only 5 to 5.5 percent. Such rapid growth was fueled by credit expansion, which, in turn, was made possible when Lithuanian banks started intensively to bring in capital from parent and other foreign banks (which, in turn, became possible when business of Western countries became persuaded by vitality of the new post-communist national economies, split from the former Soviet Union’s continental industrial complex and functioning now in new conditions of the EU membership guarantees and conditions of the market mechanism).

Credit expansion has focused mainly in the real estate sector. Thus, the large amount of capital brought from abroad (borrowed there and relent in Lithuania for house purchase) did not directly contribute to the country’s productive potential. For some time the economy grew at a fast rate, but it soon...
began to “heat up” – it exceeded its productive potential and still increasing income became a factor of prices increase. In 2005 inflation was 2.7 percent, and 2008 it jumped to 10.9 percent.\textsuperscript{17} Labour productivity in Lithuania in 2000-2006 rose on average by 6.6 percent (in 2007 - 4.7 per cent).\textsuperscript{18} Nominal wages in the same period rose an average of 10.6 percent annually.\textsuperscript{19}

The inadequacy of economic policy also should be noted. The Lithuanian government, even in boom times, planned and implemented exclusively deficit budgets. In 2002 Lithuanian public sector revenue was 17.1 billion LTL, and expenses were 18.1 billion. In 2008 rapidly rising revenue more than doubled, but the governments still “needed” to supplement them with borrowed funds, thus financing the still increasing government spending (it rose up to 41.7 billion LTL in 2008).\textsuperscript{20} Bank of Lithuania (Lietuvos Bankas) remained passive. In the autumn of 2006 Bank of Estonia raised the mandatory reserve ratio from 13 to 15 percent, and the Bank of Latvia in 2007 raised it from 3 to 8 percent.\textsuperscript{21} The Bank of Lithuania continued without using this possibility.

However, one may partially agree with the excuse of the representatives of the Bank of Lithuania: “The global financial bubble and its regional repercussions, accompanied with rosy EU related expectations, short-sighted economic interests and neglect of risks were simply the too powerful element to counteract effectively.”\textsuperscript{22}

As has been shown by the example of Estonia (during 2001-2007 the budget was in surplus except in 2001, when the deficit was 0.1 percent GDP),\textsuperscript{23} government short-sightedness or, conversely, foresight had very little meaning for the rise and course of crises in the small Baltic countries; the economy in all three countries shrank most in Europe (along with Ukraine). Estonia’s economy shrank even more deeply than the rest of the Baltic States: it decreased already in 2008 by 3.7 percent and continued to decline in 2009 by another 14.3 percent.\textsuperscript{24} Thus, the overall decline since 2007 was even 17.5 percent. But national economic policy is not meaningless. Estonia’s foresight shall reveal itself

\textsuperscript{17} Lietuva skaičiais, Lietuvos Statistikos departamentas, 2011, p. 30.
\textsuperscript{18} Mackevičius J., Molienė O., „Bendrojo vidaus produkto vienam gyventojui analizės metodika“, Pinigų studijos, 2009 birželis, Nr. 1, p.34.
\textsuperscript{21} „Recent Developments in the Baltic Countries – What Are the Lessons for Southeastern Europe?“, Oesterreichische Nationalbank, Workshops, Proceedings of OeNB Workshops, March 23, 2009, p.87, 93.
\textsuperscript{22} Kuodis R., Ramanauskas T., „From boom to bust: lessons from Lithuania“, Pinigų studijos, 2009 birželis, Nr.1, p. 103.
\textsuperscript{23} Statistical Annex of European Economy, European Commission, Autumn 2012, p.188.
\textsuperscript{24} Statistics Pocket Book, ECB, January 2012, p. 39
positively in the near future, having stepped into crisis without extrabudgetary reserve, and, unlike Estonia, becoming deeply indebted, both Lithuania and Latvia in the next decade shall have to devote a significant part of their revenue to service national debt.

1.3. The Crisis and Changes in the EU Macroeconomic Policy

On the EU level, the threat created by the insufficient regulation of financial markets was highlighted when the monetary union was created. The monetary union encourages its sovereign participants to the sovereign, national governments, for wider use of the deficit financing, because borrowing becomes much cheaper, and when finally, if the majority of union members abuse it, real interest rates increase, and the burden falls not only on the countries with improper budgeting policy, but is divided among all the states in the monetary union. Of course, the indebted country risk premium increases in their interest payments, but it is not enough to avoid a financial disaster. Common rules and adequate mechanism is needed to ensure fiscal moderation.\(^{25}\)

The Stability and Growth Pact (SGP), adopted in 1997, established requirements also for fiscal discipline: the medium-term budget had to be balanced or in surplus, and its deviation into deficit could not exceed 3 percent of GDP. Not just the excessive deficit monitoring and warning procedures were set, but also penalties. However, when in 2003 several large euro area countries violated the requirements of the Pact, the “non-interference” approach, as the ECB stated in one of its reports, was won in the Council and penalties are not applied. Further, in 2005 the Pact fiscal discipline was relaxed and its effectiveness was undermined\(^{26}\).

As we see it, the main reason for the serious damage to the SGP was that the euro-zone member countries failed to come to terms with the sudden transformation of national economic policy. A full waiver of autonomy in one of the two main parts of the policy - monetary policy, they failed to significantly constrain themselves also in fiscal policy. Their required changes were too rapid and too large.

As early as 1999 the German Council Presidency proposed the start of a macroeconomic dialogue (otherwise - Cologne process), which would ensure

\(^{25}\) The relationship between monetary policy and fiscal policies in the euro area, ECB, Monthly Bulletin, February 2003, p.41-42.

\(^{26}\) Fiscal Integration in Europe, ECB, April 2012, p. 89.
better interaction between monetary, budgetary and fiscal policy and wage policy in the EU. After some time it was realized into periodically adopted Broad Economic Policy Guidelines, but their execution member states, as some authors argue, treated it as more than an optional.\textsuperscript{27}

In spring 2008, in commemoration of the first decade of the European Council’s decision to create the Economic and Monetary Union (EMU), the European Commission was already well aware of the risks of the single currency area. We clearly recognize, said Commissionaire Joaquín Almunia on this occasion, that interdependence of the EU economies has never been so strong, so that the EU and each member state have a strong interest to go towards a genuine economic policy coordination.\textsuperscript{28} The Commissionaire acknowledged that national budgetary surveillance under the Stability and Growth Pact in the public finance stability criteria must be supplemented by macro-economic aspects which go beyond purely budgetary matters.\textsuperscript{29}

Such a move still had to wait. Only in the autumn of 2011, the Council and the European Parliament adopted the so-called six-pack, which reinforces the Stability and Growth Pact operation, introducing new macroeconomic imbalance monitoring procedures and tightening sanctions for euro-zone countries.\textsuperscript{30} In other words, the six-pack moved beyond the requirements of tightening budgetary discipline – it agreed on a deeper control of reasons in national economies, destroying budgetary equilibrium.\textsuperscript{31}

A more consistent monitoring procedure—the so-called European Semester—was also introduced. In the first half of every year the EU member states will submit the Annual Growth Surveys, which will be assessed at the Council and the European Parliament, discussed by the member states, and the recommendations, given to the countries, will be in their National Reform Programmes and Stability (for the euro-area members), or Convergence (for the rest of the EU countries) reports, submitted to the Commission. These will also be evaluated, discussed and will receive the


\textsuperscript{28} Almunia J., „EMU @ 10: Successes and challenges of 10 years of Economic and Monetary Union“, European Parliament. Plenary Session, Brussels, May 7, 2008.

\textsuperscript{29} Ibidem.

\textsuperscript{30} Financial Integration in Europe, ECB, April 2012, p.97.

\textsuperscript{31} Macroeconomic imbalances procedure scoreboard uses 10 indicators, according to which the Alert Mechanism Report is prepared. Among those indicators are the three-year rolling average of current account balance, a country’s export’s relative weight in world exports change during 5 years, housing price index, compared with the consumer price index change, and so on.
Council recommendations, which will be considered at the end of the year, during the preparation of new national budgets. Owing to such procedures the risk of financial imbalance will be alerted earlier and may facilitate problem solution.

The most important national obligations in the field of macroeconomic governance turned out to be legal acts of the EMU by the Treaty on stability, coordination and governance in the Economic and Monetary Union (sometimes called a Fiscal stability treaty). It was joined by the non-euro Member States, except the United Kingdom and the Czech Republic. It is expected to come into effect, depending on the progress of ratification, in 2013. Its requirements will be transposed into national law by 1 January, 2014.

To monitor stability of the EU financial sphere and provide early warnings the relevant authorities were formed (or reformed). The first is the European Systemic Risk Board, to act on the macroeconomic level, and three European financial supervisory authorities, observing the relevant financial areas - the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA).32

In managing public finances there are only two alternatives in a monetary union to determine stability and reliability of common currency; either the union states are prohibited from infringing on the equilibrium of national public finance or they retain their sovereign budgetary policy, but the monetary union has the necessary mechanisms and funds to assist countries as they get bogged down in the excessive indebtedness. In both cases, there is no reason to talk about absolutely sovereign fiscal policy of a monetary union member state—it is impossible there.

So far, the EMU has not had it. Article 126 of the EU Treaty states: “Member States shall avoid Excessive government deficits,”33 but the Stability and Growth Pact providing details on how it will be implemented has not been carried out. More strictly regulated fiscal discipline and a strengthened analysis of the deeper reasons that threaten the public finance equilibrium, as well as the analysis of performance in accordance with the general rules and conducted under the supervision of the European Commission is expected to strengthen sustainability and competitiveness of national economies. Individual EMU member states (and the candidates) will be confronted by reduced

possibilities and attractiveness of taking the risky actions in the macro-economic policy that their loss of sovereignty in this area is about.

It may seem that increasing fiscal discipline and financial stability-building measures are a definite step towards fiscal federalism. Logically the strict limitation of the deficits in national budgets of the monetary union member states is accompanied by a “federal budget”. However, the still-to-be-created European Stability Mechanism (ESM) is a fund under the central bank of the monetary union established to provide the loans of last resort, than the federal budget embryo. The Treaty states that “Like the IMF, the ESM will provide stability support to an ESM Member when its regular access to market financing is impaired or is at risk of being impaired.”

This fact, just as strenuous debate on the strategy of every new multi-annual EU budget strategy\(^\text{35}\) indicates that fiscal federalism, in its classical sense, remains a utopia in the EU. The movement goes not towards “financial (or even macroeconomic) federation” of the member states, but towards creation of a “regulatory union”, that is, towards standardization of fiscal governance.

However, the factors pushing to the opposite direction may also be noticed. Consolidation of macroeconomic policies will lead towards political federation not by legislation, limiting sovereignty, but by practical procedures of reporting, reviewing, recommending, reproaching and threatening with sanctions in dealing with a country’s public finances. Economic policy sovereignty, in this case, will decrease due to aggregation (pooling) of sovereignty into the EU’s macro-economic policy and the commitments to its implementation in the national economies.

There is no doubt that the growth of power of supranational institutions in systemic (macroeconomic) supervision will increase the relative weight of the EU Member States’ international obligations, thereby continuing decline of their absolute sovereignty and its rising regulation. Within the EU it may promise to turn into a new quality—the creation of a political union of member states. German Chancellor A. Merkel (followed by the European Commission President J.M.Barroso) has already talked about such a union as the future


\(^{35}\) The ongoing and still unfinished (the discussion in the European Parliament is ahead) discussion on the 2014-2020 budgetary framework witnesses that the maximum volume of the EU budget - 1.24 percent of EU’s gross national income, established a few decades ago, not just will not be increased, but shall remain unachieved. A new budget, as expected, will make up about 1 percent. GNP.
of the EU; without such union, they argue, all unification of macroeconomic policy principles and provisions may prove ineffective.\textsuperscript{36}

However, a different process is possible: the formation of an economic union for a long time may take place as a relatively autonomous (with regard to the political integration) process. Ideas about the EU economic government and the EU economic federation is not without reason. Sovereign EU Member may stay as such while their national economies function as the units of the unified economy (single EU economy). A national economic policy will remain, but as a means for realization of the single project (similar to the common monetary policy carried out now in the euro area by national central banks of those countries).\textsuperscript{37}

The development of an economic and monetary union provides material for monitoring these alternative processes and their perspectives.

2. Features of the European Monetary Union and Its Incomplete Establishment

2.1. Deficiencies in the Construction of EMS and Problems in Establishing a Monetary Union

One of the best-known indices of globalization is the so called Dreher (KOF) Index of Globalization which has the ability to assess the impact of globalization on the country’s development and country position in a globalized world. Researchers believe that small countries are more globalized. The analysis of the level of globalization in the Baltic countries confirms that their overall level of globalization is quite high and it is strongly associated with economic development.\textsuperscript{38}

The understanding of the Monetary Union’s untapped potential could substantially change the situation in the future. The failure of functioning of the single currency in the whole EU territory hampers the economic development opportunities for the EU as a whole for competitive swimming in the oceans of global economy. Different power relations have an impact on both


\textsuperscript{37}This option is best evidenced by the wide resonance of the British Prime Minister David Cameron’s speech January 23. 2013, where the economic efficiency of the union and strict rejection of any political integration was emphasized. (http://www.ft.com/cms/s/0/259ef844-653d-11e2-a3db-00144feab49a.html#ixzz2InSXDc3b, 2013-01-24).

economic literacy and economic awareness. Ideology in economic policy and theoretical foundations are now dictated by the results of the integration, i.e. the EU supranational institutions.

The EU developed countries’ “signatory states” integrated slowly, evolving over decades. However, the integration model of strict rules and principles is applied for new Member States. The supranational institutions developed such that, depending on the power of economic interests of an individual Member State, provided new opportunities for some Member States while it applied constraints to the others. During the crisis, different priorities of Member States were even more obvious, and the subject of the EMS collapse is not a taboo any more. A country with a small open economy, having agreed to integrate into the Free Trade Area, opens the borders for circulation of financial flows without limitations. However, a country does not have the right to have full participation in the EMS, and is inevitably faced with a serious problem, i.e. how to ensure economic stability.

Moreover, the first programme of the Government of the Republic of Lithuania adopted in October 1990, identified that “involvement in the creation of the European Economic Area” would require to sacrifice some part of sovereignty of each Member State, however, “not all countries are ready for such a step” and “are concerned about the dominance of major Western European Countries in the European Community”. After nearly a decade, quite a few world famous economists warned that the new Member States should not be separated from the EMS development affairs. Previously, the refusal of some certain provisions of national sovereignty was only the tool of negotiations; now it is called “enhanced cooperation” and became a part of the EU Treaty official vocabulary.

Two features lie at the basis of the monetary union: a single currency (or its alternative – national currencies pegged at a fixed rate for an unlimited period) and a single monetary policy. To ensure the EMS functioning quality, there are following significant factors: common interests; focus of institutions on common interests, not only on the euro area interests; free-riding; breaking rules and norms; institutional capacity to respond adequately to “spoiling” of

---

the EMS as public good; bureau pathology phenomenon closing in the cycle of domestic interests and converting external (global) interests into the implementing measure of internal interests\textsuperscript{42}.

Currently the power held by euro area countries hinders a solution to the dilemma of how the existing euro area inside the EMS could make decisions in accordance with the provisions of the EU Treaty and ensure the spirit of the principle of equal treatment at the same time for all EU Member States (especially the developing countries). The fears can be justified that it is useful for the euro area to reduce the competitiveness of new Member States and attractiveness for investment.

While the EU “plays” with the internal problems and the convergence between the euro area and non-euro area, the euro is becoming increasingly important at the international level. This means greater responsibility and the benefits that could bring the economic policy coordination across the EU. Being outside the euro area for a longer period of time increases the probability that the negative effects of economic shocks will groundlessly remove the new Member States from the euro area participation and will lead to a higher rate of inflation and the current account deficit.

The crisis has forced not only in theory but also in practice the recognition that the benefits of financial integration are not necessarily the same between the states, and that financial system integration directly affects the efficiency of the market, and if it becomes more efficient\textsuperscript{43}, the assurance of public interests strengthens the whole system\textsuperscript{44}.

2.2. How “the Correction and Improvement” of the EMS Could Have an Impact on the Small EU Member States.

In the beginning of integration developing countries implemented the policies that complied with EU rules because they strived for EU membership. The only positive is that they had conditions and opportunities to benefit from “the import of experience” of well-functioning EU supranational institutions and other EU member states internal institutions. During the integration period, small countries benefit from the existing structure of institutional

\textsuperscript{42} Gyllys P., Ekonomika, antiekonomika ir globalizacija [Economics, Anti-economics and Globalisation], Vilniaus universiteto leidykla, Vilnius, 2008.


\textsuperscript{44} Kropas S., Kropienė R., Europos pinigai, Vilnius, 2005.
framework, development models of rules and procedures. In these circumstances, fewer resources are expended within small countries for institutional or model development. Both new regulation systems and even an ideology is “imported” into small EU Member States through EU Treaties’ system. This is a positive thing provided that these systems are tested and efficient, and the ideology helps to improve quality of life.\(^{45}\)

We should point out that in recent years the decisions taken on the EMS first of all provide a deeper integration among the euro area countries, though the EU Monetary system brought about by the Treaty of Maastricht (1992), in our opinion, was not intended for such a long time and wide geographical spread of the euro currency. Twenty years ago, the euro integration seemed different. Frequently analysts forget that all the EU Member States are formal members of the EMU, with only a temporary exemption on adopting the euro. Though most of the new mechanisms are valid only within the euro area, the non-euro area countries have renounced the possibility of pursuing an independent monetary policy for almost a decade (to the extent that it may violate the Stability and Growth Pact).

Before reviewing EMS management and improvement techniques, we would like to note the following reasons of failure of the previous monetary unions:

- There was no political integration;
- There was insufficient overall budget;
- Rejection of the single monetary policy functioning principle;
- The lack of resistance to the adverse effects of external shocks.\(^{46}\)

Small countries have to balance between the interests of the two concepts; their signs could also be perceived in the evolution of the EU. One of them is grand universalism, or the so-called universality of fair treatment to all states (no matter how big they are) when the domain of the exercise is the self-imposed rules and principles are applicable to all, without any distinction and without any classification according to the size of economies. Another concept is called national particularism (the orientation to the interests of one country) where the domain of the exercise of fairness involves each nation taken separately, and the relations between nations are governed by a supplementary exercise involving regional (global) justice and impartial rules.\(^{47}\)


\(^{46}\) Kropas S., Kropienė R., Europos pinigai, Vilnius, 2005.

The Report of the Tommaso Padoa-Schioppa Group on the Action Plan for the development of the EU fiscal union provides the following suggestions:

- In order to foster the Single Market, the euro area needs to become a truly integrated economic area, so domestic institutional adjustments are also required. There is the need to move towards a solution by diversifying degrees of integration. This means the need of moving forward by shifting to a new Intergovernmental Treaty and create a new EU17 structure that would be parallel to the EU-27 framework and strongly linked to it;
- A cyclical stabilization insurance fund should be created outside the EU budget and remain under direct control of national parliaments;
- In order to rebalance fiscal rights and fiscal duties, the Report suggests the creation of a European Debt Agency (EDA) that would allow a flexible re-financing possibility to countries. EDA would be less than a fully-fledged finance ministry, but it would be more than a simple European Monetary Fund. It should be headed by a „Euro Area Finance Minister“. National parliaments would have to be involved in providing the legislative basis for the decisions taken by EDA. The exact composition of this institution is quite far-reaching political consideration;
- To ensure the banking union within the euro area, the creation of a euro area banking supervision authority with micro-prudential supervision powers is required. In parallel, the creation of an agency administering a European deposit insurance fund would be required. It could be a delicate issue to achieve the right rules for financial stability in the euro area without endangering the functioning of the single financial market, so it is necessary to hasten the creation of these institutions. Furthermore, a euro area institution would be much more independent of national interest groups than a national supervisor. A euro area banking union can be implemented within the current Treaty framework on the basis of cooperation between the euro area members, either through enhanced cooperation or intergovernmental agreements;
- The suggestions should be implemented as a package, as a whole and at the same time because all Euro area members „share not only a common currency, but also a common destiny“ and their governing institutions „have to finally live up to the expectation that economic policies are a matter of common concern“.

In order to avoid a race to the bottom in the competition when the small economies compete strongly for international direct investment flows, there is a need for clear regional (EU) rules on measures to attract foreign investment capital and for advanced rules on environmental and labour standards. Putting emphasis on clear and common rules creates the potential to offset incentives for regulatory competition. Establishing right rules of the game can be particularly important to developing countries, which otherwise can be subject to constant pressure from potential investors for lower standards. Developing countries fear the agreements in the euro area because politically strong protectionist interests of industrial countries could be defended by using “club” decisions, and developing countries will have no possibility for access to their markets. Financial activity of the markets outside the euro area migrates towards euro area countries and concentrates in the largest financial markets of the euro area. Improper response to the crisis in EU developing countries undermines the EU future development and its role as a global market participant.

Researchers from the Institute of BRUEGEL also provide a recommendation on the renewed euro area development strategy:

- Analyze the economic indicators in each country separately, taking into account the situation across the EU.
- The convergence criteria have become wholly inappropriate because when applying such criteria, i.e. inflation and deficit, the results are inconsistent.
- Make an economic assessment of the costs and benefits of future euro memberships on the basis of both the immediate benefits of joining and the longer-term sustainability issues.
- Establish in advance at what exchange-rate level potential members should join.
- Despite the status of convergence criteria implementation, the states could be free to choose the date of adopting the euro.
- The criteria for joining the euro should ensure that economic logic prevails over both political and legal logic.

We often hear the question whether it is better to be or not to be a member of the euro area during the crisis. In the opinion of Sławomir Skrzypek, each country’s answer would be different: “Adjustment in the euro area has to

51 Sapir A., „Bruegel Memos To The New Commission, Europe’s economic priorities 2010-2015“, 2009
be achieved through prices, wages and productivity channels, which is more complex than using the exchange rate channel. This also applies to countries which are not in the euro area but have pegged their currencies to the euro. However, if we have to choose between being a member of the euro area and being a member of the EU with the exchange rate pegged to the euro, the answer is simple - it is better to be the euro area member.\textsuperscript{52} In reality everything is more difficult. “No single currency regime is right for all countries at all times”, writes Jeffrey Frankel.\textsuperscript{53} Thus it is not enough to choose only between flexible and fixed exchange rates. The reason is that the euro is already an international currency, so the fluctuating ratio between the euro and the dollar may increase the differences between the EU countries and cause trouble for the countries that peg their currencies to the euro as well as affect the competitiveness of the countries striving to adopt the euro.\textsuperscript{54}

Controlling opportunism is particularly important for developing countries because international rules and oversight of trade agreements could limit the ability of large firms to exploit monopoly power. Only developed EU countries could take advantage of market imperfections while monopoly in international trade is usually created in developed economies. They have market power not only in regional but also in international trade, so there is no actual competition for their products in developing countries. Developed countries may then be in a position to adopt policies that enhance the market power of their own firms or improve the terms on which they trade.\textsuperscript{55} Developing countries, arguing for the need to develop their economies and the ongoing inevitable internationalization outside the EU, should seek to reform the current EMS governance dimensions:

- Developing countries should be better represented at the leadership of supranational institutions.
- The representatives of developing countries should participate in all regional and global forums and formats.
- Avoid solving today’s problems at the expense of future generations.
- Strengthen monitoring of monetary integration.

\textsuperscript{52} Nowotny E., Mooslechner P., Ritzberger-Grünwald D., „The Euro and Economic Stability. Focus on Central, Eastern and South-Eastern Europe“, Oesterreichische Nationalbank, Austria, 2010.

\textsuperscript{53} Frankel, J. A., „No Single Currency Regime is Right for All Countries or at All Times“, Graham Lecture, Princeton University, 1999.


• New supranational institutions should guarantee proper problem solving and representing of interests\textsuperscript{56}.

The finances of the EU Member States, particularly the members of the euro area, are more and more closely related. However, the developed countries retain the EU initiative of key decisions. Requirements to impose sanctions on financial discipline witness the development of EMS supranational jurisdiction; it is also a move toward the establishment of the EU economic government\textsuperscript{57}.

While carrying out internal reforms, developing countries make regional agreements at the EU level and thereby weaken the resistance of various power centers within the country to reforms. However, developing countries face another problem, namely, their weak positions in a multilateral setting, i.e. they do not have sufficient resources to actively participate in meetings of various formats, and to defend their interests in complex and long-lasting negotiations\textsuperscript{58}. Such problems could be solved not by operating a spontaneous mechanism but by imposing a programming regime. The application of such a regime could provide a strategy for increasing profit, which would force EU institutions to disclose all the information for developing countries\textsuperscript{59}.

People expected stability from integration processes, as well as a positive impact on economic growth and markets. Therefore, the three following conditions are necessary for the stability of a monetary union structure: 1) a crisis resolution mechanism in the EU as a whole; 2) a procedure to deal with internal imbalances; 3) a common banking supervisor\textsuperscript{60}. There is a need for a coherent framework for crisis management that brings together home and host authorities of key financial institutions as well as the private sector\textsuperscript{61}.

Integration does not take place mechanically or spontaneously when driven only by market forces. Regimes are used to enhance the process of integration, i.e. programming agreements and actions. EMS, with the non-euro area and the euro area inside, is not a monetary union but simply a fixed exchange rate regime, so the current form of the euro area will fail to survive in the future\textsuperscript{62}. We see that the mechanism of legal preconditions gradually

\textsuperscript{57} Čičinskas J., „Euro zona gelbėjasi“, \textit{Balsas.lt}, 2010 03 29.
\textsuperscript{60} Münchau W., „Gaps in the euroarea ‘football league‘“, \textit{The Financial Times}, 2010 03 21.
\textsuperscript{62} Münchau W., „Gaps in the euroarea ‘football league‘“, \textit{The Financial Times}, 2010 03 21.
leads towards an EU federal state. Economic policy that is solely based on national interests is not useful to human well-being. “The countries of Europe are too small to guarantee their peoples the necessary prosperity and social development”, claimed the author of the idea of European integration, Jean Monnet.  

The Tommaso Padoa-Schioppa Group maintained that the EMS is incomplete in its current form, and it aims at reaching as much fiscal federalism as necessary for the appropriate functioning of the euro, but as little as possible. The crisis has shown that the old mode of functioning in the EMU can no longer continue. It is not separate Member States but the EU level that should be recognized as an economic policy actor. Common actions mean the recognition that the sum is more important than each separate part. At the EU level it is difficult to find examples of common economic actions (the exception is monetary policy)  

In 1989 the Delors Report highlighted that this sort of EMS structure is a mistake: “economic union and monetary union form two integral parts of a single whole and would therefore have to be implemented in parallel“  

Prof. Mario Monti suggests looking at the EU single market as a whole, and not only at the euro area. With the increasing number of opponents to integration, the single market needs faster decisions and a holistic vision. The point is not how many different “boards” the EU will have or whether they will be seen as a cohesive entity.  

Developing countries often doubt whether it is in the economic and social interests of developing countries to enter into agreements that would require higher standards. It is common for developing countries to point out the existence of a double standard: when the developed countries of today were creating the EMS, they themselves did not adhere to the norms to which they are now requiring others to adhere. Did they strive for the power of rule-making instead of rule-taking? In the future, the internationalization process can change the nature of the dialogue between developing and developed

---

63 Monnet J., „Jean Monnet’s thoughts on the future (5 August 1943)“, Archives Jean Monnet, Fondation Jean Monnet pour l’Europe, Lausanne, Fonds AME. 33/1/4, translated by the Translation Centre Virtuel de la Connaissance sur l’Europe, Copyright (CVCE), 1943.  
countries: developing countries may turn from observers to actors and thus get a much better position for asserting their interests.\textsuperscript{67}

The Tommaso Padoa-Schioppa Group believes that sovereignty should be declined as much as possible so as to ensure the functioning of a single currency: “a stronger economic policy of the EU can emerge only if the actor of the policy is the EU itself and not the assembly of Member States. This implies a significant transfer of sovereignty. The EU level would have to be recognized as full-fledged and autonomous actor in economic policy-making, based on appropriate sources of legitimacy”. It is necessary to determine the recognition of the EU level as an independent layer of economic policy-making, yet acknowledging the national origins of budgetary and economic policy choices.\textsuperscript{68} The common economic area as a public good cannot exist without a common central bank, monetary policy, public finance and fiscal policy institutions. The EU is clearly confronted with a tension within the system, the infamous dilemma of being a monetary union and not a fully-fledged economic and political union. This tension has been there since the single currency was created but society was unaware of it because of information asymmetry.\textsuperscript{69}

Sooner or later, in order to survive during the economic globalization, the EU will be forced to change itself and will have to recognize changes in hierarchical market and political power relations. Internationalization affects regular opening of stages of economic development and their subsequent integrated stabilization and closure though at a higher hierarchical level as well as the wider institutional framework.\textsuperscript{70} Even the Delors Committee thought the creation of a single currency area will require a greater political union.\textsuperscript{71} The EU must be able to cooperate on a global scale and seek for the role of a political coordinator at the global hierarchical level.\textsuperscript{72}

\textsuperscript{70} Jeffries S., „A rare interview with Jürgen Habermas“, The Financial Times, 2010 04 30.
\textsuperscript{72} Jeffries S., „A rare interview with Jürgen Habermas“, The Financial Times, 2010 04 30.
Instead of Conclusions

The economic strategy of Lithuania, a small country, is based on seeking economic security. Therefore, for the Lithuanian state further development of an integrated European economy is crucial.

The crisis hit the Lithuanian economy due to the same reasons and in the same way as in all of Europe, but its power in Lithuania (in the Baltic countries) was much higher than anywhere else. This is the best proof of the relative lack of autonomy (in regard to outside forces) of the Lithuanian economy. Due to the lack of such autonomy the external forces put the country’s economy at a higher level than it was realistically able to sustain, and, when crisis came, threw it from that mountain deeper than it would have been in the case of more sustainable development.

Therefore, a small country can secure economic stability only by stepping into the process of economic integration which not only satisfies the search for economic rationality and security needs, but also meets criteria and interests for political alliances and cultural affiliation. The economic integration now proceeds as formation (enlargement) and consolidation of Economic and Monetary Union (EMU).

In the process of EMU creation the principle “one nation (country) - one currency” is being replaced by the principle “one market - one currency.” As the economic integration of Europe goes on much faster than the political one, the single EU market coexists with 27 sovereign states. This made the formation of the monetary union a multi-stage process and made its functioning difficult and not without risk.

There is no doubt that economic policy in the euro area must be consolidated and harmonized to the extent necessary for the success of the single monetary policy. The monetary union is to be complemented by a certain fiscal union, which, no doubt, shall develop into an ever closer economic union.

Due to the possible formation of an economic union some state sovereignty dimensions must inevitably change. External economic relations of states are increasingly organized by institutionalized bilateral and multilateral agreements, where in each case states waive themselves of individual opportunities and acquire opportunities (and obligations) to deal with issues in cooperation with other countries. It is obvious that in the economic sphere state sovereignty modifies itself.

In the course of economic integration the stumbling block of national currencies’ fluctuations sooner or later have to be removed in the most radical
way, namely, by a changeover to a single currency, and therefore to the single monetary policy. The euro zone may change its geographical configuration, but it cannot disappear. Therefore, to be in the EU and not in the EMU means gradually lagging behind European economic integration, and together with that also to incite some threat of political ostracism. As a small country this is contrary to Lithuania’s interests, Economic integration, if and when it happens, will inevitably require political integration. However, the political integration is far more difficult and slower. If external forces will not prevent the integration of the economic (rational) world, the gradual formation of a political union in Europe will remain imminent, as well as promoting the creation of a political union in the EU right now is premature.

February 2013
Hungarian Dances – The Origins and the Future of Viktor Orbán’s Revolution

The origins and the challenges of the newly elected Fidesz-government in 2010 were basically the same: the social and economic crisis, which demanded an adequate response. However, Viktor Orbán also had a long-standing, mildly radical ambition: to set a new political stage, where his conservative camp has the institutional advantage, and where the political landscape favors rather them rather than others. He has launched an unprecedented—since 1990 in Central-Eastern Europe—constitutional transformation and the new system was mainly set up by the end of 2011. However, the government has only partly met the expectations of the population on the political front, while it obviously failed on the economic one. Thus apathy has reached unprecedented levels in the country and the Fidesz-government failed to set its new order on a wide social fundament.

Introduction

In the parliamentary elections held in April 2010 the conservative Fidesz Hungarian Civic Alliance got 53% of the votes and won a two-third majority of the mandates. After the first round of the elections, Party leader Viktor Orbán described the victory as “revolution in the polling booths”, sending a strong signal that his government would use its new constitutional majority pretty extensively. Since then the new government has changed the “old Republic” dramatically. In the wake of Viktor Orbán’s anti-liberal turn all fundamental laws have been rewritten, including the Constitution itself; a new, “unorthodox” economic policy has been launched, with milestones like forced nationalization of private pension funds and excessive taxation of multinational companies in some selected sectors; the nation has been symbolically reunited by granting citizenship and voting rights to all Hungarians living abroad; the focus of the foreign policy has been shifted under the slogan “Eastern winds” and an accompanied rhetoric about the “decline of the West”.

These massive changes have raised understandable criticism thorough
the Western hemisphere. There were no legal barriers for a two-thirds parliamentary majority in Hungary, since the founders of the 1989 Republic could not imagine a situation, when a single political force would win such overwhelming support. The unlimited power and the wish of a significant part of the Fidesz-electorate to form a new constitutional setting automatically posed a considerable threat to the democratic image of the country. As Kai-Olaf Lang has put it rightly, unlike in domestic politics, the two-third majority was a major handicap in relations with the West. The fact that the Fidesz-government used its new powers so excessively, exclusively and in all cases in its own interest, in a semi-authoritarian manner, has justified most of these initial fears. Nevertheless and for the future more importantly, the domestic response also seems to be negative. According to opinion polls, in two years the Fidesz has lost more than half of its 2010 voters. The conservative camp has reached a low unprecedented since 1998. One reason for this is that Viktor Orbán has not publicized its “revolutionist” program during the campaign in order to maximize its support. His revolution caught many of the Fidesz-voters, who wanted some sort of “return to normality”, by surprise. Notwithstanding, Fidesz seems to be failing to gain overwhelming support for its policies and still has to prove that the new order rests on consensual, or at least massively social fundaments.

1. The Crisis of the “1989 Republic” and its Historical Patterns

Hungary had been in political crisis much before 2010. The population has been dissatisfied with most of the political parties, institutions and the existing political order in general. The 2010 elections proved to be critical, setting a new landscape for party politics. Two parties, the liberal Alliance of Free Democrats and the moderate conservative Hungarian Democratic Forum, that played a dominant role during the 1990 transition and permanently represented in all parliaments since then, practically disappeared. The Hungarian Socialist Party, being the left pole of Hungarian politics since 1994, giving the

---

2 Lecture at CEU, CENS, 5 April 2011.
3 According to Medián its support fell from 50% in May 2010 to 22% in May 2012. According to Ipsos from 42% to 16%, according to Tarki from 45% to 16%. Internet: http://torokgaborelemez.blog.hu/2012/06/06/459_fej_iras. Accessed: 03.09.12.
majority (in coalition with the liberals) for three terms (1994-98, 2002-10) got only 15.28% of the mandates. However, a right-wing radical party, the Jobbik, capitalizing on its combative anti-Gipsy rhetoric, could take an astonishing 12.18% of the seats. A newly established green-liberal party, the Politics can be different, could also form its tiny fraction. In the light of the spectrum of parties almost unchanged since 2000, these shifts demonstrate very well that Hungarian society had a deep mistrust of its political class. Accordingly Orbán’s promise to change for the better and his hope to get approval for its anti-liberal turn was very well calculated. The crisis of the “1989 Republic” was manifold and to some extent repeated some patterns of the past. Three main factors are worth mentioning in this respect.

1.1. The Notion of Consensual Politics

As András Bozóki describes⁵, the founders of the 1989 Republic deeply entrenched the constitutional order. A high number of fundamental laws were put behind the “fence of constitutional majority”. What is more, the Hungarian Constitutional Court had the most extensive activity among its counterparts in the post-Socialist states, becoming a semi-actor of the political process. The powers of the executive branch were limited by a high number of constitutional laws and their extensive interpretation, sharing the governmental responsibility with the opposition. At the same time the founding fathers established a strong government that practically cannot be overthrown by the opposition. All this provided an obvious contradiction between the governments’ ability to survive politically and their legal capabilities to manage large scale issues. There was an underlying disparity between the visible stability of Hungarian politics – all the elected governments remained in office for their full term after 1990, and their performance, their potential for bigger achievements and ability to pursue reforms.

The legal formula of strong executive vis-à-vis opposition-limited constitutional powers very much resided in the history of Hungarian parliamentary⁶. The 1867 reconciliation with Austria was based on the concept of a strong ruling party defending the dualist order from the pro-independence opposition and population. As a last resort of constitutional guarantee the ruler, Franz

---

Joseph, had the right to intervene, as it happened when the opposition won in the 1905 elections. Hungary also had a strong party of power in the mid-war period and Governor Horthy’s controlling role was further strengthened as the right-wing radical pressure grew after the early 1930’s. But these systems proved to be inflexible, non-adaptive and in the longer run lost their social support. Not surprisingly the number of eligible voters was one of the lowest in pre-WWI Europe (around 6% of the population), while the Horthy-regime also had the lowest ranking of legitimate elections among multi-party systems in Europe (around 27% of the population was eligible between 1926 and 1930, but 80% of the votes were given in an open ballot on the countryside). In both periods the existing constitutional setting and rule of the dominant party have been incompatible with broader electoral rights. Even if the popularity of the new order was relatively high in 1989, these inherited constitutional brakes were incorporated in the new system. The founding fathers thought that these brakes would function as checks and balances in the new environment. At the same time the whole system proved to be non-adaptive and gradually lost its popularity.

The system of stable government-limited powers worked relatively efficiently during the 1990s. The political landscape was fragmented, and the practice of ad hoc coalitions for certain modifications was implementable. Understandably, permanent constitutional deadlocks led to the gradual emergence of partocracy, a system where political loyalty weighted much more than professionalism. The worst example was the regulation of the media, but step by step other, originally independent institutions became first politicized and then turned into simply derivates of party politics. However, even this partocratic system functioned relatively efficiently, as long as the parties were capable of finding compromises.

However, during the late 1990s the party landscape became more concentrated and political competition between the two major forces, the Socialist party and the conservative Fidesz, made further progress impossible. Bi-partisanship deadlocked many innovations and poisoned the mood of the society. Especially after the 2006 elections and Ferenc Gyurcsány’s “liar-speech”, no more constitutional modifications were possible. Accordingly the government was not in a position to address many social problems efficiently: issues like party finances, anti-corruption laws, major economic reforms, electoral law or

---

8 In the so called Öszöd-speech Prime Minister Ferenc Gyurcsány admitted in a closed party meeting, that they systematically lied on the country’s economic situation during the campaign. The speech was recorded and later made public, prompting a series of serious anti-governmental riots in Budapest.
administrative reforms were all tied up constitutionally. The only exemptions were the issues related to NATO- and EU-membership, where the two major parties pursued a policy of necessary and minimal cooperation. Understandably many people from both camps thought that the problem resided not simply in the government, but in the system itself.

1.2. The “Gulash-Capitalist” Expectations in Society

Hungary established a relatively mild regime in the Communist-bloc during the late 1960s. Preserving the political monopoly, the government consciously tried to buy the loyalty of the masses, rather than oppress them. Accordingly the average living standard was higher than in other bloc countries, people were allowed travel to the West once a year (typically to Austria), and small-scale private enterprises were sanctioned. This was characterized under the label “gulash-communism”. People were encouraged to improve their living standard and leave the politics to the Party. As Zsigmond Móricz, a famous Hungarian writer, was often quoted: “Do not care about politics; build a house for yourself.”

All this became important in two respects. First, Hungarians traditionally try to respond to their deteriorating living standards individually rather than collectively. The transition was primarily an elitist, technocratic process in Hungary, without huge mass protests, unlike in Poland and the Baltic states. People were preoccupied with their private jobs, rather than protests. The “street” was a political arena discovered by the Fidesz only as late as 2002. Until then, even the biggest demonstrations barely exceeded 100 thousand people, and typically much less. Understandably in such an environment it was easier to believe the rumors that “the transition was stolen” by the Communist elites or the technocratic intelligentsia.

Second, the main expectations from the transition were economic rather than political. People wanted welfare much more than freedom. These expectations were very well in harmony with the early hopes for a smooth transition and a relatively fast catch-up to the capitalist West. People believed that they can continue to live as they did before, the small reforms during the 1980s would be almost enough and the state can preserve its extensive social role in a country that had been already dramatically indebted in the late Kadar-era. In the light of these “gulash-capitalist” attitudes, it is not surprising that according to comparative Visegrad opinion polls Hungarians were the most disappointed of the new system as soon as the late 1990s. In 2000 only 54% of
the respondents thought that it was worth changing the system, compared to 64% in the Czech Republic and 75% in Poland. Another sign of deep nostalgia about the Communist Kádár-regime is the fact that in 2011 in the age group of 18-24 years, 61% of the respondents characterized János Kádár as a positive or neutral personality.

Economic populism is natural in such an environment. During both the 2002 and 2006 campaigns exorbitant social promises took center stage. The Medgyessy-cabinet (2002-2004) propagated its fiscal expansion under the slogan “welfare transition”, hinting on the end of the era of hardships and promising a fast catch-up to Western Europe after the EU-accession. The disappointment, combined with Ferenc Gyurcsány’s “liar-speech” in 2006, in which all this was qualified as a mistake and a lie, played a crucial role in the collapse of the Socialist electorate. The population had enough of technocratic reforms, and permanent austerity without any clear perspective. The 2008 crisis has ushered in a time when the population was already in a bad mood and showed clear signs of reform fatigue. Viktor Orbán became the last hope of “anything different”, even if the expectations varied extremely and were totally incompatible. Fidesz has successfully combined social paternalism with the promise of large-scale tax reductions and pro-market orientation, maximizing its votes on the elections, but causing a lot of headache for itself afterwards.

1.3. The Changing Attitude towards the West and Market Economy

Attitudes to the EU and NATO accessions were pretty supportive through the 1990s. Unlike in Poland and the Czech Republic no significant political movements have been formed against the integration process. It was only 20-25% of the population that was skeptical about the consequences and had some doubts, but even the right-wing radicals kept a low profile in EU-matters. Things started to change rapidly after the mid-2000s. The share of respondents, who think that the EU-accession proved useful fell from 71% to below 40% between 2001 and 2009. Those who perceive the EU as a bad thing rose from 7% to 22% in the same period. Consequently these Hungarian indicators became one of the worst in the Community, comparable to

---


traditionally euro-skeptical British public opinion\textsuperscript{11}. Today the past skepticism turned into an openly hostile attitude, while national and European interests tend to be more and more differentiated. It is also worth mentioning that while Hungary did not have a major anti-European movement and the support for Western integration was relatively broad, it was extremely thin. There had been no formidable pro-accession movements or civil society network, and for many Hungarians the two accessions were a beneficial undertaking rather than a normative choice.

The split-up of the Hungarian Kingdom after WWI and the loss of two-thirds of the country’s territory is often a historical reference point for the relatively unstable Hungarian Pro-Western sentiment. Indeed, the Trianon peace treaty is still perceived as unjustified and unfair by the overwhelming majority of the population. The mainstream historical narrative, especially on the conservative side, is that much of the guilt lies on the Western powers’ realpolitik. As long as most of the regional countries had an enthusiastic couple of years during the 1920s because of their regained sovereignty guaranteed by major Western powers, for Hungary the years after WWI were full of despair and anti-Western sentiments. Nevertheless, it is more correct to say that Hungarians share a collective memory, where it is difficult to find an episode with a positive role for Western powers, especially as far as the twentieth century is concerned. It is very typical that, unlike in the other Visegrad countries, Hungary does not have a strong Pro-Atlanticist movement. While some of the Euro-skepticism in the Czech Republic or in the Baltic states comes from Pro-Atlanticist considerations, for most of the Hungarians the United States is at least a neutral issue, if not a trouble maker.

A pro-market attitude is also overshadowed by paternalistic and populist considerations. The social and ethnic cleavage during the nineteenth-century modernization was pretty huge in Hungary. On one side Hungary had a high-number of small nobility, who occupied most of the political and administrative positions of the Hungarian state after the formation of the dualist order in 1867. For this primarily pro-independence camp the main rationale of the 1867 compromise with Vienna was the economic one. Unlike in Poland, this social class was mainly saved from bankruptcy and social declassification through occupying the bureaucratic positions of the partly restored Hungarian statehood during these years. On the other side this “historical middle-class” was unable to join the economic upswing of the late nineteenth century. Le-

Leadership in Hungarian capitalism was exclusively based on citizens of Jewish and German origins. The ethnic patterns of modernization were extremely polarized. What is more, they remained largely unchanged until 1944-47, when all these classes were annihilated or deported from the country. Even if modernization had an ethnic pattern all over Central Europe, the Hungarian case was one of the most exclusive in all respects. Unlike in Germany, the Czech Republic or even Poland, it is difficult to find any tycoons of “Hungarian origin” or any ministers in the government of non-noble or non-bureaucratic background in the mid-war period. This made the ground for anti-capitalist attitudes pretty fertile.

Consequently the political and economic “value sets” of the ideological camps were to some extent different from the usual Central European setup. The Post-Communist Left could preserve much of its monopoly on the Western modernization agenda, establish a pro-market and pro-Western legacy referring to its moderate reforms during the Kádár-era, while the Conservative electorate was very much divided in attitudes toward capitalism or the West. Not surprisingly it was the Socialist Party that pursued an aggressive campaign of privatization to Western companies, in order to lessen the consequences of its austerity packages amid harsh conservative criticism during the 1990s. It was the Left which stood at the forefront of Western integration, while Fidesz, still supportive, took a rather cautious position. While in other Visegrad countries the mainstream rightist movements often had a strong pro-capitalist, pro-Western stance, like in the case of Dzurinda-, Topolanek- and Tusk-governments, it was difficult to take a similar centrist position for the Fidesz in Hungary. Partly because of the leading role of Socialist reformism, partly because of the paternalist-radical conservative electorate, the path for a centrist conservative force was much narrower in Hungary. Viktor Orbán based his conservative unification efforts on identity issues like religion, nationalism or anti-communism, rather than on questions related to economic order or foreign orientation. Foreign and economic policies were the most heterogeneously perceived issues, the weak points on the right flank. Consequently Fidesz faced most of its difficulties on these two fronts after 2010.
2. Viktor Orbán in Action – the Conservative Revolution

Before the 2010 elections expectations regarding the Fidesz-government varied widely. Memories of the first Orbán-government (1998-2002) were preserved for many as a pro-market, moderate conservative force, like those of the Tusk-cabinet in Poland or the one led by Dzurinda in Slovakia. Still a major part of its electorate wanted radical, systematic changes in most respects of the political-economic system and the competition for “being radical” had grown considerably on the right flank. Fidesz lost its long-preserved monopolistic position on the right-wing, and the radical Jobbik had the biggest since 1990 political breakthrough on the European parliamentary elections in 2009\textsuperscript{12}. However, during his long years in opposition between 2002 and 2010 Viktor Orbán built up a strong reputation of a charismatic, conservative leader. Unlike his first governmental term, when Fidesz was led on a relatively collective basis, by 2010 Viktor Orbán turned the party into a highly centralized political instrument, which was based on his personal authority and popularity. Undoubtedly his political performance was extremely astonishing, as he could survive two humiliating electoral defeats (if we add the 1994 fiasco, three) and managed to come back and become the promise of change after twenty years in Hungarian politics. This gave him an exceptional freedom of action, his decisions were rarely criticized publicly in his party, while the conservative core electorate was loyal personally to him, not to the Party or anyone else.

Nevertheless, this was almost the first election since the regime change when victory was certain and the chance for a two-third majority, and consequently for ultimate changes, was a given. There is hardly any doubt today that Viktor Orbán had a masterplan for a constitutional reshaping of the country—one that was not publicized during the campaign. Orbán’s strategy was not an ad hoc reaction to an inherited situation, but an action plan, consciously developed during the long years of opposition. Partly following András Bozóki’s classification\textsuperscript{13} four pillars of Orbán’s new politics can be differentiated: (1) unification of the nation; (2) the concept of central political force field and change of the elites; (3) unorthodox economic policy; (4) “rebalanced” foreign policy.

\textsuperscript{12} Róna D.; Karácsony G., „A Jobbik titka – A szélsőjobb magyarországi megerősödésének lehetséges okairól”, Review of Political Science (Polítikatudományi Szemle), 2010/1, p. 31-63
The issue of national unity was important for Orbán respect both of foreign and domestic policies. One of the government’s first actions was to grant citizenship to all ethnic Hungarians abroad. The issue of Hungarian minorities abroad was a long-standing one for the Hungarian foreign policy, some sort of legacy of the drama of the Trianon Peace Treaty. In opposition Fidesz turned out to advocate the extension of citizenship, even if the initiative suffered a humiliating defeat on a national referendum in 2004\(^\text{14}\). Even if this step was not independent from its vote-maximizing efforts and from the hope that Hungarians abroad are primarily conservative\(^\text{15}\), the symbolic step was in the core of Orbán’s nationalistic agenda. Coupled with other measures, like setting the Trianon Mourning Day, this symbolic move was one of the major promises that had to be fulfilled, despite the tensions vis-à-vis the neighboring countries.

At the same time Fidesz has practically declared war against the respective Hungarian parties in the neighboring countries. The leadership of RMDSZ in Romania or the Most in Slovakia became the representatives of the old nomenclatura according to semi-official rhetoric, and Fidesz tried to set up new proxy parties among the minority populations. Budapest gave an exclusion financial and media support for these new formations. This has led to major divisions between pro-Fidesz and native minority organizations, reproducing some of the cleavages in Hungary. Parallel organizations are present in Slovakia (Most and MKP) in Ukraine or in Serbia, while in Romania the change of elites has suffered a humiliating defeat on the 2012 local elections. Despite extended citizenship, Hungarians abroad seem to have a highly controversial attitude towards Fidesz.

On the domestic agenda the concept of “national cooperation” was introduced as an alternative to the existing liberal democracy. The declaration of the “system of national cooperation”\(^\text{16}\) was accepted by the parliament and posted in all public buildings. This document served as an universal reference to the revolutionist political activity, and underlined the government’s dedication to all the nation’s members and proved its plebeian nature. The concept was reinforced by and the text integrated into the new Constitution, approved in 2011.

The concept of a central political force field was first mentioned in Vik-

\(^{14}\)Only 1.5 million people, 19.35% of all eligible voters supported the double citizenship in 2004. What is more, the idea had barely got a relative majority even at an extremely low turnout.

\(^{15}\)As István Mikola, Fidesz candidate for deputy Prime Minister publicly told during the 2006 campaign: „If we could grant citizenship for the 5 million Hungarians abroad and they were eligible to vote, everything would be decided for the next 20 years in this country.” Internet: http://www.youtube.com/watch?v=y02DePqND0U, 11.09.2012.

tor Orbán’s annual speech in September 2009. Its core message was that the Fidesz has to overcome the left-right dualism and the neoliberal past of the last 20 years. The conservative camp could become the leading governing force of the nation for the next 15-20 years, provided it can establish a new governing principle and truly address the problems of the nation. This concept was important since it qualified the existing constitutional order as “neoliberal” and pointed to the necessity of systematic changes, even if it gave no details. Many political commentators falsely interpreted this as an attempt to take a centrist position between the right-wing radicals and the leftist electorate. However, it was an appeal to a non-technocratic, political manner of governance, some sort of people’s democracy with a dominant party under the leadership of the prime minister. Both elections and democratic freedoms were to be preserved, even if the existing conditions and the legal fundaments were qualified as “neoliberal”, and accordingly to be replaced by a more favorable for the conservative party regime.

This concept was the most direct, even if still very misty reference to the transformative agenda of the Fidesz before the elections. It very well addressed the public disappointment with the existing form of democracy and offered something else. Having won a constitutional majority on the elections, the government launched an extremely fast legislative campaign to establish a legal environment, favorable for its central political force ambitions. Until early 2012 the parliament accepted 365 new laws (an average of one by every 1,5 day, including holidays), among others a new Constitution and all the 25 constitutional laws. These were to a large extent new legislative acts, not minor modifications. This was an unprecedented legislative tsunami, not comparable even to the period of the early transition. It would be difficult to list all steps of this transformation, symbolized mainly by the new constitution. The most important measures were accepted exclusively on a unilateral basis; no other party voted for them. I refer only to some of the most important fields of this “constitutional blitzkrieg”:

- The new media law, which broadens the jurisdiction of central regulation and vested it with extensive powers. Theoretically the new authority may unilaterally set disproportional fines, capable to bankrupt any media

---

17 In February 2010 he further elaborated this concept: www.utolag.com/Orban_megorizni.htm, 10.09.2012.
18 Fidesz traditionally tried to incorporate the right-wing radical electorate under the slogan „One camp, one flag”. This policy proved to be unsustainable, since the Jobbik „went” so far right, that Fidesz simply could not „follow” it.
outlets\textsuperscript{19}. The new authority was filled exclusively by Fidesz-loyalists, including its president, a former Fidesz MP, elected for nine years. Indeed, the former media regulation gave extensive powers to party delegates and was a typical field of partocratic cooperation. At the same time the new law was so extensive and one-sided, that it evoked the first public conflict between the Hungarian government and the European institutions. Keeping in mind the financially dominant rightist media groups and coupled with obvious administrative squeeze on some leftist media outlets (the case of the “Klub” radio station), it would be difficult to qualify the new system as politically unbiased\textsuperscript{20}.

- The jurisdiction of the Constitutional Court was limited and the parliamentary opposition excluded from the nomination process. The number of judges was increased and the new positions were filled by the parliamentary majority. The Constitutional Court had historically extensive powers, culminating often in conflicts with all incumbent governments. According to its critics, it was exceptionally overstretched its normal authority especially in economic matters, annulling many technocratic reforms during the last 20 years. Nevertheless, the manner in which the government implemented these changes was extremely assertive. The Constitutional Court in a rather cautious manner returned the law on the retroactive setting a 98% extra tax on past severance payments under the Socialist government to the parliament. The Fidesz responded by amending the Constitution, excluding these issues from the Court’s jurisdiction and accepted the law again on the very same day. Since then most of the measures, which might be opposed by the Court are put into the interim regulations of the Constitution. Accordingly both the Constitution and especially its interim regulations are subjects of permanent changes, very well questioning the stability of the legal regime. It is symbolic, that only between July and December 2010 the Constitution was modified nine times.


\textsuperscript{20} As one of the leading representatives, Csaba Belénessy, head of the MTI (Hungarian Public News Agency) described the mission of public broadcasting: „….has to be loyal to the government, fair to the opposition.” 168ora, www.168ora.hu/itthon/belenessy-csaba-a-koz-uj-szolgalatarol-66304.html, 8 December, 2010
• New regulations on the labor unions, strikes and referenda. All these actors and institutions proved to be highly efficient during the Gyurcsány-government (2006-2009). The so called “social referendum” in March 2008, initiated by the Fidesz, was the most demonstrative failure of liberal reforms. It was the first major public victory of Viktor Orbán since 1998, an essential proof of his capability to address the electorate outside his conservative camp. Similarly and not without encouragement of the Fidesz, labor unions organized strikes and demonstrations thorough the country, efficiently setting the agenda during these years. It was obvious, that if the Fidesz leaves these freedoms unchanged, they can be used against it again. Thus both the requirements were significantly increased (200 thousand supporters instead of 100 thousand needed for a legal initiative) and the National Election Commission was also reelected and the control taken over by delegates of the parliamentary majority. At the same time these new limitations originated not only from political considerations. The government’s economic programme, the liberalization of the labor market, austerity in the field of social welfare system, revisions of past pensions—these were all politically more implementable by setting limitations on some of these relatively wide rights.

• The elections are the most important institutions in every democracy. Not surprisingly, Fidesz also started modifying the laws on elections. The new system was a combination of past and popular efforts to decrease the number of MPs, to solve the conflict of interest between mayors and MPs and understandably to strengthen the Fidesz’ position on the next elections. The two major developments in the new system are the strengthening the role of single mandates both by increasing their relative number, the lessening of the role of compensatory factors and the redistribution of the electoral districts. The latter gives a more balanced allocation of the votes than its predecessor from 1989, but it is also a clear-cut case of gerrymandering, favoring the Fidesz in an extremely one-sided way. It has to be added that the formation of the electoral system has not been finished yet: a new, administrative registration system has been recently introduced, where citizens have to register personally before the elections at the local self-governance in order to become eligible for voting. The termination of party subsidies from the central

---

budget was floated by the prime-minister\textsuperscript{22} and many details have not been elaborated, with one and a half years to go before the elections. The government could not give a reasonable interpretation of these changes; its arguments have changed several times during the approval process. Thus many believe that the only rationale behind these steps is to decrease the voter turn-out to a level at which the Fidesz’ massive party mobilization mechanisms can deliver enough votes for re-election. All these changes give enough arguments for critics to qualify the next elections as potentially illegitimate, a likely opinion for opposition after the election and a possible trigger for a new round of harsh Western criticism in case of a low turn-out. As it seems, Fidesz has well justified fears from undecided voters and doubts about its own capacity to win support for the 2014 elections.

Many other new administrative and legal rulings were introduced mainly in the spirit of centralization and statism, including schooling, universities, culture, local self-governance, the judiciary and others. It was not only the nature of these changes, but also their high concentration, that shocked the domestic public and the external world. The “revolution” launched by Viktor Orbán clearly has authoritarian features and obviously tests the limits of democratic governance. Nonetheless, all these measures were legitimate in terms of domestic legislation. The investigations and legal procedures initiated by the EC in some selected cases may take years, while on the political level only some minor concessions have been made. In Orbán’s power politics it is not the clumsy European legal procedures that could pose a threat to his policies.

At the same time in some cases Fidesz had to take an opportunist position especially if compared to other counterparts in Central Europe. Lustration is a typical example, where the opposition, including the Socialist Party, proposed an extensive legislative package to complete this process, but the government refused to make any progress. Unlike the Kaczinsky-cabinet, for which this issue had an eminent role, Fidesz has incorporated many representatives of the past regime, including many former agents of the secret service, identified after the change. In this respect, with the exception of the former liberal party, all political formations were fairly well penetrated by former representatives of the Communist regime. Due to the generation change in the

\textsuperscript{22} Party finances and their regulations are often mentioned as the main source of high-level political corruption int he country. Still, from 70\% to 90\% of official party incomes come from the budget. “Corruption Risks in Hungary”, Transparency International, http://www.transparency.hu/uploads/docs/Corruption_Risks_in_Hungary_NIS_2011.pdf
opposition, including the Socialist Party, this issue has lost much of its relevance for them, while the Fidesz obviously still has much to lose by the lustration. In this respect Fidesz’ anti-Communist rhetoric can be qualified as ideological references to its anti-leftist or anti-liberal stance, rather than interpreted in its historical context.

Still more important, the domestic political response was also extremely weak. The so called “democratic opposition” (without right-wing radicals) was fatally divided between the Socialist Party on one hand and some new civil society movements and the LMP-party on the other. The main point of friction was the attitude to the past Socialist government and the former regime. Though perhaps slightly exaggerated, it is still safe to say that only the Socialist party is in favor of the democratic system in its pre-2010 form. Accordingly a high number of street protests were organized with rather humble intensity and participation. Resistance was more fragmented and sporadic, even if still intense, than in the past. Despite its falling popularity, it is still the Fidesz that has the capabilities to organize large-scale street protests as it happened in January 2012 in defense of the government. The Hungarian public became extremely apathetic and neutral to politics during these last two years. The high number of undecided voters nicely demonstrates the crisis of the political system. Up to the present neither the Western organization nor the opposition has been able to respond adequately to Orbán’s policy. However, Orbán’s fate depends not as much on his political revolution as on his ability to succeed in the field of economy.

If the Fidesz had a clear mindset about domestic policy issues, its views on economy and foreign policy were much more uncertain and voluntaristic. In the field of economy Orbán had an extremely high number of past populist promises and he also had to prove that, unlike his predecessor, Ferenc Gyurcsány, he fulfills them or at least does not act in the opposite way. Accordingly he excluded the words “austerity” and “reform” from the conservative economic vocabulary, and at least at the beginning of his period tried to do things differently.

The basic pattern of Orbán’s economic mindset was neoconservative in redistribution issues: the introduction of flat income tax rate (one the most unpopular measures according to opinion polls), liberalization of the labor market and tightening the eligibility to social benefits. In some fields, like

23 Under the slogan „We will not be a colony!” at least 100 thousand people participated, comparable to the largest opposition meetings, the „Millions for freedom of speech”. BBC, http://www.bbc.co.uk/news/world-europe-16669498, 21 January, 2012.
higher education, the neoconservative appeal was especially strong: the government would like to put the whole system on self-financing basis without state subsidies. However, both the political and fiscal necessities limited the scope of the neoconservative swing. After so many years of rampant populism the electorate was eager for state paternalism. Consequently, bigger groups of the population, like pensioners were saved from any negative implications. At the same time after so many years of notorious misconduct under the Socialist governments, strong messages from Brussels forced Budapest to bring the budgetary deficit below 3%. Altogether the cabinet gave huge tax reductions to the higher middle-class and raised taxes for the poor, preserved past privileges of some important voting groups and tried to reduce the budget deficit further. According to classical economic theory all these efforts are incompatible if not in a dynamically growing economy.

Despite some of these neoconservative features Fidesz has a good deal of statist and anti-capitalist attitudes. Its ambitions to take over the commanding heights of the economy are very strong. Hungary had the highest share of foreign investments in its economy among the Visegrad countries. Utility companies, the energy sector, retail trade, the banking sector were privatized and to a large extent sold out to foreign companies. Fidesz tried to change this situation and in its nationalistic way was very hostile to multinational companies. They wanted to create a national bourgeoisie and, in parallel fashion, nationalize most of these sectors or at least strengthen the presence of the state. This economic nationalism and statism was coupled with the strong belief in dirigisme, i.e. that the state can optimally develop the national economy and contribute to economic growth.

Conservative statism is an exceptional phenomenon among the Visegrad rightist movements. Even if the crisis has forced governments to act against their ideological stance and the Hungarian situation has to be distinguished due to its high ratio of foreign investments, Fidesz has a conceptually different from its Central European counter-parts’ position regarding national ownership issues. The Hungarian policies are special both in regards of their scale and manner; they aim to renationalize full segments of some branches or to build-up massive state representation in others. The government does not only set extremely high taxes and harsh regulations for these industries, but also buys assets in the field of energy, banking, machinery industry and telecommunications. The underlying attitude is that these industries are monopolies and produce extra-profits, their foreign ownership is damaging to the national economy. These sectors are differentiated from other branches, like
car or food industry, where at least rhetorically the cabinet still tries to engage investors. Still the message is relatively biased and these policies are in sharp contrast both with the former governments’ attitudes and with the regional efforts to build up a good record among foreign investors.

The result of the incompatible redistribution efforts, the dirigist ambitions and the inherited economic crisis was the so called “unorthodox economic policy” under the leadership of György Matolcsy, minister of economy. The government has fulfilled most of its social promises. In order to keep the deficit target it set a number of special sectoral taxes on banks, retail sector, telecommunications and the energy branch. Moreover it practically nationalized the private pension funds that allocated around 10% of the GDP since their creation in 1998. All this was done in the hope, that these measures, the social stimulus would trigger a solid economic growth around 3-5% in the years to come. The belief in upcoming economic growth was so strong, that Viktor Orbán refrained from further cooperation with the International Monetary Fund. The latter measures would have been hardly compatible with the Fund’s requirements and the government was sure that it would be capable to pay back its credits taken by the 2008 stand-by agreement.

These policies understandably bore a large conflict potential with foreign companies and many of the new measures are investigated or are in the impeachment phase in Brussels. Orbán’s economic policy had an immanent anti-EU feature, and breached the European regulations at many points. All this was on top of existing European skepticism around his political revolution. Furthermore, as Viktor Orbán himself admitted, it was a risky undertaking. Independently from its voluntaristic nature, the launch of the unorthodox policy had a bad timing. The second round of the economic crisis in Autumn 2011 and dried up the financial markets for Hungary again, so Viktor Orbán had to suffer the humiliation of asking for the IMF’s help again. The fact that the Hungarian government is at the brink of default if the European situation worsens makes Viktor Orbán potentially dependent on EU-IMF financial support. This is one of the main constraints the government has to face recently, not surprisingly desperately trying to establish Eastern contacts in a form of “debt diplomacy”.

Not surprisingly the anticipated economic boom has not come and Hungary slipped back to recession in 2012. The level of investments is at a historical low, while the interest rates the budget has to pay to refinance its debt are almost at the 2009 levels. Orbán’s rhetoric about “war against the debt” has also failed to bring result. Despite the nationalization of the pension savings, the
level of debt has not decreased significantly. It is fairly certain two years before the elections that the economic situation will not improve and public opinion polls reflect this trend. Both the companies’ and the population’s assessment of the economic situation are comparable to those at the Balkan EU-members and the Hungarian economy according to its main indicators is getting further from the Visegrad zone. It is absolutely clear that the “unorthodox economic” policy has failed to bring its results during the Fidesz-government and has lost its original focus. However, given the fact that the president of the National Bank is going to be replaced in March 2013, monetary financing and the use of its vast currency reserves has not been excluded in a definite manner, the government seems to have some, even if extremely dangerous and short-term alternatives. As it seems today, long-term compliance with the IMF or the EU is perceived as one of the worst political-economic choices.

3. The Begrudging Member – Hungary and the EU

Conservative foreign policy in Hungary can be characterized traditionally by the predominance of the issue of Hungarian minorities abroad, a strong notion of Visegrad and regional cooperation, respect of national sovereignty and accordingly a focus on the Europe of Nations concept. Fidesz did not have a strong Pro-Atlanticist sentiment but preserved much of the reservations vis-a-vis Russia so typical for Eastern European conservative parties. It was the first Fidesz-coalition when Hungary joined NATO, and the party historically supported the Western integration process without particular reservations. Most of the foreign policy differences in the bi-partisan system of Hungarian politics were concentrated in issues related to the Hungarian minorities and accordingly to the neighborhood relations. While Socialist cabinets wanted to balance between the two aspects, Fidesz has been much stiffer and not afraid of raising tensions in the perceived interests of the 2.5 million Hungarians on the other side of the border. Nevertheless, these conflicts have never reached a strategic level, and EU-politics almost always remained independent from these aspects. Hungarian foreign policy seemed to be on a consensual basis, even if the content and significance of this consensus became relatively obsolete by the mid-2000s.

---

At the same time, foreign policy has never been an issue of particular interest for Orbán and Fidesz leadership. He has never distinguished himself in the international arena; most of these duties were delegated to the foreign minister, János Martonyi. Furthermore Orbán always stressed his willingness to preserve his freedom of action, to behave as a representative of a sovereign country, in the interest of his own people. In this respect he always preferred bilateralism to multilateralism, looked at the international cooperation exclusively through the prism of cost-benefit relations and had a strong opportunist sentiment. In his policy setting foreign policy was rather an extension of domestic policy and diplomacy was subordinated to his domestic policy and vote maximizing efforts. Accordingly, the first Orbán-government did not distinguish itself in this field and gradually got into a relative isolation by the end of its term. However, Orbán did not use harsh anti-European and anti-Western rhetoric during these years.

Given its indifferent stance in foreign policy, Fidesz did not turn, but rather gradually slipped into a more hostile to the West position. It was not only a conscious strategy, but rather a set of domestic policy factors, which prompted Orbán to confront many European institutions and turn into the representative of the relentless defender of national interests against the EU or IMF. The gradually deteriorating Hungarian public attitude to the EU, the emergence of right-wing radical Jobbik on the conservative flank and most importantly the revolutionist stance to transform the country by the extensive use of its two-third majority, all pushed towards this outcome or at least made some sort of confrontation inevitable. It was obvious that neither the government's legislative tsunami, nor the "unorthodox economic policy" would be welcomed in Brussels and Washington. Nevertheless, these domestic efforts had priority, thus foreign policy had to be adjusted to the upcoming realities.

Hungarian EU Presidency in the first half of 2011 was an interesting episode in this respect. The agenda and the priorities of the Presidency very well reflected the Hungarian, and more broadly the Central European issues of interests. The staff was relatively well-prepared, despite the last-minute reorganizations of the ministries and the government. However, Orbán did not turn too much attention to the Presidency and the members of the government were preoccupied with domestic tasks and legislation. What is more, sensitive issues like the approval of the new media law and preparation of the new constitution have not been postponed because of the Presidency. Thus the Hungarian semester was overshadowed by debates in the European Parliament and Commission about Hungarian domestic developments, where Orbán took an
extremely combative stance. Symbolically, the Eastern Partnership Summit in Budapest had to be canceled due to “technical difficulties”\(^{26}\).

Even if the tensions with the European institutions and partly with the US were to some extent predetermined by domestic policy factors, there were two important tasks to do: Fidesz had to find a narrative to explain the relatively sudden turn in its foreign policy primarily to its own electorate; and, it had to minimize the Western actions taken in response to its policies. The combination of the two was sometimes difficult, since Viktor Orbán regularly demonstrated even on the European forums, that he defends Hungarian sovereignty in an extremely confrontational manner. Typical episodes of this were the debates at the European Parliament on 11 January 2011 and 18 January 2012, where Viktor Orbán chose a fairly combative strategy. Not surprisingly, Fidesz usually tried to interpret these conflicts in a pragmatic pattern, as a conflict of interest rather than values. According to its arguments, the criticism came from the other ideological, liberal and socialist segments and from multinational companies, whose interests were hurt by the new regulations and taxes. It referred to the legitimate nature of the legislation, which was definitely true in most of the cases.

This strategy was relatively efficient as far as the Hungarian public did not have too much democratic sensitivity and expectations in regards of the European Union. The population perceived the European Union not so much as a union of values, i.e. a guarantee of democratic and civil rights, but rather as a source of welfare or, even more simply, as a source of subsidies. Former governments and the whole political class also tried to underpin their pro-European attitudes primarily by economic arguments. Thus the official interpretation, presenting these conflicts as a defense of the interests, and ignoring, refusing the all the criticism in the field of democratic deficits was a logical choice of the Fidesz-cabinet.

However, the conflict with the European Union escalated during 2011. In the debate about media law at the beginning of 2011 the criticism was ideologically fragmented in the European Parliament and the conservative fraction still supported the Orbán-government. By mid-2011 and early 2012 the European People’s Party retreated, and the “Hungarian dossier” reached the level of the European Commission and the Council. The “dossier” consisted of a

relatively extensive set of concerns regarding the domestic political system and another group of submissions on economic and business character. Even if there was substantial pressure from the European media, EP and even from some governments to constrain the activities of the Orbán-cabinet, the EC did not have too many instruments with which to intervene. As far as the domestic political patterns are concerned, it did not have too much jurisdiction. Interventions in these regards were limited to some unimportant technicalities and harsh public criticism of the responsible commissioners\textsuperscript{27}. Many individual submissions were submitted to the European Court of Justice and to the European Court of Human Rights\textsuperscript{28}.

The Commission has put more pressure on the government in the fields of economy and finances. The EC has started 98 infringement proceedings against Hungary since May 2010 altogether; many of these got into the second phase, and two have been already submitted to the European Court\textsuperscript{29}. Even if infringement proceedings are relatively normal between member states and the EC, the rapid growth of these numbers and the fact, that many of them are implemented in an accelerated regime, reflects the EC’s wish to set some limits for the Orbán-cabinet. Furthermore, some of these procedures bear a significant macroeconomic risk, like the one on the special tax on the telecommunications sector. These procedures and their likely outcomes pose a significant threat to the EU-Hungary relations in the future.

Nonetheless, the real constraint for the Hungarian government was the excessive deficit procedure and the cabinet’s renewed request for an IMF stand-by agreement. The Orbán-cabinet has made significant efforts to bring the deficit below the threshold and stop the EC’s procedure. “Fight against the debt”, “fight for growth” were leading slogans of the first two years of the cabinet. The EC has acknowledged much of these achievements, even if it was mainly due to single revenues. However, even so, the government failed to meet its own targets and solve these problems in a sustainable manner, and unorthodox economic policy and the European debt crisis only further deteriorated the macroeconomic situation. The EC has lost much of its trust in the


\textsuperscript{28} Typical examples are the forced retirement of judges at the age of 62 or the nationalisation of the private pension accounts. Some doubts regarding the efficiency of these steps are well justified as the government already publicly declared its unwillingness to implement these decisions in the case of „red star” (the symbol was banned in Hungary and a person fined on this basis which abolished by the Court).

\textsuperscript{29} As of August 2012.
Hungarian convergence plans and in the wake of its stricter attitude to budgetary policies it threatened to put sanctions on Hungary for the first time in the history of excessive deficit procedures.

Unlike the criticism for democratic deficits and the worsening image of Hungary, the issue of financial liquidity was a major challenge for the Fidesz leadership. Partly it became the victim of its own communications, since these organizations, especially the IMF, was made responsible for the bad situation in the country. Not surprisingly the cabinet launched its “Eastern winds” campaign, an effort to get investments and credits from non-Western countries. The Eastern opening has been a popular policy during the Socialist governments either, even if it had no Euro-skeptical context and the debt issue was not in its focus. Viktor Orbán bundled this strategy publicly with messages about the “decline of the West”, “crisis of the capitalist consumer societies” and the necessity to find new partners thorough the globe. This was also a relatively big turn in some particular cases, like China, where Fidesz had been one of the most relentless supporters of the “free-Tibet” policy until 2009. Even if Russia was seemingly included in this policy, relations to other potential creditors from the Gulf and the Far East were extensively intensified. The balance of these efforts has been rather dubious until now. There has been no significant rise neither in the level of investments or crediting from these countries. At the same time it caused considerable tensions in some cases, like the extradition of the Azeri killer to Baku\(^{30}\). Obviously this policy has a natural focus on diversifying external trade and investments, but, additionally, to lessening the dependence on Western creditors and offsetting some of these ties.

All in all, Viktor Orbán’s European vision rests on a solid fundament of his extensive understanding of national sovereignty. The people’s will, revealed on national elections and the legitimacy of directly elected bodies, stands above those of delegated institutions in the EU and IMF. He is committed to European membership, publicly refused the Jobbik’s radical anti-EU stance, but interprets this arena in the terms of a power struggle and refuses any steps towards deepening the integration. The EU and the IMF are more important

\(^{30}\) The Hungarian government extradicted to Baku officer Ramil Safarov, who intentionally, because of ethnic hater killed one of his Armenian colleague with an axe during a NATO-scholarship in Budapest in 2004. He was sentenced to life imprisonment and extradition to Azerbaijan had been permanently refused by former governments. Right after the extradition in August 2012 the Azeri president pardoned him. In response, Armenia suspended all diplomatic ties with Hungary. All this happened two months after Viktor Orbán’s visit to Baku and request for financial support. BBC, http://www.bbc.co.uk/news/world-europe-19440661, 31 August, 2012
for him in terms of domestic policy. These are those foreign subjects against which he permanently has to defend Hungarian interests, thus keeping his conservative camp together.

Conclusion

The current Hungarian situation and Viktor Orbán’s policies are often interpreted in a Central European context. This is justified, as far as the Hungarian political system has been studied in parallel with the other Visegrad countries since the fall of the Socialist regimes. At the same time if we try to look through the prism of discontinuity – and the discontinuity between the Orbán-period and its predecessors is one of the few points, with regards to which the bulk of the Hungarian population agrees – it is better to look for similarities with other countries. To a great extent current Hungarian developments show parallels with Berlusconi’s Italy or Traian Basescu’s Romania. Viktor Orbán’s conservative revolution, his political mindset of national populism, plebeian anti-elitism and anti-liberalism, flat tax policies and critical stance towards European integration, massive media representation and combative style are very well in line with his Mediterranean counterparts. He is not an old-fashioned Central European leader; he could modernize this role and take the center stage of Hungarian politics.

At the same time it is the two-thirds majority that makes the Hungarian case to a great extent extraordinary. It is difficult to imagine what would have happened if Fidesz would have gained a couple of percentages less support on the 2010 elections. It is also difficult to find any post-WWII government, in which the wish to shake-up the country’s political system and such an overwhelming legitimacy coincided. Neither Berlusconi nor Basescu, nor any Visegrad leader had ever had such an opportunity to fulfill its mission so swiftly and in its entirety. Size matters, especially if the winner has so much transformative ambitions.

Viktor Orbán’s revolution is often characterized by the Western media as a response to the financial crisis. This is partly true—the crisis delivered the coup de grace for Gyurcsány’s Socialist government and made his Party’s decline irreversible. Austerity after the 2006 elections has lost its meaning; the crisis ripped the governments from its benefits. But the relation between Orbán’s policies and the economic crisis is more complex. As was the case at the EU’s Southern periphery, the crisis only magnified existing policy weaknesses and shifted poor governance into unsustainable. Change was a must for all these
countries and Viktor Orbán regularly refers to the crisis as a source of legacy for extraordinary measures. Not only in terms of economic policies, but sometimes even in regards to potential political reforms, his reasoning conflicts with declining Europe and IMF. While his economic policy is obviously not capable of coping with its implications, the crisis became one of the major narratives of his policies. In this light it is not only a challenge for Hungary, but also an opportunity to justify his policies in and outside the country.

November 2012

Lithuania’s Eastern Neighbourhood
Povilas Žielys
Institute of International Relations and Political Science, Vilnius University

U.S. Security Interests and Democracy Assistance Programs in Georgia and Ukraine

Despite the high expectations associated with the 2003 Rose Revolution in Georgia and the 2004 Orange Revolution in Ukraine, the persistence of the two democratic regimes remains far from certain. It is hypothesized in this article that U.S.-funded democracy assistance programs implemented in Georgia and Ukraine in the post-revolution period have been burdened by U.S. security interests in the region and partly accounted for disappointing outcomes of the color revolutions. To test the hypothesis, four types of democracy assistance programs – electoral aid, political party development, NGO development and independent media strengthening – are analyzed in a comparative manner. The findings confirm the retarding impact of some U.S.-funded programs but they reveal reasons other than U.S. security interests.

Introduction

The 2003 Rose Revolution in Georgia and the 2004 Orange Revolution in Ukraine were applauded in the West as forceful democratic breakthroughs. However, their aftermath cooled down the initial euphoria. In Georgia, President Mikheil Saakashvili and his team focused their post-revolution reforms on strengthening the state as opposed to consolidating democracy. They passed constitutional amendments subordinating the parliament and judiciary to the executive and producing a superpresidential regime.\(^1\) In Ukraine, President Viktor Yushchenko and his team engaged in a personnel purge rather than in meaningful institutional reforms.\(^2\) Moreover, both the “orange” political forces


and the opposition continued to show a total disrespect for the rule of law by bribing and arbitrarily sacking judges.\(^3\)

The academic community has widely discussed possible reasons that could account for the disappointing outcomes of the color revolutions in Georgia and Ukraine. Most scholars have focused their attention on various internal factors, including personal traits of political leaders\(^4\), performance of government\(^5\) and opposition\(^6\), role of civil society\(^7\) and institutional legacies\(^8\). Slightly less research has been devoted to the impact of external actors, such as the European Union (EU) and Russia.\(^9\)

Several studies have examined post-revolution policies of the United States, but those are limited to the Georgian case. Mitchell argued that the George W. Bush administration made a mistake by putting too much trust in democratic intentions of the Saakashvili government and redirecting U.S. assistance from “nongovernmental aspects of democracy” (elections, political parties and media) to Georgian state institutions.\(^10\) This argument was echoed


by Omelicheva, who blamed the U.S. for turning a blind eye to human rights violations in Georgia and supporting the Saakashvili government in its goal of rebuilding the state prior to democratizing it.\textsuperscript{11} Muskheilishvili and Jorjoliani added to the picture their observation that, after the Rose Revolution, the U.S. stripped funding for watchdog organizations although previously they had been the best funded NGOs.\textsuperscript{12} Finally, Lazarus also criticized U.S. unconditional political support for the Saakashvili government and its implicit preference for pro-government NGOs. According to him, such “unprincipled democracy promotion” undermined democratic prospects in Georgia by instilling a sense of impunity within the government and provoking anti-Western resentment amongst the non-parliamentary opposition.\textsuperscript{13}

All mentioned scholars assumed that flaws and inconsistencies in U.S. democracy assistance to Georgia could be explained by the close alignment of the Saakashvili government with U.S. security interests. This assumption serves as a basis for the research design of this article too. The first section discusses the theoretical link between security interests of a donor country and its democracy assistance strategies. It is hypothesized that U.S.-funded democracy assistance programs can be burdened by its security interests and biased in favor of U.S.-friendly political groups in recipient countries. To test this hypothesis, two similar cases – Georgia and Ukraine – are selected. Both countries underwent democratic breakthroughs, became valuable U.S. allies in the post-Soviet area and continued to receive U.S. democracy aid. In the second section, the hypothesis is tested by examining four types of democracy assistance programs funded by U.S. governmental donors: electoral aid, political party development, NGO development and independent media strengthening. The article concludes by discussing the impact of U.S. security interests and other factors related to the effectiveness of U.S.-funded democracy assistance programs in post-revolution Georgia and Ukraine.

The empirical part of the article draws on a series of semi-structured in-depth interviews with U.S. aid providers and recipients conducted in Georgia and Ukraine in 2010 and 2011 respectively.\textsuperscript{14} Typically, each interview


\textsuperscript{14} In Tbilisi, all interviews were conducted by the author of this article. In Kyiv, the interviews were conducted by Rūta Rudinskaitė, to whom the author is particularly grateful.
contained several open-ended questions on the dynamics of U.S. democracy assistance volumes and priorities before and after the color revolutions. For these expert interviews, representatives of Georgian and Ukrainian branch offices of U.S. donor organizations, as well as representatives of local U.S.-funded NGOs, were selected.

1. Democratization Goals and Security Interests

It should be admitted that democratization can never be the sole foreign policy objective of any donor country. Even in the U.S., which tends to promote democracy with a missionary zeal, democratization must coexist with other objectives and interests: curbing the spread of weapons of mass destruction, combating terrorism, dampening regional rivalries and developing better economic relations.\(^{15}\) Unavoidably, all these foreign policy goals not only coexist but also conflict with each other.

Most situations in which the democratization goal conflicts with other security interests can be described as one of the two interrelated dilemmas. The first dilemma occurs if a donor’s efforts to promote democracy may lead to destabilization in the recipient country. In this case, the donor country must choose between promoting more democratic more efficient governance.\(^{16}\) Consequently, the donor country may prefer a stronger executive branch at the expense of political competition. The second dilemma occurs if the democratic process in the recipient country may bring to power political groups that are perceived by the donor country as hostile to its interests. In this case, the donor country may intervene to assist particular democratic forces into office, or to inhibit the ascent of those regarded as democracy’s enemies.\(^{17}\) Consequently, democracy assistance programs funded by the donor country may become politically biased.

In the wake of the color revolutions, U.S.-favored pro-democratic and pro-Western leaders – Saakashvili and Yushchenko – rose to power in Georgia and Ukraine respectively. They declared strong support for the U.S. war on terror, endorsed U.S. energy policy in the region and upheld NATO membership.


as a priority goal. Last but not least, both leaders presented themselves as fierce opponents of Russian influence. Due to such a perfect alignment with U.S. security interests, the Bush administration strongly supported the new Georgian and Ukrainian governments and shied away from any interference which could have weakened those governments. At the same time, the U.S. government remained genuinely interested in democratic progress in the two post-Soviet countries. The failed democracy building efforts in the Middle East had compromised the very concept of U.S. democracy promotion and, therefore, the Bush administration desperately needed some “success stories” to counter the criticism. In his last State of the Union address, President Bush listed Georgia, Ukraine, Lebanon, Afghanistan and Iraq as the countries that experienced “stirring moments in the history of liberty” during his two terms. Obviously, the two post-Soviet countries were clear frontrunners of that list.

The link between the democratization goal (consolidating gains of the color revolutions) and security interests (preserving the U.S.-friendly executives) was not an easy one, as it often produced dilemmas for U.S. decision makers. For example, the concentration of executive power in Georgia could be seen as both instrumental for improving governance and detrimental to democracy. The free and fair elections in Ukraine could be seen as both perpetuating democracy and posing a threat of the ascent of anti-American political groups. Theoretically, such dilemma situations could lead to a political bias in U.S.-funded democracy assistance programs in Georgia and Ukraine. Compared to European donor organizations, U.S. donors are more likely to perceive democratization as a political struggle between democratic and nondemocratic actors and to take sides in this struggle. This article offers the hypothesis that U.S. democracy assistance programs were burdened by American security interests, and were discriminatory and counterproductive.

Democracy assistance can be broken down into two types of donor state’s activity. One can look into the diplomatic level of democracy assistance, e.g. U.S. efforts to dissuade the Georgian/Ukrainian government from nondemocratic actions by means of public criticism, backstage diplomatic pressure or economic sanctions. Alternatively, one can examine the programmatic

---

level, e.g. U.S.-funded democracy assistance programs aimed at leveling the playing field for political competition and enabling civil society to control government’s activities. This analytical distinction is of utmost importance. For the diplomatic level, the hypothesis of security-burdened democracy assistance is almost obvious because diplomacy reflects the changing priority order of foreign policy goals. By contrast, this hypothesis sounds much more controversial if applied to the programmatic level. Democracy assistance programs are designed to serve the specific goal of democratization and are implemented by governmental and nongovernmental organizations (agencies, foundations, institutes, etc.) that are regarded as autonomous and immune to political bias.

Contrary to previous research, this article deals exclusively with the programmatic level of democracy assistance. It looks into U.S. democracy assistance programs implemented in Georgia and Ukraine in the post-revolution period (in 2004-2008 and 2005-2009 respectively). The article focuses on four sectors that were prioritized by U.S. donors before the color revolutions: electoral aid, political party development, NGO development and independent media strengthening. The hypothesis here is that the U.S. attention to a free and fair electoral process in Georgia and Ukraine should have decreased as it already had its favorite leaders in power. It is further assumed that U.S.-funded organizations should have discriminated against Saakashvili’s and Yushchenko’s political rivals when providing training for local political parties. Finally, the article also suggests that U.S. donors should have cut funding for watchdog NGOs and independent media as the U.S. was no longer interested in discrediting the incumbent Georgian and Ukrainian governments. It is important to note that only programs funded by U.S. governmental donors are considered because privately funded democracy assistance programs cannot be analyzed as part of state-implemented foreign policy.

2. U.S. Democracy Assistance Programs in Georgia and Ukraine

2.1. Electoral Aid

The color revolutions are sometimes referred to as electoral revolutions because they have been triggered by election fraud. U.S. electoral aid was instrumental in exposing that fraud. However, the continuation of U.S. electoral aid programs in Georgia and Ukraine could not be taken for granted as the
revolutions brought to power U.S.-favored leaders. This section examines the hypothesis that, after the revolutions, U.S. governmental donors either abandoned election-related programs or pursued programs that were biased in favor of U.S.-supported leaders Saakashvili and Yushchenko.

The assumption of a possible U.S. donors’ retreat from the sector of electoral aid was rejected by all interviewed U.S. donor organizations. According to the representatives of the Georgian branch of the U.S. Agency for International Development (USAID/Georgia), the level of electoral aid to Georgia remained high after the Rose Revolution. USAID used to increase support for watchdog organizations and allocate more funds to election monitoring in every pre-election period.\(^{21}\) The USAID/Ukraine representative claimed that electoral aid continued to be provided on demand after the Orange Revolution: “the US government often makes additional resources available to support election activities, especially when election-related needs could not be foreseen”.\(^{22}\) Similarly, the U.S. Embassy in Ukraine, according to its employee Sergey Reshetov, used to respond to electoral aid demand by announcing additional competitions for funding before every parliamentary and presidential elections.\(^{23}\)

The representatives of two major Georgian election monitoring NGOs – Society for Elections and Democracy (ISFED) and Union ‘new Generation-new Initiative (nGnI) – confirmed that there was no dramatic decrease in U.S. funding after the Rose Revolution. The ISFED representative said that it was always relatively easy to find election-related funding.\(^{24}\) The nGnI representatives admitted that nGnI budget was always bigger in a year of national elections.\(^{25}\) As for Ukraine, this finding was corroborated by the analysis of the U.S. support for election monitoring activities before and after the Orange Revolution. During the 2004 parliamentary elections, the most active U.S. donor in the election sector – National Democratic Institute (NDI) – deployed 1,274 own observers.\(^{26}\) Later, this number plummeted to 15 observers for the 2006 parliamentary elections and 41 for the 2007 early parliamentary elections. However, this change did not represent a drawdown of NDI’s support. Instead of sending its own observers, NDI chose to fund major election monitoring missions of other organizations, including the Committee of Voters of Ukraine,

\(^{21}\) USAID/Georgia representatives, personal interview, Tbilisi, 13 October 2010.
\(^{22}\) USAID/Ukraine representative, personal interview, Kyiv, 10 March 2011.
\(^{23}\) Sergey Reshetov, personal interview, Kyiv, 28 February 2011.
\(^{24}\) ISFED representative, personal interview, Tbilisi, 15 October 2010.
\(^{25}\) nGnI representatives, personal interview, Tbilisi, 20 October 2010.
\(^{26}\) Here and henceforth cited numbers of officially registered election monitors have been obtained from the website of the Ukrainian Central Election Commission: <http://www.cvk.gov.ua>.
the Civil Network OPORA and the European Network of Election Monitoring Organizations.

One more hypothesis which needs to be tested in this section assumes that U.S. electoral aid programs may have been biased in favor of the “rose” and “orange” political forces. One could expect that, compared to other election monitoring missions, U.S.-funded missions produced less critical reports in cases of the electoral victory of US-favored “rose” and “orange” political forces and more critical assessments in cases of their defeat. To test this hypothesis, reports published by the Organization of Security and Cooperation in Europe (OSCE) were compared with those of U.S. donor organizations – the International Republican Institute (IRI) and NDI.

The comparative analysis of the reports in question did not verify the hypothesis of U.S. donors’ bias. Following the 2008 Georgian presidential and parliamentary elections that prolonged the reign of President Saakashvili and his party United National Movement (UNM), OSCE and NDI published fairly similar election monitoring reports. Following the January 2008 early presidential elections, both OSCE and NDI reports contained the same critical remarks on the use of state resources to Saakashvili’s benefit; intimidation and pressure on opposition activists, state employees and local observers; unbalanced media coverage; and slow and chaotic vote counting. Following the May 2008 parliamentary elections, the findings of OSCE and NDI missions were very similar again, both referring to the late amendments of electoral code; use of state resources to UNM’s advantage; intimidation and pressure on opposition candidates, state employees and local observers; unbalanced media coverage; domination of UNM representatives at all levels of election commissions; and post-election assaults on opposition activists.

In Ukraine, the 2006 and 2007 parliamentary elections brought to power the Party of Regions which opposed U.S.-favored President Yushchenko and was allegedly pro-Russian. However, the assessment provided by U.S.-funded election monitors was no more critical than that of other internatio-

---


nal election monitors. Both OSCE and IRI reports on the 2006 parliamentary elections criticized only some organizational aspects, such as incorrect voter lists, overcrowded polling stations and lengthy vote counting process. The OSCE report additionally noted the insufficient transparency of campaign financing. Following the 2007 early parliamentary elections, OSCE and IRI missions again published very similar reports. Both documents criticized last-minute amendments to election law with regard to home voting and compiling voter lists. IRI observers additionally reported a few cases when Ukrainian political party observers assisted voters into the voting booths and possibly influenced their votes.

### 2.2. Political Party Development

Post-revolution Georgia and Ukraine were quite different with regard to their party systems. In Georgia, propresident UNM secured a strong majority in the parliament and the role of other parties was only marginal. In Ukraine, the “orange” camp – the propresident bloc Our Ukraine and the Yulia Tymoshenko bloc – competed and were eventually outperformed by the party of Regions (PoR) and the Communist Party of Ukraine (CPU) that opposed President Yushchenko. It is hypothesized in this section that U.S. donors took sides in both cases by giving preferential treatment to “rose” and “orange” political forces and discriminating against their political rivals.

In post-revolution Georgia, U.S. donors changed their party assistance strategy and those changes mainly favored the ruling UNM. Before the Rose Revolution, both NDI and IRI were working with all relevant Georgian political parties. After the revolution, NDI signed a new contract with USAID and shifted its focus almost entirely towards legislative strengthening, while IRI continued to assist parties inside and outside the parliament. This shift reflected the heightened interest that the U.S. government took in supporting...
Georgian state institutions as opposed to civil society organizations.\textsuperscript{31} The Georgian opposition criticized NDI’s post-2004 focus on only parties with parliamentary representation claiming that NDI’s assistance to parliament, which is controlled by UNM, merely strengthens UNM’s political monopoly. The then Senior Resident Representative of NDI/Georgia Mary O’Hagen accepted the criticism. She said that NDI/Georgia did not want to be engaged exclusively with parliament but its cooperation with parties outside the parliament was restricted by a contract with USAID.\textsuperscript{32}

While NDI was locked in cooperation with the ruling UNM in parliament, IRI continued to offer training to all interested Georgian parties. Nonetheless, the ruling UNM received a disproportionate share of IRI assistance too because it was more advanced and better coordinated than all other parties.\textsuperscript{33} In general, IRI assistance was demand-driven so it was up to the parties themselves to come to IRI and name the issues they want help on.\textsuperscript{34} Therefore, it is no wonder that the best organized party – in this case, UNM – was able to take the most of assistance. IRI claimed it had never refused assistance to any Georgian party. The only relevant Georgian party which did not cooperate with IRI was Shalva Natelashvili’s Labour Party. According to IRI/Georgia representative, Labour Party avoided cooperation with IRI because ideologically Natelashvili was “less engaged with the American crowd than the other people.”\textsuperscript{35}

In Ukraine, at least two parties could be considered hostile to U.S. security interests. The first is CPU, which has undergone little reform since the fall of the Soviet Union. The second is PoR, whose leader Viktor Yanukovych slowed down Ukraine’s rapprochement with NATO after becoming prime minister in 2006. However, there is no evidence indicating that U.S. donors would have discriminated those two Ukrainian parties. The Resident Country Director of IRI/Ukraine Chris Holzen claimed that his organization did a lot of work with PoR. He illustrated his argument by mentioning that, in 2009, the highest percentage (around 20 percent) of participants in IRI-organized seminars came from PoR. Holzen also disagreed with allegations that U.S. donors ignored CPU. According to him, IRI/Ukraine invited the communists to its programs but, with the exception of the city of Kharkiv and occasionally some

\textsuperscript{31} Max Bader, \textit{Against All Odds: Aiding Political Parties in Georgia and Ukraine}. Amsterdam: Amsterdam University Press, 2010, 111.
\textsuperscript{33} Bader, 129.
\textsuperscript{34} IRI/Georgia representative, personal interview, Tbilisi, 18 October 2010.
\textsuperscript{35} IRI/Georgia representative, personal interview.
people in the Luhansk region, the CPU was not interested in attending these programs.\textsuperscript{36}

The interviewed NDI/Ukraine representative gave assurance that NDI/Ukraine worked with all parties represented in the parliament and with some non-parliamentary parties as well. He stated that none of the Ukrainian parties had absolutely refused assistance from NDI/Ukraine. PoR members participated in various NDI programs, although mostly at the local level. According to the NDI/Ukraine representative, they had worked with the communists as well. As an example, he mentioned that CPU had participated in the training for party poll watchers.\textsuperscript{37}

In its turn, the CPU leadership tends to deny party’s involvement in any U.S.-funded training. The communist Member of Parliament stated that he personally had not seen any invitations for CPU to participate in IRI or NDI trainings either at the level of the party’s Central Committee, or at the level of regional and district committees. Therefore, the question of CPU’s participation in such trainings has not been discussed by any collegial body of the party.\textsuperscript{38} The reasoning of IRI, NDI and CPU interviewees suggested that the cooperation was precluded by the lack of interest on both sides rather than any kind of discrimination.

\subsection*{2.3. NGO Development}

Before and during the color revolutions, Georgian and Ukrainian NGOs were well funded by U.S. donors and actually performed the role of political opposition to corrupt authoritarian regimes. The hypothesis tested in this section is that, after the revolutions, the U.S. government was happy with the new leaders in power and so it deprived watchdog NGOs of previously generous funding and supported only pro-government NGOs.

Both in post-revolution Georgia and Ukraine, the NGO community felt a sudden drop in U.S. funding. According to the representative of the Civil Society Institute, many Georgian NGOs were almost exclusively reliant on foreign grants so they had to suspend or even terminate their activities.\textsuperscript{39} The Executive Director of Human Rights Center Ucha Nanuashvili added that post-2004 cuts in U.S. funding most severely affected NGOs outside the largest cities and left some

\begin{flushleft}
\textsuperscript{36} Chris Holzen, personal interview, Kyiv, 2 March 2011.
\textsuperscript{37} NDI/Ukraine representative, personal interview, Kyiv, 9 March 2011.
\textsuperscript{38} Communist Member of the Verkhovna Rada, personal interview, Kyiv, 2 March 2011.
\textsuperscript{39} Civil Society Institute representative, personal interview, Tbilisi, 18 October 2010.
\end{flushleft}
regions of Georgia without NGO presence at all. Speaking of Ukraine’s experience, the Chair of Laboratory of Legislative Initiatives Ihor Kohut noted that many democracy assistance programs, which were previously financed by U.S. donors, ceased to exist after the Orange Revolution. The Executive Director of Ukrainian Helsinki Human Rights Union Volodymyr Yavorsky echoed the argument. According to him, the post-revolution external funding was “very limited” and many Ukrainian NGOs simply ceased to exist.

The representative of Democratic Initiatives Foundation added that Ukrainian NGOs could find local funding for the work with poor or disabled people relatively easily, but local donors were reluctant to finance democracy-oriented activities. Among possible reasons for cuts in U.S. funding, the interviewed NGO representatives mentioned too rosy assessments of democratic achievements in Georgia and Ukraine, as well as the optimizing of funds by means of task sharing among U.S. and other foreign donors.

Following the color revolutions, U.S. donors introduced a new assistance strategy which may have strengthened the feeling among Georgian and Ukrainian NGOs that they were abandoned. According to USAID/Georgia, the old approach of supporting the organizational development of many NGOs (“thousand flowers blooming throughout the country”) was replaced by the new approach of focusing funds on few NGOs and implementation of specific projects. Likewise, USAID and other foreign donors operating in Ukraine shifted their focus from institutional development of many NGOs to implementation of particular projects by the strongest ones. Recipient organizations in Ukraine have been told that donors are not willing to cover administrative costs and expect NGOs to make their own contributions to the projects. As noted by Ukrainian NGO sector researchers Lyubov Palyvoda and Volodymyr Kupriy, not all NGOs were able to adapt to a new post-revolution environment. The point is that the topics of externally funded projects narrowed and, as a result, required NGOs to possess certain professional skills.

In the post-revolution period, U.S. donors redistributed their funding in favor of state institutions as opposed to civil society. The representatives of USAID/Georgia admitted there was a shift in assistance priorities of the ‘Democracy & Governance’ program after the Rose Revolution. USAID increa-

---

40 Ucha Nanuashvili, personal interview, Tbilisi, 15 October 2010.
41 Ihor Kohut, personal interview, Kyiv, 9 March 2011.
42 Volodymyr Yavorsky, personal interview, Kyiv, 4 March 2011.
43 Democratic Initiatives Foundation representative, personal interview, Kyiv, 9 March 2011.
44 USAID/Georgia representatives, personal interview.
46 Lyubov Palyvoda and Volodymyr Kupriy, personal interview, Kyiv, 11 March 2011.
sed its support for Georgian state institutions (‘governance’) partly at the expense of the support for civil society (‘democracy’). This shift took place because many former NGO leaders joined the new government and the government seemed to be result-oriented and eager to act.\textsuperscript{47} By contrast, the interviewed USAID/Ukraine representative claimed that all programs under the heading of “Democracy & Governance” were equally important and USAID’s attention to each of them remained unchanged after the Orange Revolution.\textsuperscript{48} However, available statistical data clearly contradicts this claim. According to data published on the USAID website, the 2004-2007 period saw a 71 percent decrease in the budget of the program “Strengthening Citizen Participation” and a simultaneous 59 percent increase in funds for the “Good Governance” program in Ukraine.\textsuperscript{49}

Along with the redistribution of funds, U.S. donors started promoting the cooperation between NGOs and state institutions. In Georgia, this produced a conceptual divide between independent watchdogs and pro-government NGOs (so-called GONGOs). According to the Executive Director of Georgian Young Lawyers’ Association Giorgi Chkhheidze, U.S. donors continued to refer to the involvement of civil society in the reform process but now it became a duty of the Georgian government to involve NGOs.\textsuperscript{50} This opened a way for Georgian authorities to select which NGOs they want to work with while excluding others. As a result, the selected NGOs were labeled as GONGOs. Unlike in Georgia, the Ukrainian NGO community did not split into two antagonistic camps. The divergent outcome can be explained by the fact that various political forces were represented in the Ukrainian government and they would not have been able to agree on a single group of preferred NGOs.

It should be also noted that, while promoting the cooperation between NGOs and state institutions, U.S. donors have never stopped funding the watchdog activities. The proportion of U.S. funds allocated to joint government and NGO projects had increased but U.S. donors did not finance exclusively pro-government NGOs.\textsuperscript{51} In fact, some U.S.-funded programs, like the Democracy Small Grants Program administered by the U.S. Embassy in Ukraine, had reserved its funds exclusively for NGOs and had never worked with state institutions.\textsuperscript{52}

\textsuperscript{47} USAID/Georgia representatives, personal interview.
\textsuperscript{48} USAID/Ukraine representative, personal interview.
\textsuperscript{50} Giorgi Chkhheidze, personal interview, Tbilisi, 15 October 2010.
\textsuperscript{51} Civil Society Institute representative, personal interview.
\textsuperscript{52} Reshetov, personal interview.
2.4. Independent Media Strengthening

On the eve of the color revolutions, external media assistance was crucial to preserving a critical coverage of Georgian and Ukrainian government activities. This section examines the following hypothesis: after the revolutions, U.S. governmental donors became reluctant to finance media strengthening programs as the U.S. administration wanted to shield its favored new governments in Georgia and Ukraine from public scrutiny.

Both in Georgia and Ukraine, the U.S. channeled most of its media assistance through the USAID-funded flagship media programs. In Georgia, it was the four-year (2002-2006) Media Innovations Program implemented by the International Research & Exchanges Board (IREX). In Ukraine, it was the five-year (2003-2008) program Strengthening Independent Media in Ukraine (U-Media) implemented by Internews. The Orange Revolution had virtually no impact on U-Media. In 2008, when the initial five-year term expired, USAID extended the program for another three years signing a new contract with Internews and pledging the same level of funding ($2 million per year). In post-revolution Georgia, on the contrary, USAID refused to extend its flagship media program. What was the reason for shutting it down?

Bob Evans, the then IREX Chief of Party in Georgia, has provided a very blunt comment about that: “We were told many times to fully support the new regime and not point out the shortcomings of the new government. “Watchdog” became “bad dog” in anticipation of some sort of counter-revolution. USAID seemed to almost simultaneously announce that we ran the best media program they had ever seen and that they had no intention of offering a media program again.”53 The interviewed Georgian media expert who was contracted by IREX to work in the Media Innovations Program provided a more moderate assessment. According to this expert, USAID and other U.S. donors suspended the direct assistance to independent media because they “assumed prematurely that the Georgian government was so interested in developing democracy that there would be not that much need for outside support.”54 If that was the case, the post-revolution euphoria of U.S. governmental donors must have been particularly overwhelming. It should be noted that USAID dismissed the advice of its own experts. In the joint IREX and USAID midterm assessment published in September 2004, it was highlighted in capital

53 Mitchell, 130.
54 Georgian media expert, personal interview, Tbilisi, 13 October 2010.
letters that the authors of the assessment did not recommend USAID to close its media assistance program in Georgia.\textsuperscript{55}

Although in Ukraine the flagship media program stayed intact after the Orange revolution, some decline in U.S. funding for independent media could also be observed. For example, the Media Development Fund (MDF) administered by the U.S. Embassy in Ukraine faced significant funding cuts in the post-revolution period. The MDF budget fell from $882 thousand in 2006 to $424 thousand in 2007. The number of projects financed by MDF decreased from 117 to 54 during the same period. In spite of the slight recovery ($540 thousand) in 2008, the MDF budget further shrank to $392 thousand in 2009.\textsuperscript{56}

The expert for MDF at the U.S. Embassy Olha Zhyryachenkova explained the funding cuts by the fact that freedom of speech was considered to be one of the biggest achievements of the Orange Revolution.\textsuperscript{57} This argument was echoed by Natalya Ligacheva, the founder of Ukrainian media monitoring website Telekritika. She noted that, in 2005-2006, Western grant givers significantly reduced their support for media NGOs as they concluded that “everything is now fine in Ukraine and freedom of speech has been established”.\textsuperscript{58}

SGM Jan HECHTUkrainian media outlets survived the cuts in U.S. funding easier than their Georgian counterparts because they could resort to various local business groups, including those opposing the government. At the same time, Ukrainian media still could count on external assistance. For example, the website Telekritika, which advocates independent and impartial media, merged with Ukrainian business holding Glavred, beginning in December 2006. The holding financed as much as 75 percent of Telekritika’s annual budget. However, the remaining 25 percent continued to be obtained from Western donors (mostly, American) and this share was crucial to preserving the independence of Telekritika’s editorial policy.\textsuperscript{59} This balanced mix of funding sources was made possible by U.S. donors’ decision to devote their full attention to a quality of Ukrainian media reports. The representative of the Institute of Mass Information recalled that U.S. donors responded to the appeal of Ukrainian NGOs and postponed their withdrawal from the media sector for another 5-7 years committing themselves to focus on journalist training and pursue media standards.\textsuperscript{60}

\textsuperscript{56} Data obtained by author from the U.S. Embassy in Ukraine.
\textsuperscript{57} Olha Zhyryachenkova, personal interview, Kyiv, 28 February 2011.
\textsuperscript{58} Natalya Ligacheva, personal interview, Kyiv, 1 March 2011.
\textsuperscript{59} Ligacheva, personal interview.
\textsuperscript{60} Mass Information Institute representative, personal interview, Kyiv, 10 March 2011.
Conclusion

This article aimed to test the hypothesis that U.S. democracy assistance programs in post-revolution Georgia and Ukraine were subordinated to U.S. security interests and, as a result, did not facilitate the consolidation of the two nascent democracies. The research indeed revealed various inconsistencies in U.S.-funded programs that may have undermined their effectiveness. However, U.S. security interests did not prove to be the primary reason for the inconsistent U.S. democracy assistance in Georgia and Ukraine.

In the sector of electoral aid, the hypothesis was falsified altogether. U.S. governmental donors implemented a coherent assistance strategy by committing necessary funds to election monitoring activities and producing impartial post-election assessments. In the sector of party assistance, the U.S. assistance strategy was less consistent, particularly in Georgia. After the Rose Revolution, U.S. donors redirected a significant share of their resources from party assistance to legislative strengthening. As a consequence, the government party UNM secured an exclusive access to this kind of assistance as it commanded a strong majority in the parliament. Instead of leveling the playing field for all Georgian parties, the U.S. assistance actually strengthened the already dominant player. However, the research revealed no link between the inconsistencies in U.S.-funded party assistance and U.S. security interests. The preferential treatment of UNM likely was a side effect of the more general shift of U.S. assistance strategy toward the strengthening of state institutions.

In the sector of NGO assistance, a decline in U.S. funding was common both in Georgia and Ukraine. In both cases, U.S. donors diverted their money to state institutions in a hope for a synergy of government and NGO activities. It turned out that such strategy change was premature. It stripped Georgian and Ukrainian civil society of its watchdog function although the respect of Georgian and Ukrainian governments for human rights and rule of law still required a continuous monitoring. This inconsistency in U.S. democracy assistance can be explained by miscalculation rather than intentional bias in favor of incumbent “rose” and “orange” leaders. The findings confirmed that U.S. donors have never given preferential treatment to GONGOs and they have never terminated their support for watchdog activities. Finally, in the sector of media assistance, the U.S. strategy was also inconsistent. U.S. donors reduced funding for media-related projects pushing Georgian and Ukrainian media outlets prematurely to become dependent on local political and business elite. Again, this should have been a
miscalculation stemming from too rosy assessments of the pace and depth of democratic changes in post-revolution Georgia and Ukraine.

To summarize, the general hypothesis of security-burdened U.S. democracy assistance programs was falsified. The research presented in this article failed to prove a direct link between security interests of a donor country and democracy assistance programs implemented by this country. If foreign donors reduce funding for nongovernmental aspects of democracy (such as political parties, NGOs and media) this can reflect not only a donors’ bow to their favored government but also a routine revision of their assistance strategies. The research highlights the importance of the analytical distinction between diplomatic and programmatic levels of democracy assistance. The results of this research make clear that diplomatic-level regularities are not necessary relevant for the programmatic level.

*August 2012*
Strategic Partnerships in Foreign Policy: Comparative Analysis of Polish - Ukrainian and Lithuanian - Ukrainian Strategic Partnerships

This article presents an analysis of the evolution and intensity of Polish-Ukrainian and Lithuanian-Ukrainian strategic partnerships. The secondary purpose of this article is to expand the theoretical understanding of strategic partnerships, by presenting an evolutionary analytical model and scale of cooperation intensity. The application of this model shows Polish-Ukrainian and Lithuanian-Ukrainian strategic partnerships’ similarities and dissimilarities, intensity, strategic goals and common benefit. Qualitative analysis of these two cases shows that despite different partners’ strategic fit and cooperation, neither partnership can be considered real strategic cooperation.

Introduction

The dissolution of the USSR marked the beginning of the new world order and the cardinal political/economical/social transformation in Central and Eastern Europe. The establishment of diplomatic relations between and with newly independent countries was related to the different forms of international cooperation: strategic partnerships or so-called special relations became the part of a new International System. In order to approach former Warsaw Pact members and NATO members and to eliminate the dividing lines in Europe, a network of strategic partnerships was created. Ultimately, the concept of a strategic partnership became an integral part of political rhetoric and/or foreign policy. The recognition of relations as strategic partnership was considered a point of reference for a concrete strategic partnership. In the new world order this form of international cooperation replaced the Cold War politics of alliances. However, strategic partnerships still had the capacity to influence or change the structure of the International System.

*Ieva Gajauskaitė – is a PhD candidate, Department of Political Science and Diplomacy, Vytautas Magnus University. Address for correspondence: Gedimino 44, LT-44240 Kaunas, Lithuania, tel. +37060515321. e-mail: ieva.gajauskaite@pmdf.vdu.lt*
After restoration of independence, Lithuania and Poland appeared in the changing international environment. Both states had to make decisions in order to protect national security and to take specific measures corresponding to the geostrategic situation. The states did not have enough resources and capacity to guarantee their own security and secure themselves from the threat of Russian expansionism. This was the main reason that oriented Lithuania and Poland towards the West and established NATO and EU membership as the strategic goal of Security and Foreign policy. The states based the implementation of this goal on the cooperation with NATO members or candidates; consequently, they gave priority to strategic partnership with the USA. Moreover, Lithuania and Poland started actively developing the doctrine of a secure and friendly neighborhood: the states initiated closer cooperation with other countries in Eastern Europe, i.e., Belarus and Ukraine. In this way the process of the creation of a network of regional strategic partnerships was started. In 1996, the Polish-Ukrainian strategic partnership was established, and in 1997 a partnership between Lithuania and Poland was created, and in 2008 the Lithuanian-Ukrainian strategic partnership was formed.

In 2004, Lithuania and Poland became the members of the EU and both sought to become experts of the European Neighborhood Policy in Eastern Europe. However, despite the similar goal, both countries implemented bilateral, not trilateral, strategic cooperation in order to approach Ukraine’s euro-integration process. Notwithstanding the fact that the background of the initiative of strategic partnerships was belonging to the same security complex and the objective to establish the sovereignty of the states, the Polish-Ukrainian and Lithuanian-Ukrainian partnerships reflected different short-term goals, implementation capacity, evolution and intensity of the cooperation. In the context of the changes in the Ukrainian political system and democratic characteristic it is necessary to evaluate whether the Polish-Ukrainian and Lithuanian-Ukrainian bilateral relations can still be considered strategic partnerships.

1. Strategic Partnerships in Foreign Policy

One of the newest forms of international cooperation is a strategic partnership; even though the concept is often used in academic and political-diplomatic discourse, there is no consensus about the uniform definition or theoretical model regarding this form of cooperation. The concept of a strategic partnership defining a bilateral relationship was first mentioned in the Camp
David summit in 1991: the Russian President Boris Yeltsin and the U.S. President George Bush Sr. made a joint declaration, which stated that both states no longer consider each other enemies and commit to the development of a partnership based on mutual understanding and trust. The very essence of the strategic partnership was not been defined; however, its mention reflected an intention to develop a framework for such cooperation when states sought the common benefit at the same time consolidating or expanding area of influence.

In the context of the end of the Cold War, the concept of a strategic partnership reflected neo-realism postulates on the structure of the international system: states are sovereign international actors, which belong to a hierarchical category of power and operate under granted opportunities and constraints by that category in order to maximize its benefits and minimize action costs, taking into account the fact that their primary strategic goal is national security. Thus, the concept of a strategic partnership reflected the use of national power in cooperation with other countries when seeking the implementation of national interests. However, this concept was frequently confused with the concepts of coalition (emphasizes a short-term cooperation) and an alliance (emphasizes a military cooperation).

In time the understanding of a strategic partnership has changed and ‘strategic’ has been interpreted in different ways. Nowadays strategic partnerships can reflect cooperation for the purpose of reaching a common strategic goal; that is, strategic bilateral relations are defined by the strategic objectives and cooperation required for achieving these objectives. However, in order to form common objectives states have to identify and match their national interests. The strategic partnership can be defined in the context of national strategic interests; i.e. a state’s concrete strategic interests can be implemented only on the grounds of the bilateral cooperation with other state having the same strategic interests. The cooperation in such strategic areas as security, military, politics, economy can also be called a strategic partnership.

The term ‘strategic’ can be interpreted by means of a partner’s power or status in the international structure. In this context the strategic partnership can be determined as the cooperation in various areas between key interna-

---

tional actors\textsuperscript{4} or as the cooperation between two powerful countries, which can perform strategic actions in the international system\textsuperscript{5}. There is no single definition of the strategic partnership and the same concept is used describing completely different forms of cooperation of different nature and developed to different objectives; each case of strategic partnership is unique, because partners cooperate with substance according to their interests.

\begin{table}
\centering
\begin{tabular}{|l|l|l|}
\hline
\textbf{Interpretation of ‘strategic’} & \textbf{Example} & \textbf{Specific strategic partnership} \\
\hline
\textbf{Strategic goal} & NATO/EU membership & Lithuanian - Polish (1997-2004) \\
\hline
\textbf{Strategic national interest} & Hegemony of USA & American - Polish; American - Japanese \\
\hline
\textbf{Cooperation in the strategically important areas} & Stimulation of projects beneficial to trade and economics & EU - Chinese \\
\hline
\textbf{Strategic actors} & (Potentially) powerful and influential states & American - EU; Russo - Indian \\
\hline
\textbf{Strategic action} & Changes of international structure & Russo-Chinese \\
\hline
\end{tabular}
\end{table}

1.1. Functional Use of Strategic Partnership

The concept of a strategic partnership is teleological, which thus defines the use of strategic cooperation in foreign policy. Consequently, strategic partnerships can be used to form and influence the international structure or to change the autonomy of a state. Powerful countries can use strategic partnerships to form the international system (for example, the USA-Baltic States partnerships), to expand influence zones (for example, the China-Kazakhstan partnership), and small states can use it for the purpose of gaining more security and the greatest economic and political benefit\textsuperscript{6} (the U.S.–Poland or the U.S.–Japan partnership).

First of all, strategic partnerships are distinguished from other forms of international cooperation in that their primary goal is not a specific goal, but security; therefore the basis of cooperation is not a common enemy, but common interests and common security issues or threats. Thus, the basic characteristic


\textsuperscript{5} Emerson M. \textit{The Elephant and the Bear: The EU Russia and their Near Abroards}, Center For European Policy Studies, 2001, p. 45.

\textsuperscript{6} Kay S. “What is a Strategic Partnership?” \textit{Problems of Post-Communism}, Vol. 47, No. 3, 2000, p. 16.
of strategic partnerships is security and economic cooperation. States initiate strategic partnerships on purpose to increase the national security and reduce the lack of power. Moreover, acting as rational actors they choose such a strategic partner, the cooperation with which will guarantee the biggest benefit from all possible alternatives seeking the implementation of specific strategic interests.

Depending on the power of the state, a strategic partnership has different grounds and goals, so one state can use it as an offensive strategy, the other as a defensive strategy: powerful countries increase their political, military, economic power and domination, while small countries seek for security and possibility to restrain rising threats. Moreover, partnerships give opportunities to support or to change the existing international structure thus providing conditions for the rise of the new centers of power or the decline of the old ones. For this reason one country can use it to seek power and domination, and thus form a unipolar international structure (the US strategic partnerships), while other countries can use it to balance the power of a state or states and to form a multipolar structure (the Russian strategic partnerships). This aspect of strategic partnership has the dimensions of dynamism and globalism: the implementation of a strategic partnership between two strategically important powers or rising powers could indicate partners’ goal to influence the structure of the international/regional system and its changes, the definition of new influence zones or the restriction of third country power and foreign policy possibilities. Strategic cooperation can be defined as the possibility to establish a position in global policy/politics, i.e., the selection of an appropriate partner, alignment of interests and formation of the strategic goal determine the ability to become a strategic actor (the EU strategic partnerships). However, strategic cooperation must possess efficiency and fulfill the basic principles of strategic cooperation.

One of the most important aspects of a strategic partnership is longevity: a strategic partnership refers to a partner’s obligation to develop long-term relationships. The partners must have equal capacity and power to influence the evolution of bilateral relations, with reference to the stability, continuity and common benefit of cooperation. The strategic relations are characterized by reciprocity, the ability to recover and remain flexible and durable in spite of the problems or misunderstandings. Therefore the partnership must be based on tactical opportunism, extensive compatibility of use and purpose, when both of the partners are able to identify common interests and make them a

---

7 Wilkins, (reference 2) p. 360-361.
long and real cooperation regarding the similar vision of the structure of the international system and the role of the partners in this structure. The basic aspect of the partnership is the recognition by both partners that bilateral relations are strategic and based on a strategic goal, the cooperation in strategically important areas, the performance of strategic actions or the evaluation that partner is strategically important in the international system. Therefore, each case of strategic cooperation is unique and authentic as states base the partnership on the common decision making and its implementation in order to reach such a goal or in such areas, which are considered by mutual agreement as relevant and corresponding the national interests of the states.

Strategic partnerships are characterized by a flexible voluntary cooperation based on a formal mutual commitment. Therefore, this form of cooperation has a broad application range and can be defined as the process of a formalized, structured and institutionalized international cooperation in order to achieve the common strategic goals, which stem from the national interest and the desire to increase national security. This definition of a strategic partnership allows for the identification of a specific cooperation as strategic by distinguishing its variables, i.e., the matching interests of national security, formulated common objectives, formalization of implementation and institutionalization process.

### 1.2. Evolution of Strategic Partnership

A specific case of strategic cooperation can be analyzed as a cyclical process, in which the phases of formation, implementation and evaluation can be distinguished. Moreover, strategic partnerships as a continuum are formulated, implemented and evaluated in the context of the internal factors (such as the common vision of the international structure, common values, ideology, interests, goals, commitments, expectations, support, communication, institutions, areas and elements of the cooperation) and the external factors (such as the changes of the international structure or the power of the state, the formation or dissolution of another strategic partnerships and security threats).

The mutual commitment to develop strategic relations for mutual benefit, recognition of a specific cooperation as a strategic partnership and the evaluation of partners’ interest and motivation to seek a compromise in the implementation of the common strategic objectives are the primary steps in

---

strategic relations’ initiative. The common benefit is associated with national security, but understanding of the benefit depends on the national interests of the partners and the capacity to translate it to specific common strategic goals. The strategic goal can be defined as an objective that cannot be reached without the implementation of the strategic partnership between two countries. Essentially, the common goals arise from the compatibility of the national interests with the vision of the international structure.

The need to respond to the challenges in the international environment, the common security threats or the same strategic interests are the primary factors that determine the formation of a strategic partnership. However, in this phase, it is important to take into account other elements of the compatibility between the strategic partners: values, ideology, real gain potential, partner’s power and ability to use this power for its own behalf, mutual expectations, commitments and the set of the specific objectives. The higher the compatibility between the strategic partners (political systems, ideology, foreign policy tradition, geopolitical situation, resources, etc.), the more congruous or complementary interests the states would have, i.e, the strategic partnership will be more enduring.

**INTERNATIONAL ENVIRONMENT**

Formation of Strategic Partnership:
1. Search for a potential partner:
   a. Compatibility of strategic interests;
   b. Evaluation of potential common benefit and costs;
   c. Evaluation of potential partner’s power and its use for own needs;
   d. Strategic partners’ compatibility vision of international system, ideology, values, historical context;
2. Consentaneous strategic interests are accommodated to strategic goal (or goals);
3. Formulation of mutual expectations and a commitment to provide support;
4. Formalization and legitimacy.

Implementation of the strategic Partnership:
1. Creation of bilateral relations’ structure:
   a. Establishing of partners’ rules;
   b. Establishing of rules and regulations;
   c. Agreement on cooperation areas and elements;
   d. Formation of bilateral institutions;
2. Continual communications;
3. Joint positions and statements;
4. Joint actions.

Evaluation of the Strategic Partnership:
1. Evaluation of:
   a. Changes in international structure;
   b. Common benefit and costs;
   c. Strategic goal’s implementation rate;
   d. Uen and partner’s power, capacity and interests changes;
2. Compatibility of conflicting interests;
3. Renewal of common of the international system;
4. Identification of areas requiring more intensive cooperation

**Figure 1. Evolutionary model of strategic partnership**

---

10 Wilkins, (reference 2) p. 363-364.
When taking into account common interests, and when a state finds a potential partner and defines the common strategic objectives, there is a need to formalize and legitimize the strategic partnership. The formalization grants legal status to the partnership, as well as specificity, greater commitment and reciprocity, which arise from the agreement signing ritual\textsuperscript{12}. The formal agreement enables the implementation of the strategic goals through the institutionalization of relations, in which the partners exercise joint, coordinated actions in the cooperation areas. This process reveals the idea of the bilateral coordinated action\textsuperscript{13} and lasting commitment to develop close cooperation in various political spheres, when both partners recognize the importance of the mutual liability and attempt to reach an agreement and to cooperate whenever this is possible\textsuperscript{14}. Accordingly, in order to coordinate actions and solve problems arising during the implementation of the formal agreement, partners create bilateral institutions that define the roles of the partners, procedures, mechanisms, rules and elements. Communication and cooperation in strategic areas is exercised through the establishment of mechanisms and institutional structures, which guarantee that strategic objectives and commitment to the common benefit should not be influenced by changing internal political powers and strategic cooperation would be maintained on local, national and international levels.

The institutional structure has a direct impact on the partners’ behavior, and this structure, the definition of goals, and the power balance and/or conflict between the partners lead to the successful implementation of the strategic partnership and its endurance as “united security actor”\textsuperscript{15}. The implementation of the strategic partnership reveals the real dynamics of the interstate relations, as well as intensity, uniqueness, responsibility and mutual commitment. In this phase mutual expectations must be implemented, that is, the specific outcomes of cooperation must be seen as joint planning, agreements, statements, actions demonstrating the depth and extent of the cooperation. Each of the functional areas requires the involvement of the cooperation elements, which indicate the intensity and effectiveness of the strategic partnership.

\textsuperscript{14} Crossick S., Reuter E. (reference 4).
\textsuperscript{15} Wilkins, (reference 2) p. 365-366.
Wide and deep inclusion of functional cooperation areas and cooperation elements provide greater common benefit; therefore, states are more interested in sustaining and developing concrete cooperation as strategic. The cooperation includes several strategically important areas: functional cooperation areas are defined by bilateral agreements, declarations, guidelines and implementation plans (diplomatic/politic, security/defense, economic, cultural and societal). The key area of the strategic cooperation is security/defense, because the initial impetus for strategic partnership formation is the national security or common security threats. The elements of cooperation must be included in the process of cooperation and they must to coincide with cooperation areas: diplomatic/politic area necessitate the inclusion of politics, diplomats, governmental institutions of all levels, security/defense area requires also cooperation between militaries and other structures responsible for national security, economic area includes cooperation between private sectors,

\[\text{(Ibid.)}\]
cultural and societal areas includes nongovernmental institutions and different society groups. The more cooperating elements and areas are included in the implementation process, the more common expectations are fulfilled, the more intense and real becomes the strategic partnership.

The last phase of the strategic partnership, which confirms the continuity of the partnership and the perspectives for the achievement of the common goals, is evaluation. The evaluation of strategic cooperation includes analysis of the international environment, changes of partners’ international vision, power, national interests, motivation, obtained benefit and the rate of the implementation of the formal bilateral agreements. The strategic partnership can be evaluated by the specific data of commerce (import/export rate), direct foreign investment, credits, common strategic projects (in such areas as security, economy, energy, infrastructure, transport, culture, etc.), constant exchange of information (in such areas as politics, economy, regional development, technologies, etc.), intensity of the political dialogue and the obligation to provide military help in the case of aggression by other countries or alliances.\(^{17}\)

The effectiveness of the partnership is measured not only by specific results, but also in terms of the capacity to form new common objectives by taking into account all changes in the international arena, values of the partners, ideology, interests, and power. The trust in the partner, the covert interests of the partner, resources and motivation should be evaluated. Any change in the strategic interests, which are difficult to reconcile, an increasing number of the hidden interests, the changes in the proportion of power, imbalance in expectations and received support, the violation of the reciprocity principle, the negative evaluation of benefit, prolonged friction or disagreement not only about common decisions or actions, but also about domestic policy, leads to the dissolution of the strategic partnership.

The main factor with the longevity of the strategic relations and the capacity to remain effective is the continual renewal of strategic goals. If the partners evaluate and update the cooperation, the partnership deepens, expands, and adapts to the internal and external environment, and if the transformation of the strategic goals leads to greater institutional structures and the integration of cooperation areas, then stronger and deeper links are established which can form a “full-fledged security alliance.”\(^{18}\) in a long-term perspective. The cycle of the strategic partnership is not only under the sway of the internal factors of the bilateral relations, but also of the international system. The constant

\(^{17}\) Pashkov, (reference 7).

\(^{18}\) Wilkins, (reference 2) p. 366-367.
revision of the strategic partnership guarantees increased mutual benefit and the implementation of strategic interests through international cooperation. The evaluation leads to further upgrade and deepening of the partnership and enables further strategic cooperation. Therefore, the whole process from the search of a potential partner to the specific common actions in the international system must be analyzed: changes and results determine the renewal of the strategic partnership, demand for new or adapted agreements, institutions, rules, regulations and increase of the intensity of the partnership.

1.3. The Intensity of Strategic Partnership

The concept of a strategic partnership in foreign policy reflects bilateral relationships of varying degrees of efficiency and intensity. The intensity of the strategic partnership can be determined by qualitative indicators of functional areas, an element of cooperation, an internal institutional structure, mutual expectations and strategic objectives, and such quantitative indicators as bilateral agreements in the areas of strategic importance, the number of common strategic projects, the number of the diplomatic corps in the country of the partner, etc. The intensity of each indicator has specific characteristics which allow the evaluation of a strategic partnership along the lines of the dichotomy of formality-reality. On the basis of the indicators and the evolutionary concept of the strategic partnership, it is possible to distinguish four categories of intensity: a formal partnership, a relevant-formal partnership, a real partnership and a real-effective partnership. Each of these categories not only has specific indicators, but also provides the possibility to evaluate the phases of the partnership formation, implementation, and evaluation. A specific strategic partnership may correspond to a different category of intensity at different phases and periods of time.
Figure 3. Analysis of intensity of strategic partnership

Table 2. Intensity categories of strategic partnerships

<table>
<thead>
<tr>
<th>Cooperation areas</th>
<th>Cooperation elements</th>
<th>The internal structure of the relations</th>
<th>Implementation of mutual expectations</th>
<th>Category of strategic partnership’s intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political/diplomatic</td>
<td>Political/diplomatic</td>
<td>Establishment of roles of partners</td>
<td>Joint planning</td>
<td>Formal</td>
</tr>
<tr>
<td>Security/defense</td>
<td>Governmental institutions/structures</td>
<td>Agreement on cooperation areas and elements</td>
<td>Joint arrangements</td>
<td>Formal/formal-relevant</td>
</tr>
<tr>
<td>Economic/commercial</td>
<td>Private sector</td>
<td>Establishment of rules and regulation</td>
<td>Joint statements</td>
<td>Formal-relevant</td>
</tr>
<tr>
<td>Cultural/educational</td>
<td>Non-governmental institutions/structures</td>
<td>Formation of effective bilateral institutions</td>
<td>Joint actions</td>
<td>Real</td>
</tr>
<tr>
<td>Societal</td>
<td>Society</td>
<td>Regular monitoring</td>
<td>Joint positions in the International arena</td>
<td>Real-effective</td>
</tr>
</tbody>
</table>

A formal strategic partnership can be described only as a part of political/diplomatic rhetoric: the role of the partnership is defined in foreign policy; however, cooperation is implemented only on the political level. The partners
limit their cooperation only in the political/diplomatic area and the cooperation in other areas is not different from that in the international arena. In principle, the partners cooperate only when it is useful or when a powerful partner controls the opportunities of the formation of the cooperation. The ground for a long-term and stable cooperation is not created: such bilateral relations are defined by volatility and instability, when attention is paid to partners’ internal situation rather than potential common benefit. Frequently the formal strategic partnership is defined by signed formal agreements and declared common goals, also by planning to implement those goals; however, the implementation has no real results.

- A formal-relevant strategic partnership shows a single-sided or mutual motivation to develop a strategic partnership, which would have a specific function in the foreign policy of a state and effectively contribute to the implementation of national interests. Therefore, one or both of the partners have the necessity to implement the strategy of balancing/ bandwagoning. The key area of the cooperation is security/defense and the cooperation includes not only the elements of the political/diplomatic level, but also of that of governmental institutions and structures. Moreover, such cooperation enables intensified cooperation in the fields of economy and energy. The partnership is formalized, i.e., the functional areas of the cooperation and elements are clearly defined; therefore bilateral institutions can be created. However, cooperation remains limited and depends on the motivation of specific cooperation elements and their decisions. Nevertheless, the partners can express common political/diplomatic position in the international arena, if it coincides with how both partners understand security.

- A real strategic partnership shows compatibility of strategic partners when partners can reach not only specific short-term goals, but also can implement national interests in a long-term perspective. Both partners evaluate the common benefit, partner’s power and capacity and ways to use it for its own behalf, i.e., the implementation of national interests and increase of security. Both partners mutually commit to provide support and justify expectations related not only to the specific functional cooperation areas, but also to common vision of the international structure. The states may include to the cooperation as many cooperation elements and areas as possible, moreover, the strategic partnership is constantly renewed and estimated. The complex of strategic goals is resolved into specific goals, their implementation process is periodically sorted
through and evaluated taking into consideration the common gain, i.e.,
the partners actively implement strategy of the internal and external
balancing. Nevertheless, the partners cooperate in the international
arena (has common opinion, provide support for each other’s decisions
and proposals in international forums, organizations) only when it is
very beneficial and has a direct impact on own interests.

- A real-effective strategic partnership is defined by continuously enduring
evaluation and improving the process: conflicting interests are being
adjusted. The partners actively seek to implement the common vision
of the international structure and entrench both partners’ position in it.
For this reason, states evaluate and monitor the international environ-
ment, characteristics of international actors, powers, interests, changes
of the internal and external policies; moreover, they seek coordination
of foreign policies. The societies of the states are actively involved in the
cooperation process, i.e., they not only express support for further coo-
peration, but also act as pressure groups in the case of change of political
elite so that a specific strategic partnership could be further developed.

The strategic partnership as a form of international cooperation em-
braces uniqueness and flexibility, capacity to adapt and persist. Sometimes a
formally formed strategic partnership develops into real strategic relations,
sometimes it remains formal, and in some cases, in the event of disagreement
between formal partners on domestic policy decisions or actions, it simply
disappears from the political/diplomatic rhetoric. This form of cooperation
not only has stages of evolution such as development, implementation, and
evaluation, but also the characteristic of intensity. Consequently, this form of
interstate relation not only evolves in the phases of formation, implementation
and evaluation, but also in the characteristic of intensity. However, the inten-
sity of strategic partnership is influenced by internal and external structure and
the influence of risks in a long-term perspective can lead to the reduction of
intensity despite the category of partnership's intensity.
Risks of strategic partnership's intensity rising from external environment are the changes of the international structure or changes of the characteristic (power) of its elements (states). For example, in the international system, a new center of power is rising (China); here we see changes not only of the characteristics of the element, but also eventual changes in the structure (from unipolar to bipolar/multipolar). In this context, if a concrete strategic partnership is defined by imbalance of power between partners (the USA-Russia partnership in early 90’s), then the weaker partner can seek intensified cooperation with the rising power on the purpose to increase national security. For this reason in the phase of evaluation of the partner’s power in the strategic partnership and gained benefit would be compared with the potential common benefit in the case of the formation of partnership with the rising power (the dissolution of the USA-Russia partnership, the initiative of the China - Russia partnership in late 90’s). Eventually, the feedback provided by the partnership’s evaluation would become insufficient with respect to a (real or perceptive) understanding of costs and gain. Consequently, the weaker partner’s lack of motivation would negatively affect all the entire bilateral cooperation structure and the justification of expectations. If the weaker partner formed a strategic partnership with the rising power, this would increase the latter’s power and this increases the effect of the rising power’s capacity to influence a change of the international structure.

The risks rising from the internal bilateral structure can appear in all phases of the evolution of strategic partnership. In the formation phase it could be a small overlap of the strategic interests, a narrow set of the common strategic objectives, hidden or competing partners’ goals and motives, limited compatibility of the strategic partners, the absence of a common vision of the international system or partner’s disapproval of the vision, a blurred definition of mutual expectations, the lack of formalization, underestimating
of other potential strategic partners or the compatibility of the formed strategic partnership with other strategic partnerships in the foreign policy. In the phase of implementation the most common risks of intensity are the following: lack of formulated cooperation guidelines, undefined roles of the country-partner, lack of created effective cooperation mechanisms, common institutions, limited and unchanging areas of cooperation and inclusion of elements, there is no permanent and stable communication in various levels of cooperation in all fields of the cooperation, lack of elements’ motivation, general justification of expectations is limited (just planning), lack of monitoring of the cooperation results. In the phase of evaluation the following risks can arise: changes in the international environment and its effect on the implementation of the strategic partnership, underestimating the changes in the characteristics of the partner, the compatibility of partner’s and national interests, failure to appreciate the other potential strategic partners, failure to appreciate the conflicting interests and the objectives of misalignment, low common benefit, expected greater potential benefit or lower costs of the cooperation with another country in order to achieve the same national interest. The emergence of vulnerabilities in one stage eventually leads to the formation of other vulnerabilities and threat to the intensity, efficiency and sustainability of the strategic partnership only increases.

The formation phase of the strategic partnership reflects the category of the intensity of the formal or formal-relevant strategic partnership, and only the implementation phase highlights the genuine properties of the strategic partnership. The implementation elements corresponding to the quantitative and qualitative intensity indicators are gradually incorporated into the strategic partnership. This process reflects whether the evolving strategic partnership is going to expand and deepen or simply remain formal and in foreign policy does not acquire any functional significance. If the implementation of the strategic partnership satisfies common expectations, the process of achieving strategic goal is effective, and the regular multidimensional cooperation progresses; over time the strategic partnership intensifies and becomes real. However, cooperation may be considered effective only when the strategic partnership is continually evaluated and feedback on cooperation is given; regular monitoring and renewal suggest necessary arrangements, adaptation guidelines and action plans for implementation. Thus, if the evaluation of the strategic partnership becomes the part of the concrete partnership’s internal cooperation, communication culture and structure, the provided feedback operates as a mechanism for increasing the efficiency of cooperation, the intensity of the strategic partnership can be evaluated as real-effective.
2. Context of the Formation of Polish-Ukrainian and Lithuanian-Ukrainian Strategic Partnerships

After dissolution of the USSR the bipolar International System became unipolar: the USA became the system’s hegemon and NATO became the dominant security and defense alliance. Despite that, Russia remained a strategic actor that could influence security and stability in Europe. The USSR-initiated Warsaw pact alliance effectively lost importance when positioned alongside NATO. However, the Commonwealth of Independent States became the dividing line between post-communist countries, which were oriented towards the West and actively sought NATO membership (Baltic states, Poland, Czech, Slovakia and etc.), and post-communist countries, which became members of the Commonwealth of Independent States and were oriented towards Russia (Belarus, Kazakhstan, Uzbekistan and etc.). In this context Ukraine was considered a strategically important part of the European security structure: a new Eurasian union would become impossible without Ukraine. Thereby Russian imperialism still remains directly dependent upon Ukraine’s capacity to remain an independent country and preserve a geopolitical balance in the region. NATO members and candidates for membership started to develop more active bilateral relations with Ukraine in order to promote Ukraine’s Euro-Atlantic integration and orientation to West. At the same time Russia sought to keep Ukraine as part of its traditional influence zone and made an impact on Ukrainian internal and external policy.

The neighborhood of Poland and Ukraine, common history and inclusion in the same security complex demanded intensive cooperation. Poland’s strategic goal to become a member of NATO and the EU conditioned the compulsory implementation of a friendly neighborhood principle and the Warsaw goal to promote Ukraine’s NATO and EU membership. Consequently, the strategic goal of Polish foreign policy was formulated not only as Poland’s Euro-Atlantic integration, but as regional Euro-Atlantic integration. So “the ambition to return Europe to historical borders” showed Poland’s objective to make Ukraine similarly a member of NATO and EU.

The national security of Lithuania was not so directly related to Ukraine’s geopolitical orientation and gravitation. Lithuania’s being a small coun-

---

try conditioned not only the incapacity to influence other states’ security and foreign policies, but also the dependence on other states’ foreign policy and necessity to bandwagon with more powerful members of International System or to become the member of security and defense alliance. Hence, Lithuania’s security and foreign policies’ resources were used in order to become a member of NATO and jump on the bandwagon with the USA. Consequently, intense cooperation between Lithuania and Ukraine emerged only when Lithuania became a member of Euro-Atlantic structures. The European Neighborhood policy also became imperative to promote more intense bilateral cooperation, because creation of this policy endowed Lithuanian foreign policy with new priorities and goals. The Orange revolution in Ukraine was considered Ukraine’s transformation to the democratic system; consequently, this process also gave impulse to closer cooperation. The Orange revolution attained wide response in Lithuania and Poland; for this reason, both countries started planning more active policy towards Ukraine and its Euro-Atlantic integration process. Lithuania and Ukraine (NATO and EU members) have been started to be considered as external factors of Ukrainian democratization and inclusion into European security system.

2.1. The Formation of a Polish-Ukrainian Strategic Partnership

Poland actively supported Ukraine’s striving for national independence. This was motivated by national security and geopolitical assumptions. Poland implemented “two-track diplomacy” regarding USSR government and separate republics, at the same time Polish and Ukrainian dissidents established contacts in order to promote states’ independence. Sovereign Ukraine eliminated Poland’s strategic dilemma “that Poland had always faced, namely that of threatening powers existing simultaneously on its western and eastern frontiers”. Polish geopolitical location has been defined as “imprisonment between two historical enemies”, i.e., German and Russia; hence, the direct dependence of Poland’s security on Ukraine’s geopolitical orientation and geographical prox-
mity, and the common security challenges determined the need to develop bilateral cooperation.

The incentive to develop bilateral Polish-Ukrainian relations was based on the agreement that Poland’s foreign policy with its eastern neighbors had to be implemented according to Jerzy Giedroyc and Juliusz Mieroszewski’s idea to maintain friendly and peaceful relations with Lithuania, Belarus and Ukraine. For this reason Poland was the first country to congratulate Ukraine on its decision to declare independence. In 1991, after Ukraine's declaration of independence (on the 24th of August) and a referendum (on the 1st of December) in which citizens of Ukraine approved the declaration of independence, Poland was the first country that *de jure* recognized Ukraine as a sovereign state (on the 2nd of December).

Ukraine’s independence in the geopolitical context was valued as geopolitical pluralism and at the same time as the weakening of the Russian-centric system. The Polish support for Ukraine was determined by the perception that repeated loss of Ukraine's independence will have direct consequences for Poland, i.e., Poland would become united Europe's eastern border and it would negatively affect national security and the Euro-integration. Inspiration to seek partnership with Ukraine was also determined by other reasons:

- Poland and Ukraine belong to the same security complex - one's national security is directly dependent on other's national security;
- The aspiration to reduce Ukraine's gravitation towards Russia and to encourage orientation to the West (Western Europe and the USA);
- A stable, democratic, economically developed Ukraine is condition of the safe and good Poland's neighborhood and Poland ensures to Ukraine strong links with the EU and NATO (potential) member states, which can not only be an advocate of Ukrainian membership, but also a guide to reforms;
- The strategic cooperation with Ukraine and the ability to influence its democratization process would establish Poland as expert in the European Eastern policy and would guarantee the importance of Poland in the EU.

The promotion of cooperation between new neighbors was also forced by changes in territorial borders and ethnic minorities issues. Before the Second World War the current western territory of Ukraine was the part of

---

Poland, and although in 1945 - 1947 ethnic groups were artificially separated in the border area (repatriation of Poles from Ukrainian territories and Ukrainians resettlement in Poland to the north and west regions), but a complete ethnic homogeneity was not achieved. Ethnic minority status and historical heritage have become another cause, which resulted in the need to develop cooperation, despite Poland’s fears about the USSR’s (later Russia’s) adverse reaction.

Simultaneously, the formation of strategic cooperation was affected by the International environment’s pressure. The 1996 Russian presidential elections led to doubts about the future of the Russian democratic development and the desire to strengthen the influence in the former USSR republics. Another important aspect was the wider US involvement and intensification of bilateral relations, i.e., strategic security cooperation has been established with the Baltic States, Poland, Ukraine, Czech Republic, etc. on purpose to expand the network of pro-American countries. Thus, the intersection of two geopolitical forces in the region influenced the initiative of the strategic partnership between Poland and Ukraine in order to reduce Ukraine’s gravitation towards Russia and Russia’s influence to the region’s Euro-integration perspectives. The basis of the strategic partnership was a formal strategic objectives’ coincidence, bringing mutual Euro-integration support and the common vision of Europe under the NATO security umbrella.

2.2. The Formation of a Lithuanian-Ukrainian Strategic Partnership

Although Lithuanian-Ukrainian diplomatic relations were established in 1991, after the mutual recognition of independence, and in 1994 the Treaty of Friendship and Cooperation was signed, an intensive political dialogue started only in 2004. Three parallel processes were the preconditions for the formation of the Lithuania-Ukraine strategic partnership. In 2004, the EU developed a new external Neighborhood Policy on purpose to adapt to the changed international security environment after its enlargement to Central and Eastern Europe. That same year, Lithuania implemented strategic security and foreign policy goals and thus became the EU and NATO member, so it was necessary to re-define foreign policy priorities. In Ukraine during the 2004 presidential elections massive protests started, which led to the Orange Revolution. The result was the intensification of European integration processes and more active policy towards EU and its members.
In 2004, Lithuania achieved the strategic security and foreign policy goal, i.e., Lithuania became a NATO and EU member. Lithuania had to define a new foreign policy agenda and as a result the concept of the regional leader or expert on Eastern Neighborhood was generated\(^26\). This concept was formulated according to EU’s “Wider Europe” vision and established external European Neighborhood policy. Furthermore, this vision was presented as the long-term goal of Lithuanian foreign policy and Lithuania proclaimed commitment to further NATO’s and EU’s expansion to Eastern Europe and South Caucasus\(^27\). Consequently, Lithuania initiated the formation of the security partnerships with Eastern Neighborhood countries.

Lithuania committed to support Ukraine’s Euro-integration processes, internal reforms, consolidation of the market economy, membership in the World Trade Organization (WTO) and to promote the EU-Ukraine Association Agreement signing\(^28\). This commitment was based on a provision formed in the doctrine of “New Lithuanian foreign policy”, i.e., the vision that Ukraine is an integral part of the Europe and Euro-Atlantic institutions, and that Lithuania should not only support the political, economic, social and other reforms, but also to encourage the EU and NATO to support these reforms. Thus, the external factors (geopolitical change in the environment, the need to reduce external security threats and the goal to expand the sphere of influence) led to the formation of the EU’s Neighborhood Policy, which became the external cause and the context of the Lithuanian-Ukrainian strategic partnership.

Although Lithuania’s objectives regarding Ukraine coincided with the Polish goals, the states did not seek to develop effective trilateral cooperation. Lithuania and Poland based the development of relations with the Eastern Neighborhood countries on bilateral cooperation. The states rarely coordinated their actions and so reduced the benefit of Polish-Ukrainian and Lithuanian-Ukrainian strategic partnerships and missed opportunities to form the new systematic principle for a Lithuanian-Polish strategic partnership, which would have changed in 2004 implemented strategic goal (partners’ membership in the EU and NATO). Despite that, Lithuania and Poland both played an active role in the Orange Revolution and the involvement of Lithuanian President Valdas Adamkus and Polish President Aleksander Kwasniewski in


\(^{27}\) LR UR ministro A. Valionio kalba Lietuvos Respublikos diplomatinių atstovybių vadovams, 2004 07 07, Vilnius.

\(^{28}\) LR UR ministro A. Valionio pranešimas II-ojoje tarptautinėje konferencijoje „Demokratija už Baltijos – euroatlantinis įnašas“, Ryga, 2005 05 06.
the solution of the political crisis produced the formation of a Polish-Lithuanian-Ukrainian Parliamentary Assembly. The Orange Revolution became the driving force for Polish-Ukrainian and Lithuanian-Ukrainian cooperation, but the most prominent achievement of trilateral cooperation in the security context can be stated only in 2009 made decision to transform Lithuanian-Polish military battalion (LITPOLBAT) to the brigade and to include the Ukrainian troops in it (LITPOLUKRBRIG).

3. The Evolution of Polish-Ukrainian and Lithuanian-Ukrainian Strategic Partnerships

The cooperation between Poland and Ukraine can be seen as the attempt to reduce the dividing line between Eastern and Western Europe, and thus to provide conditions for a broader Euro-integration space. Several aspects had the greatest impact on the development of the cooperation in the implementation of the Polish-Ukrainian strategic partnership: Ukrainian-Russian bilateral relations, partners’ political and economic development and interpretation of common history. Although Ukraine’s foreign policy was characterized by maneuvering between Russia and the EU (the Eurasian doctrine), relations with Poland “reflected a balance between European and Eurasian vector, which allowed Ukraine to avoid the complete marginalization in the EU and USA agenda”29.

Ukraine considers Poland an example of economic and market transformations, industry adaptation and the EU’s *acquis communautaire* application model. As for Poland, Ukraine is an important element of regional stability and security on its eastern border, a trade partner, a transit country for energy resources and a link to the Black Sea. Consequently, a common European political, economic and security space became the context for the Polish-Ukrainian strategic partnership. This required defining the roles of the partners: Ukraine became a supporter of Poland’s NATO and EU membership, while Poland became an advocate of Ukraine’s Euro-integration. The recognition of Ukraine’s role as a strategically important transit country for energy resources was impelled by the Russian-Ukrainian gas wars (2005-2006, 2007-2008, 2009), because of which the

---

supply of energy resources to Western and Central European countries ceased. Thus, Ukraine has been recognized as a determinant of the common European energy security space.

The roles of the partners of the Lithuanian-Ukrainian strategic partnership were also defined in the context of Euro-Atlantic integration: Lithuania became a supporter of Ukraine’s membership in NATO / EU. The evolution of the partnership was also influenced by the Ukrainian-Russian bilateral relations, the orientation of Ukraine’s domestic development, but even more influenced by the lack of common territorial borders and the power imbalance (territory, population, military and economic power). For these reasons, Lithuania has a limited impact on the democratic, economic and social development of Ukraine. However, Lithuania can contribute to the implementation of the EU’s *acquis communautaire* in Ukrainian public policy.

### 3.1. The Implementation of the Polish-Ukrainian Strategic Partnership

Negative historical experience remains one of the most important aspects that reduced mutual confidence in Polish-Ukrainian relations. The Polish representatives accused the Ukrainians of collaboration with the Nazis during World War II (for example, the SS “Galicia” Division, which actively operated in the Warsaw Uprising), playing an active role in the genocide of the Jews and ethnic cleansing conducted by the Ukrainian Rebel Army and by the right wing of the Organization of the Ukrainian Nationalists, led by Stepan Bandera (for example, the Volhynia massacre in 1943-1944). The main causes of some of their historical phobias can also be considered: the Khmelnytsky Uprising against the Polish–Lithuanian Commonwealth (in 1648-1654), the border conflicts after World War I (Polish - Ukrainian War in 1918-1919) and Polish actions towards the Ukrainian ethnic minority during the interwar period\(^\text{30}\). However, in 1997, an important step was made: the Joint Presidential Declaration of Understanding and Reconciliation was signed in order to reduce the effect of painful common history and negative stereotypes not only on the development of the bilateral relations, but also to show to the European community that Poland and Ukraine can develop a friendly relationships on the basis of trust.

In 1996, Poland and Ukraine initiated the formation of a strategic partnership. The partnership was inspired by a common perception of security, which has been expressed by the catchphrase “without independent Ukraine, there is no independent Poland.” An important aspect for the implementation of the systemic principle, the Ukrainian Euro-Atlantic integration, was the declaration of the integration as the Ukrainian strategic goal and its implementation by means not only of foreign policy, but also of domestic policy. In 1998, the Ukrainian political elite began to shape the EU membership strategy and this strategy became the official doctrine for the Ukrainian domestic and foreign policy reforms in order to implement the conditions of the associate membership by 2007. An approved Cooperation Program with NATO was also presented, which defined the agenda for the development of the Polish-Ukrainian security/defense cooperation on the basis of the NATO-Ukraine Special Partnership Charter signed in 1997. Since 1999, a joint Polish-Ukrainian battalion took part in the joint exercises and military operations in the Balkans (Bosnia and Herzegovina; Kosovo), stabilization operations in Iraq, and later in Afghanistan. The implementation of the joint programs aimed to bring Ukraine closer to the EU and NATO standards.

Despite the positive developments in the security/defense cooperation, “balancing” became the official doctrine of Ukraine’s security policy in 2001: at the same time a multi-vector foreign and security policy was implemented in cooperation with Russia (emphasizing the lack of the alternatives in strategically important economic cooperation) and NATO (emphasizing US capacity to reduce Ukraine’s dependence on Russia), though, in 2002, Ukraine announced that NATO membership is a strategic goal of the security policy and signed the bilateral cooperation plan with the Alliance. In 2008, Ukraine was close to a NATO Membership Action Plan (the NATO summit in Bucharest), but Western European countries opposed the US’s desire to grant Ukraine the status of a candidate (US compensation to Ukraine was the Charter on Strategic Partnership), and in 2010, Ukraine abandoned the goal of NATO membership; consequently, the cooperation with NATO has become formal. Thus, Polish-Ukrainian security cooperation also remains limited.

From the formation of the strategic partnership, the Polish-Ukrainian economic cooperation was aimed at liberalizing trade and developing a free market economy in Ukraine. After Poland’s accession to the EU, trade barriers or provision of prerogatives defined by the bilateral cooperation agreements lost value. Poland became a part of the EU’s internal market and Ukraine became a third country. Poland supported Ukraine’s ambition to become the member of Central European Free Trade Area (CEFTA), WTO and EU, therefore economic cooperation is the most widely institutionalized area of functional cooperation: the Polish-Ukrainian Chamber of Industry, the Polish-Ukrainian Chamber of Construction Industry and Commerce, Ukraine’s and Poland’s Support and Development Center, the Joint Trade and Economic Cooperation Commission, etc. The economic cooperation is also developed through the annual summit meetings, economic forums and Polish-American-Ukrainian Cooperation Initiative, which provides support to small businesses and local government. The importance and commitment to deepen the economic cooperation, to promote trade, and investment has become an integral part of the political rhetoric on the bilateral and the EU level.

In 1998, at the beginning of the EU membership negotiations, Poland proposed the creation of The Eastern European dimension, in which “the most important role should be given to Ukraine’s democratization, Euro-integration and eventual EU membership”\(^35\). In 2003, on the basis of this proposal, The European Neighborhood Policy was formed, and in 2009, the Eastern Partnership Initiative, which became the context of Poland-Ukraine cooperation. From 2001, Poland was trying to include Ukraine to the EU’s agenda as a strategically important energy transit country: it was proposed to pave the Odesa-Brody-Gdansk oil pipeline to connect the region of the Caspian Sea with Europe. In 2003, the European Commission approved the project of Eurasian Oil Transportation Corridor and added studies concerning the Odessa-Brody-Plock oil pipeline construction to this project. Regional cooperation has also been invoked to promote the economic, socio-economic cooperation not only on the regional, national level, but also on the local level: the EU Twinning programs, Euroregional projects - Carpathian Euroregion and Bug Euroregion, the trilateral cooperation (Poland - Lithuania - Ukraine, Poland - Romania - Ukraine, Poland - Ukraine - Germany), B4 + (the Visegrad States and Ukraine), B4 + 3 (the Visegrad States and Ukraine, Germany, Austria).

Despite a large number of initiatives and joint projects, Polish-Ukrai-

anian economic cooperation still has many obstacles: insufficient Ukraine's internal market liberalization (structural incompatibility of the economic systems), unfavorable investment environment, customs, the lack of protection and insurance of the capital and investment, administrative and legal barriers, corruption, complicated bureaucratic processes, the lack of developed infrastructure and cross-border cooperation. For these reasons, the private and public economic elements are reluctant to get involved in the economic cooperation at a strategic level. The Polish functional elements focus on the EU’s internal market and cooperation with the major European countries, while Ukraine actively cooperates with the Commonwealth of Independent States (CIS) and China. Effective economic cooperation could only be achieved if Ukraine became an Associate member of the EU.

![Figure 5. The Evolution of Polish - Ukrainian strategic partnership](image)

In 2006, in order to introduce the European standards to Ukraine, Warsaw and Kiev began the process of the mutual planning at the highest level: this illustrates a regular improvement of the commitment to cooperate in the strategically important areas by providing common several year goals. The 2007-2008 plan reflected Ukraine as a country seeking the accession in the EU and NATO and Poland as the EU and NATO member able to provide support for Ukraine's objectives and roles: the main spheres of the cooperation have been
identified as political dialogue, the Euro-integration, the Euro-Atlantic integration, economy, energy, security, cross-border, culture, science and common history. The political cooperation has been developed using bilateral institutions: the Presidential Advisory Committee; Economic Cooperation Commission, Economic Forum, Euro-Integration Commission, Inter-Parliamentary Assembly (and the Trilateral Inter-parliamentary Assembly, including Lithuania), Interregional Cooperation Coordination Board, etc. An extensive bilateral institutionalization grants conditions to communicate continuously at the various levels of the government. Despite the growth in the development of the cooperation in the areas of culture, science and education and involvement of societies and separated groups (academics, students, artists) in the bilateral cooperation, the general attitude of the societies of both Poland and Ukraine is not homogeneous: 32 percent of Poles assess Ukraine positively, while 29 percent neutrally, and 33 percent negatively (2011). 46 percent of Ukrainians assess Poland positively, 25 percent neutrally and only 17 percent negatively (2011), but since 2005, the positive ratings have been declining and negative evaluations reveal a growing trend. In addition, only 9 percent of Ukrainians see Poland as a European country, 40 percent believe that Warsaw helps to develop closer ties with the EU, but the same number of respondents believe that Poland’s role in the Ukraine’s Euro-integration process is negligible.

The main problem in this context remains the fact that “common historical experience is not seen as a political problem”, thus the development of the strategic cooperation in the cultural, educational and humanitarian areas is hindered. Accordingly, public awareness, formation of a positive public opinion and elimination of negative stereotypes do not become the part of public policy, thus the commemoration of the common historical events remains a political ritual, which does not involve the said societies. The implemented assimilation policies and the destruction of symbols associated with the past of multi-ethnic diversity in the region still do not allow the societies to develop mutual tolerance and understanding, and the attempts to restore historic ties and establish effective cooperation in the cultural, educational and

humanitarian policies causes disaffection and nationalistic mood in the border regions\textsuperscript{39}. The positive public opinion and the promotion of intercultural communication in this context are of critical importance. In the case of the Lithuanian-Ukrainian strategic partnership, the common history and negative public opinion has no such connotation, but cooperation still remains similarly limited, despite a positive evaluation of the historical relations.

3.2. The Implementation of the Lithuanian-Ukrainian Strategic Partnership

In 1995 the Declaration on the Prospects of Cooperation between Lithuania and Ukraine was presented. The declaration noted that there are no sources of fundamental disagreement which could hamper the development of friendly relations between the countries in order to consolidate democracy, market economy, promote and maintain cooperation in the NATO’s Partnership for Peace program and avoid the formation of new dividing lines in the region. Hence, Lithuania, like Poland, supported Ukraine’s aspirations for transatlantic integration. Although, preeminently Lithuania was interested in its own accession to NATO and the EU, Ukraine was considered an essential element in the process of building a common European security structure.

Despite mutual high-level political visits, joint declarations and several treaties signed in 1997, the bilateral relationships between Lithuania and Ukraine was neither constructive, neither effective until 2002. Lithuania gravitated to the West and supported the Euro-Atlantic relations, while Ukraine orientated itself towards Russia and developed a shifting and unpredictable foreign policy. Only in 2002 did the intensification of the bilateral relations start: the bilateral institutional framework was planned and created. The Council of Presidents, the Inter-Parliamentary Assembly, Intergovernmental Cooperation Council, Business Forum, Intellectuals Forum and Working Groups were initiated. The preconditions for continuous communication and dialogue at the highest level were created, which guaranteed the possibility of coordination of cooperation programs.

The Orange Revolution, a nationwide democratic revolution in Ukraine, was a major turning point for the Lithuanian-Ukrainian relations, where both Lithuania and Poland played the roles of the external stability and me-
diation factors. The Orange Revolution led to change of political elite from pro-Russian to pro-Western. NATO and EU membership was established as a national strategic goal and incentive for internal reform. From 2004 the development of a new form of bilateral cooperation began, which reflected the change in the roles of the states: Lithuania as an EU and NATO member and Ukraine as a country seeking to join the EU and NATO. However, if Poland was regarded as a bridge between EU/NATO and Ukraine, Lithuania played the role of the supporter of Ukraine's Euro-Atlantic integration and exercised the function of transferring the accession experience in the areas of public policies and administrative reforms.

The maximum contribution to promoting Lithuanian-Ukrainian and Lithuanian-Polish bilateral relations was made by Lithuanian President Valdas Adamkus (1998-2003, 2004-2009) and the Polish President Lech Kaczynski (2005-2010), who continued the president Alexander Kwasniewski's (1995-2005) active policy towards Kiev. The presidents sought to create effective strategic partnerships and shift Ukraine closer towards NATO and EU membership; therefore they personally were involved in the promotion of cooperation and the maintenance of communication between the EU, USA and Ukraine.

The personal efforts of Lithuanian President Valdas Adamkus and pro-Western Ukrainian President Viktor Yushchenko (2005 - 2010) led to the formation of the Lithuanian-Ukrainian strategic partnership. In 2005, the bilateral cooperation was promoted to the level of a strategic partnership. The following main areas of the cooperation were identified: cooperation between non-governmental organizations and academic institutions, cooperation in the economic, energy, transport, environment and sustainable development areas\(^4\). The emphasis was not only on strategically important projects (in the field of energy, infrastructure and other) as in the case of the Polish-Ukrainian strategic partnership, but also implementation of EU *acquis* in public policy and administrative practices. Lithuania was obligated to share the experience in the sphere of the creation of the overall social dialogue, in the social and labor sphere, in the sphere of improvement of rural infrastructure, in the adjustment of the public procurement legislation to the EU standards, in the implementation of the electronic public procurement system, in the harmonization of the regulation systems of the insurance market with international and other

---

\(^4\)Joint Statement by the Minister for Foreign Affairs of Ukraine and the Minister for Foreign Affairs of the Republic of Lithuania on cooperation in the field of European and Euro–Atlantic integration and regional cooperation, Vilnius, 23 December 2005.
standards\textsuperscript{41}, thus creating a broad inter-governmental and inter-agency cooperation solving issues in specific spheres. Accordingly, during the process of implementation of the Lithuanian-Ukrainian strategic partnership the focus was on lobbying Ukraine's EU/NATO membership and the implementation of specific membership requirements.

Figure 6. The Evolution of Lithuanian - Ukrainian Partnership

In 2008, at the level of Heads of States, Lithuanian-Ukrainian relations were declared a strategic partnership on the basis of democracy, respect for human rights and values of the law supremacy and Ukraine's European and Transatlantic integration became the common strategic goal or systemic principle\textsuperscript{42}, similar to the case of the Polish-Ukrainian partnership. European integration was identified as the key area of the strategic cooperation and the main purpose of this functional cooperation became the EU-Ukraine Association Agreement and acceleration of the EU–Ukrainian negotiations regarding visa-free regime. Energy security became another important area of the functional

\textsuperscript{41} Joint Statement by the Minister for Foreign Affairs of Ukraine Mr. Borys Tarasyuk and the Minister for Foreign Affairs of the Republic of Lithuania Mr. Petras Vaitiekūnas on cooperation in implementing Ukraine – EU Action Plan, 2006.

\textsuperscript{42} Lietuvos Respublikos Prezidento Valdo Adamkaus ir Ukrainos Prezidento Viktorto Juščenkos Bendra deklaracija, 2008 05 12, Vilnius.
cooperation. The aim of the area is the security of energy supply and the transparency of the energy sector, also Ukraine’s integration into the EU energy market. The main issues in the area are the creation of Caspian-Black Sea-Baltic Sea energy transit space, energy infrastructure projects and Lithuania’s involvement in the solution of Ukraine’s problems regarding integration into the EU energy market. The functional cooperation in the area of transport and infrastructure was linked with increase of the number and extent of transportation: improving the operating conditions of the combined transport train VIKING and load-flow network, increasing the transit through the Baltic and Black Sea ports.

In the period of 2008–2010, 14 bilateral visits took place, some meetings were held on extremely important occasions, therefore the recognition of the significance to each other demonstrated (the Celebration of Lithuanian Millennium, the Holodomor 75th Anniversary Commemoration, the inauguration of the Ukraine President Victor Yanukovych). In 2011, when Lithuania chaired the OSCE, Lithuanian-Ukrainian strategic political cooperation became more intense: regular government and parliamentary meetings allowed the maintaining of an effective political dialogue. In addition, in 2012, in the bilateral cooperation agenda included Lithuania’s sharing of experience with Ukraine as the latter is to chair this organization in 2013. Continuous communication was maintained not only at the highest political level. Private business elements are more frequently involved in the cooperation at the strategic level: the annual business forums promote bilateral trade rates\(^\text{43}\), albeit the Lithuanian-Ukrainian economic cooperation is hampered by geographical distance, disproportion of the markets, inconsistency of the economic systems, etc. Another important achievement is a signed Memorandum between the Government of the Republic of Lithuania and the Cabinet of Ministers of Ukraine on the Cooperation in the Field of Energy, which provides the increasing energy security, the diversification of the energy supply, transparency of the energy sector and integration of energy markets\(^\text{44}\) (Lithuania’s involvement in the Odessa-Brody-Gdansk oil pipeline project).

The cultural cooperation was marked by the Lithuanian Days in Ukraine in 2008 and further events on the pretext of Lithuanian Millennium Celebration in 2009. In 2010, a lot of common art events and festivals took place to promote cultural cooperation. Moreover, The Programme of Cooperation in


\(^{44}\) Lietuvos Respublikos Vyriausybės ir Ukrainos Ministrų Kabineto memorandumas dėl bendradarbio-vimo energetikos srityje, Valstybės žinios, 2008-05-20, Nr. 57-2144.
the Science, Innovation, and Information Technology in 2011–2015 was created. The dialogue between civil societies, non-governmental organizations, research and educational institutions is being promoted by using a bilateral humanitarian forum and the amplification of interpersonal cooperation between societies. The cooperation in these areas is facilitated by positive interpretation of the common past. Both Lithuanian and Ukrainian societies often emphasize the negative aspects of the common history with Poland. Although the discourse of the Lithuanian-Ukrainian bilateral relations both in Lithuanian and Ukrainian media and political rhetoric is limited, Lithuania is presented as a “loyal friend”. This image is reinforced by the fact that Vilnius implements the principle of non-interference to the internal affairs of the other states and expresses limited criticism regarding Ukraine’s undemocratic development; however it emphasizes “the necessity of the EU’s further enlargement to Eastern Neighborhood countries”.

Despite the positive results in the Lithuanian-Ukrainian and the Polish-Ukrainian strategic partnerships in 2004-2010, the euphoria created by the political rhetoric began to falter after airplane catastrophe in Smolensk in 2010, during which almost all Polish political elite, which actively promoted Ukraine’s membership in the EU/NATO, perished. Moreover, that same year, the political leaders of Lithuania and Ukraine changed. Bronislaw Komorowski became President of Poland and Dalia Grybauskaite became President of Lithuania. Although the new presidents repeated predecessors’ commitment to develop a strategic partnership with Ukraine, it remained just a formal priority and did not receive more personal attention from the presidents (both in Warsaw and Vilnius has begun to focus on the cooperation with EU member states). In addition, in 2010, pro-Russian Viktor Yanukovych became the President of Ukraine. The new Ukrainian president declined the goal of NATO membership and foreign policy became multi-vectoral, i.e., Ukraine began to maneuver between the partnership with the EU and the partnership with Russia.

After Viktor Yanukovych’s controversial actions, not only Warsaw and Vilnius, but also the EU started to implement with Ukraine the strategy of a conditional dialogue. He canceled already obscure democratic achievements: Amendments of the Constitution introduced in 2004 were declared invalid, the President powers were re-strengthened and foreign policy once

45 Декларація Четвертого засідання Міжпарламентської Асамблеї Верховної Ради України, Сейму Литовської Республіки, Сейму і Сенату Республіки Польща, Київ, 22 березня 2011 року.
46 Комюніке Спільної Ради Міністерства закордонних справ України та Міністерства закордонних справ Литовської Республіки, Вільнюс, 17 червня 2010 року.
again took multi-vectoral nature, “ignoring Poland” as a bridge between the EU and Ukraine, and starting to cooperate directly with the EU institutions and member - countries (Ukraine president Viktor Yanukovich’s first visit to Warsaw took place only in 2011). In 2010, a new law was announced, outlining the principles of Ukraine’s domestic and foreign policy: a document identified Ukraine as a non-aligned European country, which develops an open foreign policy with all countries, avoids dependence on particular countries or international organizations (Article 11)\(^{47}\), seeks membership in the EU, but at the same time cooperates with Russia and the United States. This foreign policy strategy has been defined as a pragmatic and striving to implement Ukraine’s economic interests, i.e., the choice of partners and the development of international cooperation has been linked with the economic benefits\(^{48}\), trade agreements and foreign investment (Ukraine’s foreign policy became a lobbying instrument of oligarchic system).

Viktor Yanukovych’s first visit to Poland, a year after the beginning of his tenure and after visits in more than twenty states, was determined by the need to update the guidelines for bilateral cooperation, thus providing conditions for greater support for Ukraine’s Euro-integration and smoother Ukraine-EU Association Agreement negotiations during the Polish presidency of the EU. However, the illusion of a strategic partnership was destroyed: Cooperation Guidelines for the period of 2011-2012 did not determine the bilateral relations as a strategic partnership and did not include any strategic objectives.\(^{49}\) The same situation emerged in 2013, when Viktor Yanukovych came to Lithuania in order to update the guidelines for the bilateral cooperation. The political rhetoric was moderate, but the visit showed the search of supporters of the signing of Ukraine-EU Association Agreement during the Lithuanian presidency of the EU. However, Lithuanian-Ukrainian relations again were determined as strategic partnership and the guidelines for the cooperation included short-term strategic goals. Despite that Lithuania’s capacity to influence the signing of Ukraine-EU Association Agreement is strictly limited.

\(^{47}\) Про засади внутрішньої і зовнішньої політики, Відомості Верховної Ради України. № 2411-VI, 1 липня 2010 року, Київ.
Table 3. Convergence of EU - Ukrainian, Lithuanian - Ukrainian, Polish - Ukrainian and Russian - Ukrainian Relations

<table>
<thead>
<tr>
<th>EU - Ukrainian relations</th>
<th>Lithuanian - Ukrainian relations</th>
<th>Polish - Ukrainian relations</th>
<th>Russo - Ukrainian relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 - 2004 Formal strategic partnership (Partnership and Cooperation Agreement came into force. The EU membership announced as a strategic goal of Ukraine’s internal and external policy. EU formulated Common Strategy towards Ukraine)</td>
<td>1996 – 2004 Formal support (priorities of bilateral relations formulated, emphasizing mutual support for each other’s objective to become members of EU. The institutionalization of relations)</td>
<td>1996 – 2004 Formal strategic partnership (relations declared as strategic partnership, priorities of bilateral relations formulated, emphasizing mutual support for each other’s objective to become members of EU)</td>
<td>1997-2004 1996 Mutual recognition (Treaty of Friendship and Cooperation signed, Treaty of Long-term economic cooperation signed, Treaty of gas supplying signed, in 2001 multi-vector doctrine was introduced in the Ukraine’s foreign policy)</td>
</tr>
<tr>
<td>2009 - 2010 First among equals (The negotiation on Association Agreement started and the Association Agenda was presented. EU introduced the Eastern Partnership initiative)</td>
<td>2008 – 2010 Implementation of strategic partnership (In 2008 Guidelines for Strategic Partnership of Lithuania and Ukraine was formulated and renewed after few years)</td>
<td>2007-2010 Implementation of strategic partnership (In 2008 Guidelines for Strategic Partnership of Lithuania and Ukraine was formulated and renewed after few years)</td>
<td>2006-2010 Uncovered Animosity (After the political crisis in Ukraine pro-Russian Viktor Yanukovych became Prime Minister, Gas Wars)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>2010 – now Conditional dialogue (Yulia Tymoshenko’s trial: Ukraine showed signs of “managed democracy”, therefore Association Agreement’s final accords and signing have become conditional. Increasing isolation of Ukraine)</td>
<td>2011 - now Evaluation of strategic partnership and renewal (Concept of strategic partnership is used as part of political rhetoric, however, dialogue between partners is moderate and conditional. Formal renewal of Guidelines for Strategic Partnership of Lithuania and Ukraine)</td>
<td>2011 - now Evaluation of strategic partnership (The concept of strategic partnership is rarely used in political rhetoric. The evolution of partnership is frozen.)</td>
<td>2010-dabar Formation of strategic partnership (Russian-Ukrainian relations declared as strategic partnership. Agreement on a military base in Sevastopol, the Law on the language policy, signed a package of long-term cooperation agreements and announced the declaration on the formation of strategic partnership)</td>
</tr>
</tbody>
</table>

Poland’s ability to accelerate the negotiation process, which began in 2008 with Ukraine-EU Free Trade Agreement, which will become the core of the future Association Agreement in order to establish a Deep and Comprehensive Free Trade Area, has also been limited even in the period of Polish Presidency. Though Poland tried to re-include the priority of the bilateral cooperation with Eastern neighbors to the EU’s agenda and encourage more active dialogue between Brussels and Kiev, Eastern Partnership countries’ refusal to sign the declaration on human rights and the rule of law violations in Belarus (EU Summit in 2011) obliterated Poland’s wishes to crown its EU presidency with the signing the EU-Ukraine Association Agreement. Chronic lack of reforms in Ukraine’s political, economic and social system further reduces the potential intensity of the strategic cooperation; when Poland and Lithuania joined NATO/EU the gap between the countries, despite Ukraine’s Euro-integration objectives, was steadily increasing. Moreover, Ukraine seeks to combine Euro-integration and the development of a strategic partnership with Russia and its vision of the Eurasian Union.

In addition, internal policy decisions in Ukraine jeopardized Ukraine’s prospects of Euro-integration and showed the tendency of authoritarian
tendencies. The imprisonment of pro-Western former Ukrainian Prime Mi-

nister and the opposition candidate of the 2010 presidential elections Yulia 

Tymoshenko and her allies has been named a political elimination. Selective 

application of law has been the critical point in the relationship between the 

EU and Ukraine. Furthermore, continuous maneuvering by Ukraine between 

EU-Ukraine Association Agreement and Russia-Belarus-Kazakhstan Customs 

Union does not promote mutual trust. Sentencing Yulia Tymoshenko for 7 

years by accusing her of abuse of authority in negotiations with Russia on the 

2009 gas contract led to the EU’s boycott of the European Football Champi-

onship 2012 that took place in Ukraine and Poland, as well as the boycott of 

the Central European Summit, which was held in Yalta. In this way the EU has 

begun to isolate Ukraine while the latter started engaging in a formally closer 

cooporation with Russia. In 2010, Ukraine and Russia signed the agreement on 

the operation of the Russian military base in Sevastopol until 2042 (Kharkov 

Agreement), and in 2012, formed the Russian - Ukrainian strategic partners-

ship and Ukraine's rapprochement with Russia was crowned by Viktor Yanuko-

vych initiated Law on Language Policy Basis, granting the Russian language an 

official status in Ukrainian regions.

3.3. The Intensity of Polish-Ukrainian and Lithuanian-Ukrainian 

Strategic Partnerships

The goal of Polish foreign policy was clear: Ukraine’s membership in NATO 

and the EU. But the Ukrainian representatives were reluctant to support the com-

mitments and declarations of Euro-integration with “the effective programs and 

specific actions”\(^50\): political rhetoric remains a critical element, which defines the 

intensity of the Polish - Ukrainian strategic partnership. Poland as a formal stra-

tegic partner plays the role of Ukraine’s “advocate and lobbyist”\(^51\) in order to im-

plement for Ukraine useful legislation decisions, strategic projects in the regional 

and international structures, but only when it meets Poland’s national interests.

Although Ukraine is identified as a partner, it should be noted that, \textit{de facto}, it is 

considered as a source of threats to Poland’s national security: illegal migration,


organized crime, human trafficking, AIDS, tuberculosis, cooperation of national security agencies with that of Russian intelligence, limited investment and foreign capital protection and many other problems\textsuperscript{52} decrease the involvement of the functional elements into the strategic cooperation. The costs of cooperation often outweigh the potential benefits. In addition, the estimation of Ukraine as a threat is strengthened by the fact that Poland is a NATO member and Ukraine refused these plans; consequently, Ukraine cannot be regarded as a (potential) part of the common European security system. Given that Poland is under the NATO umbrella, Ukraine is no longer considered as a guarantee of national security, but rather as a “buffer” to the external pressure of Russia\textsuperscript{53}.

Table 4. Intensity of Polish - Ukrainian Strategic Partnership

<table>
<thead>
<tr>
<th>Cooperation areas</th>
<th>Cooperation elements</th>
<th>The internal structure of the relations</th>
<th>Implementation of mutual expectations</th>
<th>Category of strategic partnership's intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Partly) Political/diplomatic</td>
<td>(Partly) Political/diplomatic</td>
<td>Establishing of partners’ roles</td>
<td>Joint planning</td>
<td>Formal</td>
</tr>
<tr>
<td>(Partly) Security/defense</td>
<td>(Partly) Governmental institutions/structures</td>
<td>Agreement on cooperation areas and elements</td>
<td>Joint arrangements</td>
<td>Formal/formal-relevant</td>
</tr>
<tr>
<td>(Partly) Economic/commercial</td>
<td>(Partly) Private sector</td>
<td>Establishing of rules and regulations</td>
<td>(Partly) Joint statements</td>
<td>Formal-relevant</td>
</tr>
<tr>
<td>(Partly) Cultural/educational</td>
<td>(Partly) Non-governmental institutions/structures</td>
<td>Formation of bilateral institutions</td>
<td>-</td>
<td>Real</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Real-effective</td>
</tr>
</tbody>
</table>

Evolution of intensity

| From formal to formal - relevant; from formal - relevant to formal. |


\textsuperscript{53} Знахоренко О. Стратегічне Партнерство В Українсько-Польських Відносинах. Автореферат дисертації на здобуття наукового ступеня кандидата Політичних Наук, Київський Національний Університет Імені Тараса Шевченка, 2005, p.11-12.
In the formation phase, the Polish-Ukrainian strategic partnership has been characterized by the risk: unresolved bilateral issues (historical phobias, different interpretations of history, manifestations of chauvinism remained the most important bilateral relationship problems), underestimation of partner motives (in the Ukrainian context, this means constant maneuvering between Russia and the EU regarding the geopolitical situation and the internal fragmentation; in order to strengthen its statehood and reduce Russia’s political and economic influence, Ukraine approaches the EU and NATO, while in order to get the economic or political concessions form the latter Ukraine approaches Russia\(^54\)), the possibility to develop a real strategic partnership (the Russia factor in Ukraine’s domestic and foreign policy, the USA factor in Poland’s), unclear definition of the mutual expectations, strategic objectives in the functional cooperation areas, low compatibility with other strategic partnerships in foreign policy (at the same time, Ukraine has established strategic partnerships with Russia, Uzbekistan and the United States), and a low degree of formalization (lack of legal obligation).

Along with the lack of economic, legal and administrative reforms, corruption, confusing bureaucratic system, and weak political institutions, the Russian influence is only a part of the problems hampering the deepening and development of Polish-Ukrainian partnership. The most important factor remains the fact that Poland is a Central European country while Ukraine, despite the claimed geopolitical identity and demand to recognize this identity, “does not apply the Central European standards for itself”\(^55\). In most cases, Ukraine may be defined as the Polish mission but “the inability to make Ukraine the mission of EU”\(^56\) reduces Polish enthusiasm to perform the function of Ukraine’s advocate, because the lack of Euro-integration is determined by Ukraine’s lack of the internal reforms and the negative political development.

Limited achievements are also based on the fact that Polish foreign policy regarding Ukraine has been reactionary rather than a coherent and long-term strategy. Ukraine remains one of the declarative priorities of Poland fo-


reign policy, but “the real Poland's strategic objective”\(^57\) in order to increase its influence in Europe and to become the regional leader is the western vector and cooperation with the EU countries. Thus, the Polish-Ukrainian strategic partnership can be described as “magical incantation, whose repetition compensates for the lack of content”\(^58\). The cooperation continues in the following fields: EU Association Agreement, EU-Ukraine visa-free regime, the Ukrainian administrative, territorial reform, the Euro-Asian Oil Transportation Corridor, the Odessa-Gdansk oil pipeline project. However, the concept of strategic approach, describing the results of the cooperation, is not necessary and is rarely expressed even in Poland and Ukraine.

**Table 5. The Intensity of Lithuanian - Ukrainian Strategic Partnership**

<table>
<thead>
<tr>
<th>Cooperation areas</th>
<th>Cooperation elements</th>
<th>The internal structure of the relations</th>
<th>Implementation of mutual expectations</th>
<th>Category of strategic partnership’s intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political/diplomatic</td>
<td>Political/diplomatic</td>
<td>Establishing of partners’ roles</td>
<td>Joint planning</td>
<td>Formal</td>
</tr>
<tr>
<td>(Partly) Security/defense</td>
<td>Governmental institutions/structures</td>
<td>Agreement on cooperation areas and elements</td>
<td>Joint arrangements</td>
<td>Formal/formal-relevant</td>
</tr>
<tr>
<td>(Partly) Economic/commercial</td>
<td>(Partly) Private sector</td>
<td>Establishing of rules and regulations;</td>
<td>(Partly) Joint statements</td>
<td>Formal-relevant</td>
</tr>
<tr>
<td>(Partly) Cultural/educational</td>
<td>-</td>
<td>Formation of bilateral institutions</td>
<td>-</td>
<td>Real</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Real-effective</td>
</tr>
</tbody>
</table>

Evolution of intensity: From formal to formal - relevant; from formal - relevant to formal.

Even though since 2010 the Lithuanian-Ukrainian strategic partnership can be seen as formal, it is necessary to take into account the relative power differences, absence of territorial borders, the potential changes in Ukraine's

---

foreign policy, the increasing isolation of Ukraine, violations of the human rights, rule of law, and democratic values. The following priority areas of the bilateral cooperation still remain: Ukraine's Euro-integration (exchange of the experience regarding Lithuania's accession to the EU), economic cooperation, bilateral trade (improving the investment environment, removing barriers, protectionist measures), transportation (the train Viking), infrastructure projects, diversification of energy resources and supply (energy security), and international security (participation in reconstruction mission in Afghanistan's Ghor province, the frozen conflict in Transnistria). The most important aspect enabling the maintaining and constant updating of the strategic partnership is the expansion of EU context, i.e., signing the EU-Ukraine Association Agreement. The process of Ukraine's European integration remains both the context and the systemic principle of the Lithuanian-Ukrainian strategic partnership. The success of the strategic partnership continues to depend on the ability to combine interests and to coordinate cooperation in the functional areas by promoting the growth of common benefit.

Conclusions

The Polish-Ukrainian strategic partnership was initiated as a formal partnership in 1996, but the cooperation was not upgraded to the real strategic level. Over time, due to low strategic compatibility, the dependence on Russian foreign policy and changing political elite in Poland and Ukraine, as well as the already low intensity of the strategic partnership, has begun to decline. Since 2010, even in the political rhetoric, the bilateral relations have been rarely identified as a strategic partnership. Moreover, the ultimate result of the Euro-integration process should be Ukraine's membership in the EU. However, with or without the development of the Polish-Ukrainian strategic partnership, Ukraine's prospects of EU membership remains obscure even in a long-term perspective. The change of the political/diplomatic rhetoric, which was the basis of the strategic partnership, indicates the eventual dissolution of the strategic partnership.

The limited achievements of Lithuanian-Ukrainian relations are based on the fact that both Lithuania and Ukraine implemented a reactionary policy towards each other. Moreover, both of them, due to their relative lack of power, are oriented towards direct cooperation with the EU and its major member states. Lithuania's role as a mediator between Brussels and Kiev cannot be fulfilled due to the lack of its influence in the EU. The development of the Lithu-
anian-Ukrainian strategic partnership was smoother than the Polish-Ukrainian cooperation. Nevertheless, Ukraine’s democratic and socio-economic development, the implementation of the EU *acquis*, membership conditions are not directly dependent on whether the states develop strategic cooperation. Although the goal of the Polish-Ukrainian and the Lithuanian-Ukrainian strategic partnerships is the same (Ukrainian Euro-integration) and it follows from the the overlapping national interests of partners, the achievement of this goal depends on the EU-Ukraine bilateral relations and the internal political developments in Ukraine. Consequently, Poland and Lithuania can only play the role of Ukraine’s supporters.

The Polish-Ukrainian and the Lithuanian-Ukrainian partnerships are defined more by formality than effective strategic cooperation. Ukraine’s multi-vector foreign policy (the Russian factor), the gap between Ukraine’s geopolitical gravity (to the east) and the orientation (to the west), the chronic lack of democratic and market economy reforms decrease the capabilities of Euro-integration. For those reasons Poland and Lithuania have limited ability to affect the intensity of the cooperation. The evolution of the partnerships is determined by the implementation of pragmatic short-term interests, rather than ability to ensure effective cooperation in strategic areas. The process of the cooperation itself depends on the goals and orientation of the ruling elite (groups of interests) and opportunities to develop a more efficient cooperation can be created only by changes in Ukraine’s political situation and by EU Association Agreement’s entering into force. Despite Ukraine’s domestic development scenario, the promotion of the Polish-Ukrainian bilateral relations is inevitable due to the common territorial border and direct dependence of national security. For Lithuania, Ukraine will remain a formal priority in the context of the EU Neighborhood Policy. However, the lack of resources in Lithuania, the deficit of influence in the EU, the geographical distance between Vilnius and Kiev, as well as the power imbalance will continuously result in the marginalization of the bilateral relations in both countries’ foreign policy.

*January 2013*
National Security Issues
Justina Budginaitė
Institute of International Relations and Political Science, Vilnius University
Institute for Peace Research and Security Policy, University of Hamburg

The Network-Society Phenomenon in the Lithuanian-Led PRT in Afghanistan

This article analyses the implementation of NATO’s comprehensive approach in the Lithuanian-led Provincial Reconstruction Team (PRT) in the Ghor province in Afghanistan. The ambiguity of this approach – its meaning varies greatly accordingly to the specific organization or country implementing it – encourages discovery of the “Lithuanian” model of comprehensive approach. In order to achieve this goal, the network-society theory of sociologist Manuel Castells is chosen as the theoretical background of the analysis. By expanding this theory to the military domain and by conducting a quantitative, expert-interviews based analysis of the Lithuanian-led PRT, the level of “comprehensiveness” entrenched in the activities of the Lithuanian civil-military team is revealed.

Introduction

Lithuanian participation in the NATO-led International Security Assistance Forces (hereinafter – ISAF) mission in Afghanistan is called “the main Lithuanian contribution to international operations”. This Lithuanian mission is exceptional not only in terms of its scope and duration but also in terms of organizational logic used for organizing and coordinating civil-military activities: an expert-based, intensively cooperating civil-military team is working in the Lithuanian-led Provincial reconstruction team (hereinafter – PRT) in the Ghor province. ‘Comprehensive approach’ constitutes the fundamental for civil-military cooperation in the PRT. One of the main assumptions of this approach indicates that, in order to act effectively in crisis management and post-conflict reconstruction operations, political, civil and military means must be combined. As a result, responsibility for the implementation of the ISAF mission's

---

* Justina Budginaitė is a Master’s student at the Institute for Peace Research and Security Policy, University of Hamburg. Address for correspondence: Beim Schlump 83, 20144 Hamburg, Germany, tel.: +37065345620, e-mail: juste.budginaite@gmail.com


goals is shared by extremely different actors, including military personnel, representatives of political as well as non-governmental organizations (hereinafter – NGO’s). In addition to professional diversity, the PRT teams (in particular those ones controlled by smaller countries) can also be characterized by high internationality.

Although leaders of NATO emphasize the significance of heterogeneity prevailing in the PRT teams, which must work in extremely complex (post-) crisis situations, where economic, political, social and military problems interrelate, the way these expert-based teams operate remains vague. The reason stems from the ambiguity of the comprehensive approach. This concept includes many hard to define principles such as flexibility, mobility and situational awareness. Moreover, the comprehensive approach is not only developed by NATO but also by the United Nations Organization, the European Union as well as by separate states. As a result, the content of this concept depends on the specific organization or country implementing it. Following one of the most universal principals of the comprehensive approach, namely, the need to react flexibly in complex situations, even those countries operating under the ISAF mandate interpret and implement the comprehensive approach differently. On one hand, the provinces of Afghanistan vary greatly in terms of the security situation, economic and social setup; on the other hand, political traditions of the NATO member and partner states leading the PRTs are also different. As a result, the American-led PRTs have exceptional military structures including a few civilian representatives, whereas the German-led PRTs are based on civilian activities.

All the aspects mentioned above—the significance of the ISAF mission for Lithuania, new experience of civil–military cooperation gained by Lithuanian personnel in Afghanistan, and the ambiguity of comprehensive approach—motivate the necessity of finding out how activities are organized and coordinated in the Lithuanian-led PRT. Thus the goal of this article is to define the “Lithuanian” model of comprehensive approach, which is being implemented by the
civil-military team operating in the Lithuanian-led PRT in the Ghor province. In order to achieve the goal of the article, contextual reasons, which encouraged the development of comprehensive approach, are analyzed first. The network-society theory, which explains the type, reasons and consequences of organizational restructurization taking place nowadays, is chosen as the theoretical background of this analysis. In the context of this theory the main principles of comprehensive approach are defined assuming that comprehensive approach is a manifestation of the network-society phenomenon in the military domain. According to these principles an empirical research is conducted, systematizing the Lithuanian military and civilian personnel’s experience gained while practically implementing comprehensive approach in the PRT.

The network-society theory is expanded into military domain in the first part of this article, while the second part explains the principal ideas of comprehensive approach. Finally, results of the interview-based case study of the Lithuanian-led PRT are presented in the third part of the article. Thirteen expert interviews have been conducted with three former leaders of the Lithuanian Military mission in Afghanistan, five former participants of the Lithuanian Military mission, two former leaders of the Lithuanian Special mission in Afghanistan, one former participant of the Lithuanian Special mission, one expert of the Lithuanian Ministry of National Defence responsible for coordination of international operations, and one representative of an NGO operating in the Ghor province. The questionnaire consisted of three main question blocks, which allowed finding out (a) the nature of the organizational logic prevailing in the Lithuanian-led PRT, (b) cooperational ties existing among the Lithuanian PRT and international organizations as well as NGOs operating in the Ghor province, (c) implications of differing civil and military organizational cultures on joint civil-military activities in the PRT.

1. Repercussions of the Network-society Phenomenon on the Military Domain

Although there is no universal comprehensive approach, in the broadest sense this approach can be understood as a new organizational logic by which interactions of heterogeneous crisis management and post-conflict reconstruction teams are regulated. A demand for this kind of concept arose because of extre-

---

mely complex issues, which these teams have to deal with such as readiness to react flexibly to crisis situations that include military, political, economic and social dimensions. Since the need to organize various activities under the principles of flexibility, mobility and situational awareness emerges not only in the military but also in other domains, it is worth taking a broader perspective of the network-society theory in order to analyze the reasons that encouraged the development of comprehensive approach. This angle of analysis reveals the underlying principles that the ambiguous comprehensive approach is based on.

According to the network-society theory, nowadays an organizational change can be observed in economic, political and social domains: hierarchies are being replaced by networks. This change is taking place as a result of incapability of hierarchical structures (large business corporations, formal bureaucracies as well as military), which are characterized by clearly defined functions and vertical subordination as well as by structured flows of information and formal decision-making procedures, to solve the increasingly complex issues. The theory explains that the problem of hierarchies is that they must function under exclusively stable circumstances in order to be effective: if abrupt, unforeseen changes occur, rigidity and extensive procedural regulations entrenched in hierarchies hinder them from adapting to these unfamiliar situations. As the world becomes increasingly unpredictable, the aforementioned character of hierarchically organized structures becomes a serious obstacle for those willing to act effectively.

An analogous situation can be observed in the military domain. Since the end of the cold war military organizations have to deal with new complex tasks – crisis management, post-conflict reconstruction, and support for civil administrations that supplement the traditional function of the military (namely, territorial defense). Similar to the case of organizations operating in economic, political and social domains, the functional changes in the military domain highlighted the inadequacy of bureaucratic military structures, which were based on strict regulations, hierarchical subordination and vertical top-down command and control system, to the changed operational context. For the aforementioned reasons military as well as other hierarchically organized structures faced the need for reorganization.

The principal claim of the network-society theory states that network is the new organizational logic that allows overcoming the limitations of hierarchical structures. Networks, in contrast to hierarchies, are adaptive enti-

---

ties, able to react rapidly to fast changing situations. The main source of their adaptability stems from interdependence of actors belonging to a networked structure. These actors are dependent on the resources (knowledge, information, expertise) controlled by other actors of the same network but remain unbundled by common chains of command and control. In this manner, the structure of networks is decentralized and united at the same time: members of a network are bound by the common goal of their activities.

The essential advantage of networks is their ability to exercise full-scale information exchanges. Every network member, being an autonomous player, contributes to the goal of a networked organization by providing exclusive expert knowledge. Despite the mentioned characteristics of networks, this organizational form began to dominate over hierarchies only recently: the essential shortcoming of networks was the lack of coordination predetermining the unreliability of networked organizations. However, this shortcoming was eliminated since new communication and informational technologies became a substantial part of organizational activities.

A systematized comparison of “conflicting” forms of organizational logic – hierarchies and networks – is presented in the Table 1 below. The comparison is based on the criterian of effectiveness, expected results, type of subordination, information flows, strengths and weaknesses.

<table>
<thead>
<tr>
<th>Organizational logic</th>
<th>Hierarchy</th>
<th>Network</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principles of effectiveness</strong></td>
<td>stability, predictability, control</td>
<td>flexibility, mobility, speed of reaction</td>
</tr>
<tr>
<td><strong>Expected result</strong></td>
<td>a standardized mass product</td>
<td>an innovative, interdisciplinary product</td>
</tr>
<tr>
<td><strong>Type of subordination</strong></td>
<td>vertical, actors belong to an integrated structure</td>
<td>horizontal interdependence, autonomous actors</td>
</tr>
<tr>
<td><strong>Information flows</strong></td>
<td>centralized</td>
<td>decentralized</td>
</tr>
<tr>
<td><strong>Strengths</strong></td>
<td>reliability, accountability, strict coordination of activities</td>
<td>unrestricted flow of information, ability to deal with complex issues</td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
<td>rigidity, procedural shortcomings</td>
<td>lack of coordination and accountability</td>
</tr>
</tbody>
</table>

12 Ibid, 303.
14 Ibid, 304.
15 Castells, 181.
Considering the recent changes in the military domain, an urgent need to apply the logic of networked organizations in crisis management and post-conflict reconstruction operations can be observed. This trend can be explained by mentioning the following. First, since it is impossible to solve security issues in complex crisis situations by using military force solely, an interdisciplinary civil-military solution for these issues has to be applied. Second, there are no one-fits-all solutions for complex security issues, which increasingly overlap with social, economic and political problems. As a result, civil-military capabilities have to be organized in a flexible and comprehensive way. Consequently, regarding the complexity of security issues that military organizations face nowadays, an attempt to form interdisciplinary, network-based or in other words, comprehensive civil-military crisis management teams can be observed.

2. Comprehensive Approach – a Manifestation of the Network-society Phenomenon in the Military Domain

The comprehensive approach, including its version used by NATO, reflects a wider understanding of security, which involves military, political, economic and social aspects. Although this NATO’s approach is based on the “open-source”\(^{16}\) principle – it is stated in the NATO Comprehensive Approach Action Plan that “[…] the Alliance’s contribution to a Comprehensive Approach will remain an iterative, evolutionary process, continually adapted through a lessons learned process”\(^{17}\) – the basic ideas of this approach can be defined according to the NATO’s documents (Comprehensive Approach Action Plan Update, NATO Comprehensive Approach Roundtable, ISAF Provincial Reconstruction Team (PRT) Handbook). By interpreting the principles of comprehensive approach in the light of the contextual network-society phenomenon, the fundamental idea of the approach as well as its strengths and weaknesses can be clarified.

An attempt to eliminate subordination from civil-military teams is one of the most unique principles of the comprehensive approach that corresponds

\(^{16}\) An “open-source” principle is a decentralized and interactive way of collecting knowledge and is based on the unrestricted access to information and ability to modify it freely. Andrea Hemetsberger, Christian Reinhardt, „Learning and Knowledge-building in Open-source Communities. A Social-experiential Approach“, Management Learning, 37(2), 2006, 188.

\(^{17}\) NATO, NATO Comprehensive Approach Action Plan, ANNEX 1, Proposals to Develop and Implement NATO’s Contribution to a Comprehensive Approach, Bucharest Summit, 2008, 6.
directly with the logic of the network-society phenomenon. The above men- tioned goal can be achieved by ensuring that political, military and civil units of crisis management teams preserve their decision-making autonomy, act under their specific mandates and do not belong to a standardized organizational structure.\(^{18}\) While acting under the aforementioned principles, it is possible to avoid bureaucratic shortcomings that could emerge in the case of civil-military crisis management teams falling under a centralized control.

Despite the inner autonomy of military and civil crisis management units, unity and the ability to direct their joint activities towards the same goal is another important principle anchored in the comprehensive approach.\(^{19}\) In order to implement this principle, a consensus-based decision-making process harmonizing the diplomatic, economic and military dimensions of a crisis management team has to be introduced.\(^{20}\) It is also worth mentioning that in order to avoid subordination, cooperation of civil and military units has to be based on the principal of equality: the PRTs should not be understood as mainly military units containing some civilian personnel.\(^{21}\)

In addition, horizontal information infrastructure is a crucial aspect ensuring equality between civilian and military personnel as well as enhancing situational awareness in complex crisis and post-conflict situations.\(^{22}\) This aspect is extremely important in those PRTs, in which international personnel operates: not only the obstacles emerging because of differing civil-military working cultures but also issues of intercultural communication have to be minimized in these PRTs.\(^{23}\) The striving for unlimited horizontal flows of information in the PRTs illustrates the generally changing understanding of communication processes in organizations operating in the security sector: the principle of the “need to know” is replaced by the “need to share”.

The aforementioned characteristics of comprehensive approach are paralleled with the principles of the network-society phenomenon in the Table 2 below.

---


\(^{23}\) NATO, *ISAF Provincial Reconstruction Team (PRT) Handbook*, 46.
In light of the paralleled principles of the network-society phenomenon and comprehensive approach, this approach emerges as a new, increasingly unstructured organizational form, which regulates the interactions of multi-profiled actors operating in crisis management and post-conflict reconstruction operations. The main goal of this interaction is to integrate a wide spectrum of expert knowledge in order to react properly to complex (post-)crisis situations. According to the aforementioned goal, civil-military expert teams are decentralized, thus sustaining inner organizational autonomy of their members, but also united in terms of their common goals. A horizontal information infrastructure that includes all members of a networked-organization allows for its coordination. Although the aforementioned principles of the comprehensive approach are meant to ensure flexibility of civil-military teams, these teams have to deal with tensions arising because of differing civil and military working cultures.

However, it is important to emphasize that although it is possible to define the basic guidelines constituting comprehensive approach, the nature of a particular PRTs` coordination depends on national decisions and traditionally established civil-military relations of participating countries\textsuperscript{24}. Although the ISAF controls the PRTs on the military-operational

\textsuperscript{24} Ibid, 10-11.
level, national PRT teams come to Afghanistan with differing mandates and, generally, with a differing understanding of how comprehensive approach should be implemented practically in a civil-military team. As a result, it is misleading to speak about the PRTs generally, as if they were organized by a single model. Considering the uniqueness of each and every PRT located in Afghanistan, the organizational logic of the Lithuanian-led PRT in the Ghor province is analyzed in detail in the next section.

3. The Civil-Military Co-operational Network in the Lithuanian-led PRT

The PRTs functioning in Afghanistan belong to the hierarchically organized NATO ISAF structure. Despite this structural dependence, in order to meet local security, economic and social requirements, every nation leading a PRT is free to decide how its reconstruction team should be organized. Subsequently, the PRTs constitute a horizontal network of non-formalized entities under the hierarchical NATO ISAF structure (see Figure 1 below).

![Horizontal PRT-network in the Hierarchical NATO ISAF Structure](image)

Figure 1. Horizontal PRT-network in the Hierarchical NATO ISAF Structure

---

25 NATO, ISAF Provincial Reconstruction Team (PRT) Handbook, 22.
26 NATO, NATO Comprehensive Approach Roundtable, 5.
The already mentioned structural peculiarity of the PRTs encouraged finding out the organizational logic entrenched in the Lithuanian-led PRT in the Ghor province. As a result, expert interviews with civil and military personnel who took part in the Lithuanian Military and Special missions in Afghanistan were conducted. The analysis embraced the following two levels: organizational – in order to find out, what regulation and coordination system wils entrenched in the Lithuanian-led PRT; and cultural – in order to analyze the implications of differing civil and military working cultures on performing joint civil-military duties in the PRT. The analysis based on the two mentioned levels not only allows identifying formal circumstances which shape civil-military co-operational behaviour in the Lithuanian-led PRT, but also reveals whether such cooperation, which is based on contradicting civil-military working cultures, is successful and full-fledged.

3.1. Regulation of the PRT activities

Information derived from the expert interviews demonstrated that formal procedural regulations of civil-military activities in the Lithuanian-led PRT are rather limited. In addition to the *Strategy for Lithuania’s participation in the activities of the international community in the Islamic Republic of Afghanistan*\(^28\), the main document determining the civil-military interaction in the PRT is the *Joint order of the Foreign Minister and Defence Minister concerning the interaction of the military unit and civil element participating in the activities of the Lithuanian-led PRT in the Ghor province*\(^29\). The interviewed experts stated that this order was a legal framework or guideline, defining fields of responsibilities rather than strictly determining how civilian and military personnel should implement their mandates and how they


\(^{29}\) LR Krašto apsaugos ministro ir LR Užsienio reikalų ministro įsakymas dėl Lietuvos Respublikos vadovaujamos Afganistano Islamo Respublikos Goro provincijos atkūrimo grupės veikloje dalijavimą veikloje karinio vieneto ir civilinio elemento sąveikos tvarkos aprašo, 2009 m. rugsėjo 3 d., Nr. V-846/V-155. [Joint order of the Foreign Minister and Defence Minister concerning the interaction of the military unit and civil element participating in the activities of the Lithuanian-led PRT in the Ghor province, Afghanistan] 03 09 2009 (in Lithuanian).
should cooperate. According to experts, this flexible way of “formalizing” civil-military activities allows avoiding excessive procedural limitations that would occur if bureaucratic regulations were implemented in a highly unstable and complex environment prevailing in Afghanistan. As a former leader of the Lithuanian Special mission in Afghanistan pointed out: “[c]ooperation through experience has anchored. The success of activities is now predetermined not by existence or absence of certain documents but by participating people: how capable they are, how willing to cooperate they are, etc.”

Since the integration of civil-military activities constitutes the core of the PRTs’ idea, the minimum level of procedural regulations being used for determining civil-military interactions makes the PRTs innovative, networked organizations. As a result, the PRTs have clearly less formal procedural regulations than is typical for traditional military organizations and are able to react flexibly to rapid changes in their operational area. The interviewed civilian and military experts who took part in different PRT’s and Lithuanian Special mission’s rotations supported the aforementioned idea by emphasizing that no broad generalizations should be made about the PRT as a crisis management instrument because “[b]oth the tasks of the PRTs led by different countries differ and the tasks of different rotations of our national PRT differ. Of course, it depends heavily on the leaders of the PRTs and on security situation – is it better or worse.”

These remarks of Lithuanian experts confirm the idea that the PRTs being integrated civil-military structures function on an ad hoc basis according to the prevailing circumstances in the province. As a result, characteristics of such civil-military cooperation may vary greatly in different PRT rotations, since the reconstruction teams act according to actual situational circumstances and internal co-operative atmosphere.

For the above mentioned reasons, the PRTs might be described as unconventional, non-doctrinal entities: “the PRTs as military organizations do not exist – they do not exist in the hierarchic or any other way at all. The PRT as such does not exist.” According to the interviewed expert, if we talk about squads, battalions, companies, it is always clear what we have in mind. The organizational logic of the PRTs, by contrast, is unclear – there are many factors determining the constantly changing configuration of these entities. The expert also acknowledged that civil element and military unit, of which the

---

30 Former leader of the Lithuanian Special mission in Afghanistan (1), expert interview, Vilnius, 12 04 2011.
31 Former participant of the Lithuanian Military mission (1), expert interview, Vilnius, 04 05 2011.
PRTs are composed, can be and are different as a result of changing circumstances and goals of a particular PRT rotation: “[i]t depends on circumstances, on an exact situation. This leads to the emergence of a non-standardized entity, it leads to the deviation from the traditional type of military organizations.”

It is important to emphasize that, as the comments of the interviewed experts demonstrate, horizontal, network-based cooperation is a feature prevailing exceptionally on the level of civil-military interaction, and not, for instance, inside the military element: “[e]verything is based on personal relations – as well the tribal structure of Afghanistan as organizational structure of foreign forces, civilian and military. Of course, the military unit itself is strictly organized. But civil-military interaction, interaction with representatives of third countries is coordinated through personal relations.”

Another expert also pointed out that there are principal differences in organizing internal activities inside the military and civil units. According to him, the internal organizational logic of the military unit is based on the traditional procedures prevailing in military organizations.

To sum up, the information derived from the expert interviews shows that in addition to the fact that activities of the Lithuanian-led PRT are organized autonomously from the activities undertaken by other PRTs operating under the ISAF mandate, its activities also change dramatically with the arrival of every new Lithuanian military and civil rotation to the Ghor province. The small number of introduced procedural regulations of the PRT’s activities allows organizing civil-military operations on a flexible ad hoc basis. In terms of the network-society theory, this organizational logic allows ensuring situational awareness in a complex Afghanistan crisis area, where security problems are intertwined with economic, political and social issues. According to the aforementioned characteristics of the Lithuanian-led PRT, the next sections reveal how few regulations are compatible with the effort to undertake coordinated activities in the Lithuanian PRT: the inner and outer co-operational networks of the PRT are presented. In addition, evaluation of the Lithuanian PRT’s horizontal information infrastructure, which should theoretically eliminate the biggest disadvantage of networked-organizations, namely, the lack of coordination, is presented.

---

33 Ibid.
34 Former participant of the Lithuanian Special mission (1), expert interview, Vilnius, 04 05 2011.
3.2. The Inner and Outer Co-operative Networks of the PRT

The inner co-operative network of the Lithuanian-led PRT is identified in the *Joint order* in a statement that the PRT is “a common military and civilian mission, in which Military unit and Civilian element take part”. This statement suggests that despite striving to form the PRT as an integrated military and civilian team, it avoids melting down these two units into one organizational unit. On the contrary, the organizational idea is to preserve the internal organizational autonomy of the military unit and civilian element: “both elements organize their inner activities separately but under active consultations”\(^{36}\). According to the interviewed expert, “[t]hese are two separate units with separate planning, separate procedures, separate reporting systems. […] Even in terms of their culture, these are two separate units. Their missions are separate, goals are separate, and ways of acting are separate.”\(^{37}\) This aspect corresponds to the logic of the network-society phenomenon: in order to ensure flexibility of an organizational structure, actors of a co-operative network must not be integrated into one procedural entity. In this manner civil and military actors sustain their inner jurisdictions but are unified on the co-operative level by common goals of their joint mission: “the PRT can be called a balanced team, in which there are different players fulfilling different tasks. To call the PRT homogenous would be misleading because of principal differences of organizations that the PRT is composed of.”\(^{38}\)

It is important to mention that the military unit and civilian element are not only two organizationally autonomous components of the PRT but they are also led by two separate leaders—the PRT Military leader and the PRT Civil leader. According to the comprehensive approach concept, actors in a joint network should be united by common goals of their activity but none of the participating units should dominate over the others. Formally, according to the *Joint order*, the Military and Civil leaders have equal rights and there are no direct or indirect subordination among them. However, the former leader of the Lithuanian Special mission argued that because of two reasons the Military and Civil leaders are *de facto* unequal: first, there are fewer civilians than military personnel participating in the PRT activities, and second, civilians are completely dependent on mi-

\(^{36}\) Former leader of the Lithuanian Special mission in Afghanistan (1).

\(^{37}\) Former leader of the Lithuanian Special mission in Afghanistan (2), expert interview, Vilnius, 19 04 2011.

\(^{38}\) Former participant of the Lithuanian Military mission (2).
litary personnel in terms of security, transportation and agenda setting. Thus, the functional military personnel’s responsibility for civilians is at least a theoretical leverage to restrict the performance of civilian activities in the PRT.

Although the main goal of the integrated civil-military composition of the PRT is to increase the amount and variety of expert knowledge controlled by the PRT team, the Lithuanian-led PRT lacks specialists in some important fields. Although there is a clear goal anchored in the *Strategy for Lithuania’s participation in Afghanistan* stating that more agricultural specialists, engineers should be sent to Afghanistan, the expertise in these fields remains absent.

Consequently, there is a striving to fill this gap in the inner co-operational network of the Lithuanian-led PRT by supplementing it with the expertise provided by external actors. The nature of the inner and outer co-operational networks of the PRT is illustrated in the Figure 2 below.

![Diagram of Inner and Outer Co-operational Networks of the PRT](image)

**Figure 2. Inner and outer co-operational networks of the PRT**

The outer co-operational network of the PRT consists of local Afghan institutions, international organizations as well as international and local NGOs. According to the interviewed experts, the NGOs working in the Ghor

---

39 Former participant of the Lithuanian Military mission (1).
province and the PRT are closely interlinked in terms of their activities. However, although the military unit and civil element of the PRT as well as the NGOs operate in the same functional area, their impact on provincial reconstruction differs when analyzed time-wise: “by contrast to our military and civilian personnel in the PRT, the NGOs create the long-term effect. The civil element of the PRT creates a more short-term effect, and for us, military personnel, it is important to be tolerated in the province. […] All of us are acting in the same functional area but the effects of our activities differ.” Generally speaking, the cooperation between the PRT and the NGOs is beneficial for the both sides: the NGOs need safety in order to conduct their activities whereas securing safe environment is the main task of the military unit of the PRT. However, the civil and military personnel belonging to the PRT need to know the “mood” of the society – that is, the information which NGOs are able to collect. Since representatives of the NGOs know the needs of local community, “the NGOs [are] the backbone of the development co-operation.” The aforementioned relations prevailing among the representatives of the PRT and NGOs illustrate clearly how actors belonging to a networked organization are dependent on the resources controlled by other actors of the same network.

Although the interviewed Lithuanian civil and military experts argued that their cooperation with the NGOs functioning in the Ghor province was generally good, the interviewed representative of the British NGO Global Partners argued that relations between his NGO and civilians working in the Lithuanian PRT were sporadic and superficial and the military personnel were the more unwilling to cooperate. However, the NGO representative expressed his own personal negative attitude towards the PRT activities undertaken in the Ghor province and, generally, in Afghanistan. According to him, presence of the PRT in the province is not only dysfunctional but also dangerous: since the local community is outraged by the fact that international troops are deployed on the Afghan soil, security situation worsens and this in turn hinders NGOs from fulfilling their duties.

In addition to the NGOs working in the Ghor province, the experts also mentioned other external partners of the Lithuanian PRT: the United Nations Assistance Mission in Afghanistan (UNAMA), the EU EUPOL mission and local actors, specifically, the head of the National Afghan Police and the head of the Security Authority. However, information derived from the expert interviews suggests that coo-

---

41 Former leader of the Lithuanian Military mission in Afghanistan (1).
42 Former leader of the Lithuanian Special mission in Afghanistan (1).
43 Representative of the NGO Global Partners, expert interview, 23 04 2011.
peration with representatives of both UNAMA and EUPOL is rather sporadic and formal.\textsuperscript{45} Although UNAMA and the EUPOL mission as well as local Afghan institutions operate in the same functional area as the Lithuanian-led PRT does, in reality these actors are independent from each another in terms of their resources—that limits their interest in closer cooperation. In conclusion, the inner co-operational network of the PRT is significantly supplemented by NGOs and actors belonging to the otherwise weak operating outer co-operational network of the PRT.

### 3.3. Horizontal Information Infrastructure

Introduction of the horizontal information infrastructure in an integrated civil-military expert-team is an important aspect ensuring the team’s cohesion. Concerning the exchanges of information in the inner co-operational network of the PRT – between the military unit and civil element, the interviewed experts mentioned day-to-day and weekly meetings. According to the experts, in these meetings routine issues are solved, details of actual activities are presented and implementation of the ISAF mission’s tasks is discussed.\textsuperscript{46} In addition to this instrument of information exchange, an interactive database, was also mentioned. According to the experts, this database stores important information concerning the local population and informs about the departures out of the PRT base.\textsuperscript{47} A combination of the two mentioned instruments for information exchange is relevant because it not only allows the real-time information sharing but also systematizes the PRT’s “lessons learned”.

The above mentioned instruments are based on the idea that information must circulate freely in a networked organization in order to enable coordination among autonomous network-units. Because of high sensitivity of security domain and the emerging partial subordination of civil personnel thereof, an important question is whether representatives of the military unit are willing to exchange relevant information with civilians. According to the former head of the Special mission, “it would be impossible to cooperate if there were no information exchanges within the limits of competence.”\textsuperscript{48} The expert suggested that there were questions which military personnel should not discuss with civilians or at the very least should do it selectively; and vice versa, there is some information at civilians’ disposal that would be redundant and unnecessary to military personnel.\textsuperscript{49}

Permanent contacts are also maintained with representatives of the wea-
ker operating outer co-operative network of the PRT. Concerning connections with local governmental bodies, “permanent meetings are organized, twice a week we go to meet local government in their consultations – shura` s.”

According to the experts, representatives of both civil and military personnel, who have expert knowledge on questions concerned, take part in those meetings. This aspect illustrates that the PRT expert-teams are based on the ad hoc organizational nature – since competence is extremely important while collecting relevant information, experts of a particular field are involved in consultations with the PRT’s external partners. According to the interviewed experts, no differentiation between civilians and military personnel occurs when deciding who is going to take part in those consultations.

As previously mentioned, the NGOs working in the Ghor province are extremely important for supplementing the activities of the PRT. The representatives of both civil element and military unit have a clear interest to exchange information with NGOs because, according to one interviewed expert, information controlled by those organizations is extremely important for understanding the “humanitarian picture” of Afghanistan, which includes information about problems of local community, mortality rates, diseases, and criminality. The NGOs, however, are also interested in information exchanges with the PRT – they are interested in information concerning security situations, that is, information which representatives of the military unit of the PRT are able to provide, since they have the most precise maps and the best informational systems.

However, the interviewed representative of the NGO argued that his organization had very bad information exchanges with the Lithuanian-led PRT, although it was always demanded that the NGO activists provided relevant information to the PRT. A Lithuanian expert explained this situation by stating that NGOs are able to provide information more easily than the PRT, which operates under limitations of the ISAF. The aforementioned situation suggests that to some extent the problem of information asymmetry exists in the PRT: since a significant part of the ISAF information can be used only internally in the PRT, civil and military personnel are unable to perform full information exchanges with the NGO sector. This situation has negative implications on both sides – for the PRT and NGOs – because they both acquire only a limited understanding of their functional area.

50 Former leader of the Lithuanian Military mission in Afghanistan (2).
52 Former participant of the Lithuanian Military mission (5).
53 Representative of the NGO Global Partners.
54 Former participant of the Lithuanian Special mission (1).
In conclusion, the format of information exchanges among the multi-profiled experts involved in the provincial reconstruction activities of the Ghor province as well as the low regulations’ level of their activities imply that the room for flexible horizontal interaction within the PRT is ensured. Actors working in the province are able to coordinate their activities unhampered by excessive procedural formalities and have good chances to exchange relevant information concerning security situation and actual needs of local communities. Despite these overall trends, the biggest obstacle for comprehensive cooperation and free information exchange emerges because of the PRT’s functioning in the highly sensitive security domain. This leads to the partial subordination of civil personnel by representatives of the military unit and aggravates the PRT’s information exchanges with the NGO sector.

3.4. Clash between Civil and Military Organizational Cultures

Another probable obstacle for the effective entrenchment of the comprehensive approach in the military domain derives from the cultural level. Inevitably the following question arises: is effective cooperation between strictly disciplined military personnel who are used to working under the principle of vertical subordination and civilians who organize their activities more freely or even – in the case of NGOs – ground their activities on the principles of neutrality, humanity and impartiality55, possible?

According to the former leader of the Special mission, during the first years of the PRT’s existence in Afghanistan civil component was treated as a secondary entity. This perception arose from the fact that the Lithuanian Military mission was started earlier than the civilian Special mission: “[w]hen the first diplomat, who was meant to be an expert in all possible fields, was delegated, he had to fight for his involvement in the PRT’s activities because soldiers did not see any need in this contribution to the provincial reconstruction.”56

According to the interviewed expert, some time had to pass until it was fully accepted that a mixed, not solely military mission, was functioning in Ghor. Moreover, not only the format of the double civil-military mission had to be acknowledged but also understanding the necessity to act more flexibly in the context of this mission had to become entrenched. Although, as already mentioned, the legal equality between the civil element and military unit derives

56 Former leader of the Lithuanian Special mission in Afghanistan (1).
from the absence of subordination relations between their leaders, in reality “subordination of civilians can be felt... It is impossible to have two leaders in one mission.” This aspect can be illustrated by the opinion of another interviewed expert, who commented on the civil-military cooperation: “[w]e had good relations, maybe only at the beginning it was difficult for the civilians to settle in – they did not understand that they had to plan here. [...] We trained them to do it.”

The majority of the interviewed experts denied the existence of the mentioned “training” of civilian personnel by stating that the way of solving problems depended on particular personalities involved in dealing with specific issues: “[s]ometimes there are more regulations in civilian organizations than in the military ones. And vice versa – some military units are based on less rigidity than it is used to be in the civil life. [...] Everything depends on people involved.” Similarly, nearly all experts pointed to the role that personalities played in cooperation: according to them, the most important question is whether a person is willing to compromise, not whether s/he comes from the military or civil domain.

Despite the aforementioned importance of personalities, a general trend of strong group identity of military personnel prevails. A former leader of the military mission stated that “if somebody asks us whether we can fulfill our mission without civilian involvement, we, of course, answer – yes, we can. We can do everything. We are there in order to be able to do everything. This is our organizational culture.” As another expert argued, these comments demonstrate the tendency of increasing interdisciplinary knowledge of military personnel: being more intensively involved in social life, soldiers acquire more knowledge and experience, which used to be available only for civilians some time ago. Subsequently, representatives of the military are now able to deal with an increasing amount of issues, thus civilian involvement is increasingly perceived secondary importance.

From the cultural point of view, even more contradictions arise when considering cooperation between the PRT as a civil-military instrument and the NGOs. As previously mentioned, the principles upon which NGOs ground their activities – neutrality, humanity, impartiality – clearly contradict the methods used by soldiers while implementing national defence policies. The interviewed NGO activist touched upon this aspect while talking about the implications of military involvement in the provincial reconstruction on the activities of NGOs:

---

57 Former leader of the Lithuanian Special mission in Afghanistan (2).
58 Former participant of the Lithuanian Military mission (5).
59 Former leader of the Lithuanian Military mission in Afghanistan (3).
60 Former leader of the Lithuanian Military mission in Afghanistan (1).
61 Former participant of the Lithuanian Special mission (1).
“[w]hile the military presence in an area seems to offer some sense of general security and also a haven for foreign workers, should a security crisis arise, it also is somewhat of a detriment at times. The high visibility of soldiers, foreign flags, and military vehicles certainly draws attention and most NGO workers prefer not to be in the vicinity of such obvious targets. In general, I think it is best for most NGO’s not to be identified or associated with the military.”

However, according to the opinions of other experts, NGOs are forced to adapt their sometimes isolationist profile to reality. As a result of such adaptation, many so-called “security meetings” take place, where the Lithuanian PRT and the NGOs working in the Ghor province meet each other in order to discuss relevant issues of the provincial reconstruction. Moreover, it is important to emphasize that every NGO organizes its activities individually: “[t]here are some [NGOs] shot through with radical pacifism but there are many NGOs, which cooperate with us on both formal and informal levels.”

According to the individual characteristics of the NGOs working in particular provinces in Afghanistan, in which social circumstances and the level of ‘talibanisation’ differed greatly, a natural law exists: the further to the South, the less willing the NGOs are to cooperate with the PRTs.

Considering the aforementioned clashes between the civil and military organizational cultures, a conclusion can be drawn stating that no general trends exist that could adequately describe the civil-military activities in the highly complex context of Afghanistan. Although there are some signs of isolation from the side of the military personnel, some signs of the prevailing perception of civilians as a supplement to the military personnel as well as some signs indicating that NGOs distance themselves from the activities of the PRT, in reality these tendencies depend on particular personalities and situations rather than on settled practices.

Conclusions

The comprehensive approach, in which striving for flexible solutions to complex crisis and post-conflict situations is anchored, is the organizational background of all the PRTs operating under the NATO ISAF mandate. Although one might suppose that a common organizational background

---

62 Representative of the NGO Global Partners.
63 Former participant of the Lithuanian Military mission (5).
64 Former participant of the Lithuanian Military mission (4).
65 Former leader of the Lithuanian Special mission in Afghanistan (2).
should automatically lead to an identical organizational character of the PRTs, it is not the case in the reality: since the core idea of comprehensive approach includes the principles of flexibility and situational awareness, crisis management teams are supposed to avoid organizing their activities in a routine way, following the misleading principle of one-fits-all. Consequently, the understanding about what a comprehensive approach is and how it should be implemented in a particular province of Afghanistan differs greatly depending on a PRT leading-nation. In accordance with the ambiguity of comprehensive approach, the goal of this article was to define “Lithuanian” model of comprehensive approach by evaluating the experiences gained by Lithuanian civilian and military personnel in the Lithuanian-led PRT in the Ghor province.

Since the network-society theory was chosen for the theoretical background of this article, it allowed a consideration of the comprehensive approach from a broader contextual perspective of organizational restructuring and provided guidelines for qualitative analysis. The following ideas, derived from the collation of principles of the network-society phenomenon and comprehensive approach, guided the qualitative research of the organizational logic of the Lithuanian-led PRT:

- the PRT is a non-routinized, expert-based civil-military team;
- activities of the PRT team are organized according to the network-logic in order to avoid excessive procedural restrictions that would impede the introduction of comprehensive approach with its principles of flexibility, mobility and situational awareness;
- the civil and military units, which the PRT is composed of, are united by the horizontal information infrastructure;
- there is a possible tension in the PRT because of incompatible civil and military working cultures.

With reference to the aforementioned guidelines and information gained from the expert interviews with civilian and military personnel who took part in the Lithuanian Military and Special missions in Afghanistan, the “Lithuanian” model of comprehensive approach can be characterized by the following aspects:

- the Lithuanian-led PRT is a non-doctrinal entity: there are few formal regulations of civil-military activities, what consequently allows organizing joint civil-military activities on the ad hoc basis. In addition, the organizational logic of the Lithuanian-led PRT depends on specific goals of a particular PRT rotation and on actual security situation in the Ghor province;
• the Lithuanian PRT strives to sustain equality between civil and military personnel. Both the military and civil units sustain their inner organizational autonomy, which, at least formally allows avoiding subordination. However, since there are less civilian representatives than military personnel in the Lithuanian PRT and since the military unit is responsible for security and transportation of the civilian personnel, the autonomy of the civilian unit is sometimes restricted;

• in order to effectively coordinate joint civil-military activities in the Lithuanian-led PRT, there is an effort to introduce horizontal information infrastructure in the PRT: day-to-day and weekly meetings are organized, interactive database available for both civil and military units is integrated. However, since some information of the PRT is classified, the full access to it is restricted. This aspect is disadvantageous for the PRT-NGO cooperation because most of the NGO representatives are not interested in asymmetrical information exchanges;

• the Lithuanian PRT team is extremely interested in cooperation with NGOs because these organizations implement the development aid projects and in this sense they continue the activities of the PRT in the Ghor province;

• the Lithuanian-led PRT has a rather formal relation with representatives of UNAMA and EUPOL; somewhat closer co-operational ties can be observed when concerning the PRT relations with representatives of local Afghan institutions;

• there are some cultural problems that arise when coordinating civil-military activities in the inner and outer co-operational networks of the PRT. This is predetermined by the existence of the exclusionist identity of military representatives as well as by the attempt of some NGOs to avoid identifying themselves with activities organized by international military forces.

The conducted research demonstrates that civil and military representatives who take part in activities of the comprehensive-approach-based Lithuanian-led PRT acquire a new experience in cooperation. Although the unavoidable functioning of the PRT in a highly sensitive security field as well as the still existent specific identity of military personnel limits the implementation of the network-logic in the civil-military team to some extent, the demand as well as endeavor to organize civil-military activities in a non-routinized way is present in the Lithuanian-led PRT. Consequently, there is reason to believe that the experience acquired while working in the PRT will have positive effects on future civil-military cooperation, not only during crisis management and post-conflict reconstruction operations but also on a daily inter-institutional basis.

_Lithuania – Germany, April-May 2011, August 2012_
Lithuania’s “Fight” against Corruption: why can’t We See Any Progress?

The purpose of this article is to discuss and analyze the efforts being made to reduce corruption in Lithuania in the framework of a social constructionism tradition. Under examination are the European Union’s anti-corruption interests, the emergence of corruption in Lithuania, corruption objectivisation elements and anti-corruption practices in Lithuania. It is claimed that Lithuania’s efforts to reduce corruption can be likened to an anti-corruption industry. The article’s findings state that expressions of this anti-corruption industry serve to increase the visibility of corruption in Lithuanian society; international corruption research in Lithuania is afforded undeserved prominence, and the “reality” it purports to describe as well as the resulting anti-corruption initiatives are created ignoring national particularities; assessment of the effectiveness of anti-corruption initiatives requires more time; the negative information concerning efforts to reduce corruption strongly overwhelms the positive information released. All these listed factors determine that any progress in the field of corruption reduction in Lithuania often goes by unnoticed.

Introduction

Although the “fight”¹ launched against corruption worldwide has been going on for almost three decades, somewhat less in Lithuania, the results, and especially those that are stressed in the public space, are similar – the problem of corruption is not getting any smaller and continues to raise ever new international and national threats.

The participants in this “fight” are actors harbouring different interests

---

¹ The term “fight” in the context of corruption issues or the word combination “fight against corruption” are used rather often in various Lithuanian, and EU, legal documents, programs, etc. In the article author’s view, using the term “fight” in the corruption context only denotes a strict tone, but fails to convey the content of the activities being undertaken, which is why “fight against corruption” or simply “fight” are written in this article in quotation marks and are to be understood as a metaphor describing anti-corruption activities. As the formulation and application of qualifiers in the constructionism tradition comprises an important aspect of this analysis, the word “fight’ and word combination “fight against corruption” remain in this article.
with always new measures: country governments enforce stricter punishments and obligate anti-corruption agencies to engage in a more active “fight” against this phenomenon, the European Union (EU) boosts its monitoring of efforts made in the “fight against corruption”, the World Bank intends to harness the latest technologies, the international transparency organization Transparency International seeks to harness every member of society, the International Anti-corruption Academy hopes to bring science into play.

In 2012 the leader of the 15th Government of Lithuania, participating in an event to mark International Anti-corruption Day announced that “the fight against corruption should start at home and at school”.

That same year the Lithuanian Students’ Union and the Special Investigation Service (SIS) of the Republic of Lithuania invited school students to participate in a poetry competition titled “Lithuania without corruption”. Thus, in both the international and national public discourse we hear that just about everyone is participating in this “fight” using a variety of measures. However, why then is the threat of corruption not growing any smaller and why do we not notice any improvements in the reduction of corruption in Lithuania?

An analysis of these questions demands a critical approach be taken to the corruption phenomenon. Before expanding on it, it is worth mentioning that traditional interpretations of the corruption phenomenon and analytical approaches (moral, functionalist and political economic), as well as the resolution methods created and applied based on these approaches, are ineffective. This article aims to take a critical approach to corruption. The social constructionism tradition that shall be applied in this context reveals rarely accentuated or even new aspects of this phenomenon. It should be noted that a fragmented critical approach in studies of the corruption phenomenon have been made by Frank Anechiaric, Peter Brats, Alan Doig, Aleksandras Dobryninas, Angelos Giannakopoulos, Mark Granovetter, James B. Jacobs, Christopher Kayes, Stephen Kotkin, Ivan Krastev, Konstadinos Maras, Heather Marquette, Bryan Michael, Quentin Reed, Andras Sajo, Dirk Tanzler and others.

According to the social constructionism tradition, where the reality of


3 Please note that some authors stress the divide between social constructionism and social constructivism. The author of this article agrees with George Hruby, who asks that these two concepts not be confused with one another and states that social constructionism is associated with the description of sociological knowledge whereas social constructivism refers to the psychological equivalent. Hruby G., “Sociological, postmodern, and new realism perspectives in social constructionism: Implications for literacy research”, Reading Research Quarterly, 36, 2001, p. 48–62.
society and separate individuals is an expression of their and related groups’ social interaction, the potentials for examining and explaining social problems, among them, corruption, are expanded. Within the framework of this tradition, special attention is drawn to groups and/or institutions that hold power within society, i.e., those that can influence people’s opinions and the concepts of social problems. The theoretical model used in this article encompasses sociology of knowledge and critical criminology theory perspectives.4

By applying the theoretical research instruments suggested by critical criminologist Richard Quinney and sociology of knowledge representatives Peter L. Berger and Thomas Luckmann, we can take a broader view over the potentials for the analysis and explanation of the corruption phenomenon.

Berger and Luckmann developed the phenomenological sociology principle where reality is said to be socially constructed. The basis of social reality construction is institutionalization. Berger and Luckmann speak about reality not in the material objective sense, but about certain pieces of knowledge about the social world as a whole. The authors themselves raise the question “In what way do subjective meanings become objective factualities?”5 The answer can be found by analyzing society as an objective and a subjective reality along with its dialectical processes. Society, according to the authors, is understood as a dialectical process comprising of three stages: externalization, objectivization and internalization.

Quinney’s social reality of crime theory6 begins from the precondition that crime does not depend on the nature of innate behaviour. Crime is more likely to be a particular definition of human behaviour that is created and enforced by the empowered political agents (the police, the courts, correctional institutions) in a politically organized society. Crime is an artificial construct, created by those segments of society that wield power in order to satisfy their own interests. Individuals become criminals when others define their behaviour as criminal.

Thus, application of the treatment of the construction of the corruption problem as suggested by Berger and Luckmann, i.e., looking at the internalization (origins of the corruption concept, raising the corruption issue),

---

4 This theoretical model is widely described and presented in the doctoral dissertation of this article’s author, J. Piliponytė, “Korupcijos konstravimas: pokomunistinių šalių praktika” [The construction of corruption in post-Communist countries], Vilnius, 2006.
5 Berger P., Luckmann T., Socialinės tikrovės konstravimas. Žinojimo sociologijos traktatas [The social construction of reality: a treatise in the sociology of knowledge], Vilnius: Pradai, 1999, p. 31.
objectivization (when during the intersubjective interaction process the problem is “objectivized” and becomes an expression of definitions, diagnostic instruments and research reports) and externalization (when this kind of surrounding “criminal” reality is absorbed and becomes a part of practices meant to combat the problem – anti-corruption strategies, programs, training) aspects, along with Quinney’s social reality of crime construction model, which accentuates institutional powers and interests, allows us to examine the Lithuanian case.

In the first part of the article the EU’s anti-corruption interests are examined. The second part presents an analysis of the appearance and explanation of the corruption problem in Lithuania. In the third, the objectivization of corruption is discussed: definitions and diagnostic instruments. While in the fourth part the focus is on the externalization of corruption: anti-corruption practices in Lithuania. Essential insights are presented in the conclusion.

1. Lithuania in the Context of the European Union’s Anti-Corruption Interests

Lithuania, much like the other Central and East European post-Communist countries following the collapse of Communism, sought to enter global economic and security organizations such as the EU and NATO and in doing so had to implement integration conditions and requirements. The anti-corruption criteria were among the most important as part of the process of joining the EU. Western organizations such as the EU and NATO „could find they have serious problems, including security-related ones, if they admit countries in which there is widespread corruption and little respect for the rule of law“.

International inter-state and international non-government organizations played a primary role in drawing attention to the corruption problem in Central and Eastern Europe’s post-Communist countries, Lithuania among them. Compared to other international organizations such as the Organization for Economic Co-operation and Development (OECD), the World Bank, the International Monetary Fund and the European Council, the EU contributed most raising the topic of corruption in Central and Eastern Europe’s post-

---

Communist countries.\textsuperscript{8} This is why most attention shall focus on the analysis of the anti-corruption practices of the European Union’s institutions.

The efforts made to criminalize corruption, and to give it criminal justice referents, allow us to look at the corruption phenomenon taking Quinney’s suggested constructionist approach.\textsuperscript{9} That is why Quinney’s social reality of crime construction model structure shall be applied as part of the analysis. Most attention shall be drawn to the formulation and application of definitions of the corruption phenomenon as well as the examination of institutional powers and interests.

The EU embarked on its anti-corruption campaign relatively late compared to other international organizations. However, being one of the main concerns of the EU in candidate countries, including Lithuania, corruption was mentioned in all of the European Commission’s (henceforth – the EC) Regular Reports from 1997 onwards. The 2001 strategy paper stressed that corruption remained a serious problem (if not a potential barrier) to accession into the EU.\textsuperscript{10}

The EU’s concern over corruption was marked as corruption was widely acknowledged to be a major problem in post-Communist countries.\textsuperscript{11} In addition, a majority of political scientists were in agreement that corruption weakened democracy, and keeping in mind the distortive effect of corruption on markets and the EU’s primary goal of creating a common market, the corruption issue became a necessary condition for entry into the EU.\textsuperscript{12} It should also be noted that the scale of corruption in many countries could interfere with the implementation of \textit{acquis communautaire} and impede the quality of democratic institutions.

An Open Society Institute report claims that the EC’s concerns over corruption in Lithuania were very important in developing Lithuania’s anti-corruption policy. The EC granted a great deal of assistance in creating this


anti-corruption policy, especially regarding the creation of the National Anti-
Corruption Strategy. Thus Lithuania was quite prominent in the EU’s sphere
of anti-corruption interests. That is why it is important to discuss the EU’s anti-
corruption practices in order to understand and explain Lithuania’s corruption
problems and the origins of its anti-corruption activities.

The EU’s first anti-corruption instruments appeared almost 20 years
ago: (1) the Convention on the protection of the European Communities’
financial interests (1995); (2) the Protocol to the Convention on the protection
of the European Communities’ financial interests (1996); (3) the Convention
on the fight against corruption involving officials of the European Communi-
ties or officials of Member States of the European Union (1997); (4) the Second
Protocol to the Convention on the protection of the European Communities’
financial interests (1997) where the concepts of active and passive corruption
are mentioned for the first time; (5) the European Council and EU joint pro-
grams OCTOPUS I and OCTOPUS II that advised candidate countries what
measures should be taken to fight against organized crime and corruption; (6)
the establishment of the European Anti-Fraud Office (OLAF) in 1999 whose
mission was to protect the EU’s interests, fight against fraud, corruption
and other illegal activities, including illegal activities amongst European
institutions; (7) a joint agreement was reached: the European Council, European
Commission, European Parliament and the European Economic and Social
Committee prepared a paper on cooperation in EU policies in the fight against
corruption (2003).

It is obvious that the earlier EU anti-corruption efforts were related to
safeguarding financial and political interests in the candidate countries. Most
attention was given to the creation and implementation of criminal anti-
corruption laws. The EC’s recommendations to candidate countries were usu-
ally aimed at the control paradigm. In its anti-corruption practices, the EU
gives priority to the creation of anti-corruption rules and procedures. Greatest
attention focused on bribery, which in itself points to a relatively narrow de-
finition of and field in the corruption problem as a whole in the early period.
Similarly noteworthy is the fact that the corruption problem was usually attrib-
tuted only to the state sector.

Later (from 2004) the EU’s anti-corruption practices changed somewhat –

\(^{13}\) Ibidem, p. 78.

\(^{14}\) The EC based its anti-corruption policy on the OECD’s Convention on Combating Bribery of Foreign
Public Officials in International Business Transactions, the UN’s Convention Against Corruption, and
cooperated with GRECO, the group of states fighting against corruption that was created by the European
Council.
corruption was understood in a wider context, the concept of political corruption was introduced, corruption in the private sector was highlighted, special attention was drawn to transparency in allocation of EU funds and assistance, in addition, transparency started being stressed as a common value.

In the latest EU anti-corruption stage, now over ten years since anti-corruption initiatives began, the EC notes that corruption is one of the most serious crimes on the inter-state plane and is associated with other serious crimes such as illicit drug trading and human-trafficking. That is why, approving the Stockholm program\(^\text{15}\) in 2009, the European Leaders’ Council granted the EC a political mandate to measure the effectiveness of the fight against corruption, and, cooperating with GRECO, to form a comprehensive EU anti-corruption policy. In the Stockholm program, corruption is understood in the economic crime context. Corruption in the private sector and the fight against corruption in *acquis* spheres, such as public procurement, financial control, etc., are of greatest attention.

Based on the findings of the Stockholm program and other documents related to the fight against corruption,\(^\text{16}\) in 2011 the EC released a document, *Fighting Corruption in the EU.*\(^\text{17}\) The need for such a document at all was based on the harm corruption causes to all EU Member states. The economic interest is stressed as a priority: “It inflicts financial damage by lowering investment levels, hampering the fair operation of the internal market and reducing public finances.”\(^\text{18}\) It is stressed that existing mechanisms for monitoring and assessing the fight against corruption are insufficient and that the legal systems in place to fight against corruption are applied unequally in EU Member states, and unsatisfactorily in general. Therefore EU anti-corruption reports shall aim\(^\text{19}\) to give Member states an additional impulse to effectively fight against corruption, first of all by accepting and applying international standards for


\(^{18}\) Ibidem, p. 3

the fight against corruption <...>. The Commission also urges EU Member states to ensure that all the related legal measures be transferred into its jurisdiction and, most importantly, that these measures continue to be monitored and implemented <...>. Finally, the EC notes that it is necessary to take action throughout the entire EU and that the political will in all EU Member states be strengthened in fighting against corruption.

So, it appears that Lithuania’s anti-corruption policy is to a large degree determined by the EU’s anti-corruption practices and its specific anti-corruption actions. The EU’s anti-corruption practices are not systemic, consistent or comparative (comparison is possible only between candidate countries over a certain period). The EU’s competency in the anti-corruption sphere is concentrated mostly on protecting the EU’s financial interests, whereas Member states (especially the older states) are not at all interested in the EC acquiring greater competency in the anti-corruption sphere. From a constructionist approach, the fact that of late the EU is striving towards assessment of the efforts in the “fight” against corruption in all EU countries, not only in the new Member states, could in effect significantly change discussions on corruption both in Lithuania and in the whole EU. These discussions could be combined with the acceptance and application of international-scale anti-corruption standards in all EU states, as urged by the EU.

2. The Emergence of Corruption

In Lithuania, the “fight” against corruption began almost two decades ago: the Fight Against Organized Crime Department was established in 1993, the title of which was changed after two months to the Organized Crime and Corruption Research Department, while in 1996 the Government of the Republic of Lithuania passed a resolution outlining a plan of anti-corruption measures. In 1997 the Special Investigation Service (SIS) under the Ministry of Internal Affairs of the Republic of Lithuania was founded, whose mission was to reduce the impact of corruption in the state. The SIS became an independent

20 Lithuania has still not ratified the OECD’s Convention on Combating Bribery. The EC insists that Member states that have still not ratified these measures do so immediately.
21 European Commission, (note 14).
22 The Office of the Prime Minister of the Republic of Lithuania, Korupcijos prevencijos įstatymo poveikio vertinimo galutinė ataskaita [Final report on the assessment of the effect of the Law on Corruption Prevention], 2011, p. 17.
23 Lietuvos Respublikos Vyriausybės nutarimas Nr. 356 „Dėl priemonių nusikaltimų, susijusių su korupcija, kontrolei ir prevencijai gerinti“. Žin., 1996, Nr. 27-660.
institution in 2000 and its scope of functions was expanded – it was charged with organizing and implementing corruption prevention measures. A branch of the international non-government transparency organization Transparency International was established in Lithuania in 2000.

Fifteen years ago, there was still relatively little being said about corruption problems in Lithuania. In the country’s strategic documents corruption was mentioned only in the context of economic and organized crime. None of the influential political parties of the time dedicated any special attention to the “fight” against corruption, i.e., “the fight against corruption was not considered a priority task upon entering government”. According to corruption researcher Dobryninas, political parties did not take a systemic approach to corruption and lacked a specific anti-corruption strategy. You could say that until 2000, corruption did not figure as a special issue that saw fit to be included in Lithuania’s political task schedule. However Lithuania’s aspirations to become a member of the European Union and NATO, and the economic interests of these as well as other international organizations, such as the World Bank, changed this situation.

As negotiations with the EU gained ground, so too did the number of initiatives and measures designed for the “fight” against corruption increase. The effect of the process of entering the EU on the appearance of anti-corruption instruments and measures, as well as the active discussion of corruption in Lithuania, was obvious. Corruption as an obligation to entering into a partnership with the EU was mentioned in 1999, 2000 and in 2001. For example, in 2001 an EU commission obligated Lithuania to undertake and implement an anti-corruption strategy, pass the Law on the Prevention of Corruption and introduce a state public servants ethical code, and ratify the appropriate international conventions. The EC also offered support in forming Lithuania’s anti-corruption policy and contributed to the National Anti-Corruption Program and its constituent parts – a strategy and implementation plan. In 2002 Lithuania received assistance for the creation of financial and human resources intended for the implementation of anti-corruption activities from the Euro-

---

The above-mentioned factors to a large degree determined that the topic of corruption was made relevant in Lithuania’s political task schedule. For example, in 2001 the Prime Minister released an instruction whereby every draft of legal norms regulating economic relations be put before government deliberation only after the comments and recommendations of the adviser on corruption and customs issues were included.27

Other expressions of the actualization of the problem of corruption can be found in various national documents – in laws, resolutions, strategies, Government programs,28 as well as in research. It is important to note that the actualization of corruption as a problem and threat has not ceased, rather it is constantly in action at different levels and takes different forms. Corruption and its control occupy one of the most important positions amid other social problems in Lithuania’s political task schedule to this day.

3. The Objectivization of Corruption

One of the main objectivization elements of the corruption phenomenon is the definition of corruption. According to Quinney, the definition of crime and its broader concept are very important elements in the crime construction process. Definitions of corruption reflect the essential directions of anti-corruption policy, as well as the interests of the actors participating in the origins of the definition.

In Latin the word corruptio means defacement, putrescence and bribe-ry. It was long before a specific corruption definition was reached in Lithuania. There have been numerous single attempts at defining corruption. In the 1997 Law on the Special Investigation Service of the Republic of Lithuania29 corruption is understood as corrupt infringements taking place whilst in state service. The full description of corruption is rather broad and lengthy and difficult to understand without additional explanatory documentation. The Organized Crime and Corruption Program of 1999 notes, that corruption is associated with professional misconduct and organized crime. Organized crime

27 Open Society Institute, (note 7) p. 91.
28 For example, in the LR Government Program for 2006–2008, corruption control was identified as a priority.
and corruption are rather obviously contrasted in this program, which points at the inter-relation of these crimes (problems). In various Lithuanian legal documents it was only separate corruption-like criminal activities that were defined. The lack of a succinct definition of corruption in Lithuania is a problem that has been stressed on many occasions. In the National Anti-Corruption Program of 2002 a corruption conception was not presented but there were recommendations to prepare a precise, legal definition of corruption that would encompass the private sector as well. This recommendation was later actively supported by the non-government transparency organization Transparency International Lithuanian Chapter and urged by the European Council, though it has not been implemented to this day. Attempts have been made: in the LR Government Program for 2006–2008 it was noted that it is very important “to put a stop to corruption in government institutions, to dishonest competition in business, and to improve public procurement practices, to enforce stricter punishment of corrupt officials and boost financial crime prevention”. Corruption in this document is understood in the wider context – existing in the state and in the business sector. The 15th Government distinguished corruption as a priority in its program, where the problem of corruption is used in the context of good state management and economic development.

In the latest Lithuanian National Anti-Corruption Program for 2011–2014, the corruption concept continues to focus on state service and the individuals employed therein, where those coming under the corruption definition are described in detail.

In the National Security Strategies (for 2002, 2005 and 2012) corruption is understood as a threat, a danger and a challenge. In the earlier strategies, it was noted that corruption control and reduction are important to meet the state's political and economic interests, whereas in the last strategy civilians' interests are also mentioned.

In the Lithuanian President's annual announcements (2010–2012) corruption has been called a disturbance, a malaise and a frenzy. Only separate forms of corruption were mentioned: bribery, misfeasance and corrupt activities (2011).

30 LR Government, (note 22).
32 LR užsienio reikalų ministerija, LR Valstybės saugumo departamentas, Korupcinės situacijos Lietuvoje preliminarinis įvertinimas bei kovos su korupcija strategijos metmenų parengimas, Vilnius, 1999, p.4.
Ever since its founding in 2000, the publicly active non-government organization Transparency International Lithuanian Chapter has used probably the broadest definition of corruption in Lithuania: abuse of public powers in seeking personal gains. The crux of this definition is public interest. This definition of the corruption phenomenon encompasses all sectors: state, business and non-government.

The SIS currently denotes the following priorities in its activities – prevention of corrupt activities related to public procurement conducted from state and municipality budgets and EU funds; prevention of corrupt activities related to administrational supervision and control, especially in the fields of construction and environmental protection. These priorities are important so as to understand Lithuania’s efforts in reducing corruption.

So it appears that the first anti-corruption measures in Lithuania were created and implemented without even having a clear definition of corruption. Up until now, corruption has been and is defined in a rather narrow context in Lithuania’s legal documents. The problem of corruption is related to the state sector and individuals employed in state service jobs. Corruption in business does not have a suitable definition to this day which would make it possible to criminalize corruption in Lithuania’s private sector. According to experts, problems lie in the quite unclear concept of who is a public servant or an individual comparable to a public servant. However, it should be noted that in recent years the procedural recognition of the corruption problem has become broader in scope. Corruption is being mentioned more and more often in economic and social contexts, whilst the leitmotif of corruption as a threat is being used not just in security policy, but in a wider context as well.

During examination of another element of the objectivization of corruption – corruption diagnostics – it should be noted that introduction of the corruption situation in Lithuania has relied on information gained from research conducted by international organizations such as Transparency International, the World Bank, and the European Commission’s Eurobarometer, Freedom House reports, as well as national corruption studies, many of which have been carried out by Transparency International Lithuanian Chapter and the Special Investigation Service (SIS). As corruption has been constructed as a measurable phenomenon, corruption research instruments and results have served as a kind of proof for this phenomenon and may be analyzed as part of its objectivization. There are various ways of conducting corruption diagnos-

---

tics. In probably the broadest sense, corruption research can include research on the understanding of corruption and of personal experiences, the monitoring of public spending and criminal statistics.\textsuperscript{35} It is research on the understanding of corruption and of personal experiences that is conducted most often in Lithuania, where different social groups are surveyed: public servants, business representatives, and representatives of society at large or of specific sectors (medical, pharmaceutical, forestry, media, EU funding, etc.).

When discussing national corruption research, one of the earliest representative public surveys on bribery should be mentioned. It was conducted in 1999.\textsuperscript{36} Four percent of the Lithuanian population admitted that they often offered a bribe to a public servant, and 73 percent claimed that they have never offered a bribe. Only bribery in the public service context was studied. These indicators had already markedly grown only 2–3 years later, which should be assessed in the context of not only a worsening situation, but also in the context of the growing momentum of the anti-corruption industry.\textsuperscript{37} Over the last twelve years, over 30 studies of the understanding of corruption and of people's experiences have been conducted in Lithuania, that have been based on representative surveys of the Lithuanian population or of separate professional or social groups.\textsuperscript{38}

One of the largest and most well-known national corruption research studies, the Lithuanian Map of Corruption (LMC), has been conducted since 2001.\textsuperscript{39} In the period from 2001 – 2011, a total of seven corruption map research studies have been performed. The basis of the Map of Corruption comprises of national sociological surveys and expert assessments. This research aims to determine the attitudes of various social groups towards the spreading ins-


\textsuperscript{36} The survey was conducted by the public opinion and market research centre “Vilmorus”.

\textsuperscript{37} The anti-corruption industry is characterized by the overstated prominence given to the problem of corruption in political task schedules: numerous international initiatives, a great deal of attention given to corruption in government programs, strong civil society involvement in resolving the problem and the large resources these initiatives attract. The institutionalization of this industry in the political arena takes place through the activities of anti-corruption organizations, conferences, conventions, while also utilizing the academic discourse, diagnostic instruments, progress reports, etc. As a result, standardized products are produced: knowledge, measurement tools, various activities.

\textsuperscript{38} A majority of the corruption research was conducted by the Transparency International Lithuanian Chapter. The research may be found on their website: http://www.transparency.lt/new/index.php?option=com_content&task=blogsection&id=2&Itemid=9 and SIS - http://www.stt.lt/lt/menu/sociologiniai-tyrimai/

\textsuperscript{39} The methodology for this complex sociological corruption research was created by scientists from Vilnius University: Prof. Aleksandras Dobryninas, Dr. Laimutė Žilinskienė and Dr. Rasa Ališauskienė. It is described in their book \textit{Lietuvos korupcijos žemėlapis 2001-2004, 2005} [Lithuanian Map of Corruption]. Vilnius: Eugrimas.
titutional and geographical corruption in Lithuania, looks at their experiences in
dealing with cases of corruption, and seeks to assess the anti-corruption potential
of Lithuanian society. From 2008 not only the Lithuanian population and business
leaders have participated in these sociological surveys, but also state and munici-
pality public servants. The analysis of results from the first six mentioned research
studies revealed that Lithuania’s corruption map was barely changing. Although
the anti-corruption potential was strengthening gradually, people’s attitudes and
experiences point at a persistent tolerance of corruption. Yet the seventh LMC
from 2011 revealed more positive trends than in earlier years:

- Compared to results of research conducted in 2001 and later, 2011 has
  the largest number of people claiming that the scale of corruption was
  smaller.
- There was a consistent decline (albeit minimal) in the number of Lithu-
anian citizens and business people who had offered bribes.
- In practically all of the state institutions where Lithuanian citizens have
  had to deal with public servants relatively frequently (no less than 100
  respondents), bribe extortion and bribe offering indexes for specific
  institutions have fallen compared to 2008.
- From 2004 there have been more respondents who have claimed not to
  have offered a bribe because it goes against their beliefs.
- The number of business people wanting to participate in anti-corruption
  activities has increased. From the Lithuanian population, the number of
  active participants in anti-corruption activities has remained practically
  the same.

Lithuania’s National Integrity System Assessment was performed in
2011 following Transparency International methodology, the aim of which was
to assess the level of immunity to corruption of Lithuania’s state institutions,
the private and non-government sectors. In the study, the period 2009–2011
was researched. The research was performed by 15 researchers and a group of
assistants headed by the Institute of Law. The research conclusions revealed
that Lithuania’s National Integrity System was working rather well.

40 Aleknevičienė J., “Kaip keičiasi Lietuvos korupcijos žemėlapis?” [How is Lithuania’s Map of Corrup-
tion changing?] see Muravjov S., compiler, Korupcijos mišlės, Vilnius: Eugrimas, 2009, p. 29.
42 Transparency International Lithuanian Chapter, Lietuvos nacionalinės atsparumo korupcijai sistemos
tyrimas.pdf, 2012 12 01.
Regardless of the small, albeit positive, trends that have been found to exist during some of the largest corruption research studies in Lithuania, there were still contradictory assessments of the situation in the public space, for example, at the same time the results were revealed the Lithuanian president claimed that corruption in Lithuania was starting to paralyze the state’s development.\textsuperscript{43}

One of the most well-known studies of the understanding of corruption in the world is the Transparency International Perceptions of Corruption Index (henceforth, the CPI), that is determined based on surveys of business representatives and other expert research studies. The results of this and other bodies of research are understood as an illustration through which the corruption phenomenon is objectivized in a certain country. The CPI is greatly popular in Lithuania, receiving wide-scale attention and discussion, and is included as an indicator in state office action plans and national programs. Lithuania’s CPI has been calculated since 1999. The public sector is at the heart of this research, along with public servants and politicians. Until 2011 the CPI ranked countries on a ten-point scale, but from 2012 the current situation started being valued on a hundred-point scale where 0 denotes an absolutely corrupt country and 100 – a very transparent country. Assessments of the corruption situation are made by experts and business leaders both from in the country being assessed and from abroad. The 2012 CPI is calculated according to a new methodology which uses only one year’s worth of data for every country’s CPI source. It should be noted that despite the fact that this, one of the most well known studies of the perception of corruption in the world, was constantly exposed to ideological fluctuations and thus brought upon itself methodological doubts, it was still a keystone and indeed significant study on a national scale.\textsuperscript{44} Also noteworthy is that from 2009– 2010 Lithuania’s CPI increased, i.e., Lithuania was viewed as a more transparent country, before dropping in 2011 down to its 2005–2007 position, while in 2012 Lithuania moved two positions up on the Perceptions of Corruption Index. However, Lithuania’s public commentary on the CPI was usually associated with a negative assessment of Lithuania; for example, in 2012 the director of the Transparency International Lithuanian Chapter exclaimed that “over the last few years I have tried to glean

\textsuperscript{43} Veidas, D. Grybauskaitė: „nereikėtų savęs apgaudinėti, kad tuoj turėsime atominę elektrinę” [“we needn’t kid ourselves that we will soon have an atomic energy plant”], http://www.veidas.lt/d-grybauskaite-nereiketu-saves-apgaudineti-kad-tuoj-turesime-atomine-elektrine, 2012 11 16.

\textsuperscript{44} Delfi, Korupcijos suvokimo indeksas Lietuvoje nesumažėjo, bet G. Kirkilas atsistatydinti nežada [Lithuania’s Perceptions of Corruption Index did not fall, but G. Kirkilas does not intend to stand down], http://www.delfi.lt/news/daily/lithuania/korupcijos-suvokimo-indeksas-lietuvoje-nesumazejo-bet-gkirkilas-atsistatydinti-nezada.d, 2012 11 08.
something positive from Lithuania’s results in the CPI, however, admittedly, that is difficult to do”.45

The positive signs of corruption control and reduction discovered in national research studies have not been reflected in the Freedom House report “Nations in Transit” either, where countries are ranked according to democratic practices. The annual assessment conducted since 1997 takes in 28 countries in Central, Eastern and Southern Europe. Countries are ranked on a seven-point scale where 1 denotes the highest development of democracy, and 7 – the lowest. The fact that corruption is one of the seven Freedom House assessment criteria shows that already from 1999 attempts started being made to “search for” this phenomenon in all the nations in transition, including Lithuania. In terms of its corruption situation, Lithuania appears amongst the worst ranked countries (its assessment did not fall below 3.5 points, but in 2006–2009 it was worse). The 2012 assessment which takes in the 2011 period was 3.5 points. What is noteworthy is that in 2012 the report on Lithuania’s corruption situation was prepared by one expert from Lithuania. A majority of the sources used in the report were from the media. Even though Freedom House reports have received some criticism,46 they have been and continue to be one of the tools used to construct “Lithuania’s reality” in the international space.

Data from the 2012 Eurobarometer research47 indicated that at least eight in ten Lithuanian citizens believed that corruption was one of the country’s biggest problems. Compared to other countries, according to this indicator Lithuania is ninth. Lithuania, together with Slovakia and Romania are also leaders in the context of this research among countries whose respondents claimed that they were asked to give bribes or that bribes were expected of them. In responding to the Eurobarometer data, an EC member claimed that “practical results of the fight against corruption in all of Europe remain unsatisfactory. How many times have we said that it is necessary to take action? Europeans trust that national governments shall take determinative steps. The time has come to do so”.48

In summary, we should notice that Lithuania’s map of corruption is

changing slowly; time is needed to record changes in people’s attitudes and values. The main conception of the complex research of Lithuanian corruption, the Lithuanian Map of Corruption, changed, however the methodological foundation has remained stable and allows us to take away reliable comparable results. However, we should ask ourselves, to what degree is this research study used to create anti-corruption practices in Lithuania or to spread news of Lithuania’s efforts to reduce corruption in the international space? Even though national corruption research results testify to the appearance of positive trends in Lithuania, the results of international standardized corruption research are disadvantageous to Lithuania. Based on these results, international and national activists use uncontrollable, insurmountable and all-defeating corruption rhetoric, inviting us to “fight” against corruption even more. International research is further backed by the public, uncritical comments made by influential Lithuanian political figures: in 2006 prime minister Gediminas Kirkilas offered to stand down on a “Žinių radijas” [News Radio] program if Lithuania’s corruption index did not take a positive turn, and in 2008 the leader of one of the most influential parties, Andrius Kubilius, stated that his party promised to implement new public management principles so that in the next four years, according to the Transparency International Corruption Index, Lithuania would appear among the top ten least corrupt countries.\(^\text{49}\) This uncritical approach to standardized anti-corruption instruments simply empowers international “players” to act and continue to construct instruments and effectiveness standards in the “fight” against corruption that are orientated at general inter-cultural, rather than national particularities, and to realize their interests.

4. The Externalization of Corruption

Several important elements of the externalization of corruption may be distinguished: anti-corruption strategies, programs, anti-corruption projects, training, and the like. We shall look at the main elements that are part of the corruption phenomenon’s construction process.

In 2002 the Parliament of the Republic of Lithuania, guided by the Law on the Basics of National Security, confirmed the National Anti-Corruption Program and its plan of measures. The aim of the program was to reduce corruption in Lithuania, seeking that it would have less of a disruptive impact.

on development of the economy and democracy, and to aspire towards social welfare and strengthen national security. On the one hand, this program was recognized as an example of good practice, but on the other, it received criticism for its intersecting “Western” and “Eastern” anti-corruption practices. The program made use of both national and international corruption research data and indicators, plus there was a considerable accent on the input of international organizations and the goal of tuning the national anti-corruption legal base in line with international, especially EU, documents. The World Bank’s concepts of “political” and “administrative” corruption were especially reflected in the program. Special attention was aimed at administrative corruption and its prevention. The use of fighting rhetoric in all national corruption reduction programs has also been noted.

The most recent and still valid 2011 National Anti-Corruption Program aims to ensure an effective and directed corruption prevention system in Lithuania, along with the strengthening of national security. As part of the program’s analysis of the general environment, criminal statistics and international research data was used, which, as was mentioned earlier, is given undeserved prominence in Lithuania, whereas the analysis of separate fields saw the combination of international and national indicators. This most recent program, like the others preceding it, are mostly orientated at the state public service and individuals employed therein. Little attention is given to the private sector. The opinions of different social groups, that include public servants, business people and citizens, are incorporated into the assessment of the program’s expected results. When analyzing the structure of the 2011–2014 program, what is noteworthy is that taking an anti-corruption approach, it is political and legal actions that are assessed first of all, which we could relatively speaking term as political interests, whereas the second priority is economic interests, followed by social and technological interests.

The problem of corruption also receives a mention in all National Security Strategies. In the 2002 Strategy, corruption was mentioned alongside twelve other challenges, dangers and threats. The fight against organized crime and corruption was highlighted as one of the main priorities in ensuring Li-

---

thuania’s national security. In the Strategy corruption is reflected in the political context, i.e., in terms of Lithuania’s aim to become a member of the EU. In the 2005 Strategy corruption is also mentioned as one the threats to national security and is described in the context of political and economic interests (ensuring the transparency of EU fund allocation, prevention and control of financial crimes). In the 2012 Strategy corruption ended up alongside other social and economic problems demanding particular attention – unequal social and economic development and large numbers of the population emigrates. In this Strategy we can see both political and economic and now also civil aspects in the “fight” against corruption.

Lithuania’s president, in her mentioned speeches, talks about “rampant corruption” and “a merciless war on corruption” using strong combatant rhetoric. In her 2010 speech she stressed the regulation of the Code of Conduct of Civil Servants and the Law on Lobbying Activities, the importance of society’s input and the role of the courts in the “fight” against corruption. In the 2011 speech it was claimed that corruption was “the most deep-rooted and most difficult to cure of our ills”, and that “bribe-giving, misconduct in office and corrupt activities are allowed to exist so long as we – as a society – tolerate it.”

Despite there being separate distinction of three elements of corruption, understanding them to be critical or priority areas, alone they offer no further specific or accurate information. In the 2012 speech corruption is mentioned in the context of the courts and a successful start to the fight against corruption having been made, as well as corruption as a disruption, with the aim of “stopping corruption from poking into the wheel spokes”. Corruption clearly has found its space in the President’s mentioned speeches, yet they contain a great deal of generalizations, plus a strict tone which testifies that the problem of corruption is not an ordinary one, and is alive and well despite all the efforts and measures being taken.

The corruption problem is similarly brought to light in Government programs as well. When analyzing the program of the latest 16th Government, we note that the “fight” against corruption is mentioned along with other unpostponable activity priorities in the context of economic interests. In addition, there is a whole separate section dedicated to the fight against corruption.

---


54 For example, in 2012 the Government named the fight against corruption in the government sector as one of its most important goals (to ensure the publicity of state and municipality institutions’ and offices’ activities, i.e., their decisions, the use of public finances, documents issued, services offered). (Žin., 2011, Nr. 126-5592).
which stresses the cooperation of all possible actors – the government, society, the media, business, religious and other organizations – involving them in the disclosure of cases of corruption. Accentuation of “the psychological and civilians’ public consciousness anti-corruption breakthrough and the intolerance of corruption” points to the expected changes in values and attitudes that shall be sought after, not via education, but rather by applying punitive measures (suggesting to criminalize the tolerance of corruption). It was noted that the program lacks any correlation between its mentioned anti-corruption activities and the values declared in the very same program.

Thus, these programs and strategies in the “fight” against corruption have served as the foundation for other anti-corruption programs that have been and continue to be implemented by state institutions. Similar examples are created and implemented by businesses, education institutions and international organizations. According to experts, “eastern Europe was a valuable niche for the anti-corruption “industry””, and Lithuania was not an exception in this respect. We should note that particularly the first strategies and programs were very declarational, with unobligatory and abstract aims, lacking in comprehensive content. The main and initial target of the “fight” against corruption strategies, programs and speeches was state public servants, even though the aims of these strategies and programs were aimed at almost every member of society. Somewhat later the business sector also started being mentioned. Corruption and bribery prevention or reduction was noted as separate problems, even though bribery itself is one of the forms of corruption. So, despite all the “strategies, plans, projects, reports, commissions, work-groups, discussions and meetings... <...> much like many of the country’s problems, so too does this one appear to drown in a quagmire of paper bureaucracy”, commented the former director of the State Security Department back in 2006.

Other anti-corruption initiatives have also been noticed: for example, in 2007 the Fight against Corruption Front was established, becoming known as an opponent to one specific theme – the building of the atomic power plant. In 2009 the Anti-Corruption Education Centre was founded, which carries out project activities without any particular specialization. These examples testify to the politicization and economic benefits to be gained from the “fight” against corruption.

In summary, three stages in the “fight” against corruption drive in Lithuania can be distinguished:

- **The active**, spanning 1998–2004. The main driving force of this stage was Lithuania’s integration into the EU.
- **The subdued** (2004–2008), which can be relatively termed as the wait for results in the “fight” against corruption. Attempts by non-government organizations to create a Civil Alliance against corruption can be observed, as they pose critical questions such as “how many more laws to halt corruption are needed?”57 In October, 2006 an agreement “On Strengthening the Fight against Corruption” was signed between parliamentary party factions. It outlines acknowledgement that the scale of corruption in the country is intolerable, and that the existing anti-corruption measures are inadequate, also stressing the prioritized importance of strengthening the fight against corruption.
- **The desperate** stage from 2008. This is the situation where “nothing works” while the relevance of the corruption problem continues to grow. A conference was held at the Presidential Palace called “Korupcijos pažabos vizijos 2008” [Visions for Stopping Corruption 2008]. The 15th Government distinguished the fight against corruption as a priority field in its program. In April, 2009, the Prime Minister formed a work-group to present recommendations for how the emergence of corruption could be minimized. In the Parliament’s 2010 autumn session the “fight” against corruption was again identified as a priority, while eleven legislative drafts regarding the reduction of corruption were drawn into the earliest stages of the parliamentary program. In 2011 the President of Lithuania stated that “corruption was spreading like cancer”58 and that Lithuania’s citizens were not aware of the fight against corruption.59 Thus, the signs of improvement in the corruption situation noted in 2011 that were mentioned in the second part of this article could have signified the start of the success stage, yet that was not the case. The visibility of the “fight” against corruption and the need for its existence increased via the spread of anti-corruption rhetoric as

57Human Rights’ Monitoring Institute, Pilietinis aljansas prieš korupciją ieško būdų pažaboti korupciją Lietuvoje [A civil alliance against corruption seeks out ways of stopping corruption in Lithuania], http://www.hrmi.lt/naujiena/157/, 2012 11 08.
59 Veidas, Žmonės nepastebi kovos su korupcija [People don’t notice the fight against corruption], http://www.veidas.lt/zmones-nepastebi-kovos-su-korupcija, 2012 11 08.
well—alongside good management, public administration and ethics, things like transparency, integrity, credibility, honesty and other related themes appeared. International Anti-corruption Day was and is being marked in ever a more obvious fashion. To mark this occasion, Government events are organized, as well as in municipalities and education institutions. Anti-corruption courses are offered at universities, seminars are held, and training is conducted. Lithuania is hoping to become a member of the International Anti-Corruption Academy, an institution that has been established in Vienna as an innovative center for independent anti-corruption training and scientific research. It is quite apparent that the inertia-driven, desperate “fight” against “insurmountable” corruption is continuing and does not intend to stop.

Quite obviously, the efforts to reduce corruption in Lithuania have become prioritized, projectivized and are well-financed. However, equally obvious is that fact that Eastern and Central European countries, Lithuania among them, that are implementing the greatest number of good management/administration reforms and anti-corruption programs, are still considered the most corrupt in the EU. Already in 2000, anti-corruption researchers and experts noted that “there is a boom in anti-corruption strategy and agency creation which does not take into account any effectiveness or expected impact criteria.” One decade on—the same trends remain.

---


Conclusions

Lithuania, like the other new EU members, finds itself in the field of international, foremost EU, anti-corruption interests. The role of the EU in implementing anti-corruption measures in Lithuania in recent years has not decreased at all.

The constructionist analysis of provisions for the construction of the corruption phenomenon in Lithuania revealed that Lithuania’s “fight” against corruption has turned into an anti-corruption *industry*:

- Corruption has become a universal topic among different interest groups: state institutions, international organizations, market participants and civil society representatives. Corruption minimization and control features in national political work schedules.
- Global standardized anti-corruption products – anti-corruption packages incorporating knowledge about corruption, measurement instruments and activities – are applied in Lithuania. It should be noted that international corruption diagnostic instruments are abstract, complex and do not take into account national socio-cultural particularities.
- The corruption actualization field has expanded. Corruption is highlighted in the contexts of security, crime, social problems, etc. The narrow legal definition of corruption, where the primary focus was bribery, has broadened. In addition to the main target of corruption – the state sector, gradually the business and non-government sectors are also drawing attention. Corruption has become an inter-sector problem – legislation drafts, their amendments, resolutions and programs are all viewed taking an anti-corruption approach. Strong combatant rhetoric is being used to minimize corruption.
- The number of institutionalization elements employed in the “fight” against corruption have increased: anti-corruption agreements, conferences, discussions, conventions, programs and diagnostic instruments.
- Specialists with a broad qualification field have become prominent in anti-corruption activities – universal project and program managers and executives who are able to deal with corruption as well as with other social problems. For such individuals, actually resolving the problem is less of a concern than their personal career aspirations. These specialists tend to change their work theme depending on the latest project they have been appointed to head.
The rhetoric used in the “fight” against corruption has also changed and expanded. Alongside good management/public administration themes there are now themes including the issues of social responsibility, transparency, integrity, accountability, trust, honesty and fairness. This rhetoric is employed not only by the state sector, but by the private and non-government sectors also, as well as education institutions.

But then why cannot we see any progress in the corruption minimization field?

Firstly, expressions of the mentioned global and national anti-corruption industry increase the visibility of corruption in Lithuanian society.

Secondly, international corruption research receives undeserved prominence in Lithuania. Corruption research conducted by certain international institutions does not stand up to stronger criticism, while reports on the assessment of the corruption situation, for example the 2012 Freedom House report, are prepared by one individual using media reports as their main source. As a result, Lithuania’s aim to all-out improve its standing in the Corruption Perception Index or in terms of other difficult-to-explain international anti-corruption indicators and thereby record noticeable progress may not be achieved, even before 2030 as has been projected in the planned aims in Lithuania’s Progress Strategy. Observation and measurement of the local situation and changes should be done not from a distance, but by locally created and tested instruments. One possibility is the Lithuanian Map of Corruption that has already been tried seven times.

Thirdly, changes in the fields of social values, attitudes and good management are slow to appear. That is why, in order to assess the effectiveness of anti-corruption initiatives and their results, more time is needed. Corruption research often reveals a barely changing situation.

And fourthly, how many people are there in Lithuania actually searching for progress in the “fight” against corruption? Famous success stories, such as the State Tax Inspectorate’s, which managed to reduce its bribery index rating in 2006, are few and far between, whereas those relating failures number in the hundreds.


63 In Lithuania’s Progress Strategy “Lietuva 2030”, one aim is that in the CPI, Lithuania should be no lower than in 10th place among EU countries.