The Foundation - Centre for European Perspective was established to assist the countries of the Western Balkans in their efforts to join the European Union. The Centre performs its mission by providing high-quality, tailor-made projects transferring Slovenian best practices and practical know-how to the European Union candidate countries and potential candidate countries in the region. CEP focuses its assistance on institutional and administrative capacity building, security and socio-economic development.

More information about the Centre for European Perspective is available at http://www.cep.si.
## EUROPEAN PERSPECTIVES
Journal on European Perspectives of the Western Balkans
Volume 8   Number 1(14)   April 2016

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter from the Editor</td>
<td>3</td>
</tr>
<tr>
<td><strong>GUEST VIEW</strong></td>
<td></td>
</tr>
<tr>
<td>FutureFlow – A Project that Connects and Shows the Way</td>
<td>7</td>
</tr>
<tr>
<td><em>Tamara Weingerl Požar</em></td>
<td></td>
</tr>
<tr>
<td><strong>ARTICLES</strong></td>
<td></td>
</tr>
<tr>
<td>The Role of Rules of Origin in European Free Trade Agreements:</td>
<td>15</td>
</tr>
<tr>
<td>Evidence from Croatian Manufacturing Trade</td>
<td></td>
</tr>
<tr>
<td><em>Vinko Zaninović, Katja Zajc Kejžar</em></td>
<td></td>
</tr>
<tr>
<td>Industry Wage Premium And Trade Patterns</td>
<td>41</td>
</tr>
<tr>
<td>With European Union: Croatian Experience</td>
<td></td>
</tr>
<tr>
<td><em>Valerija Botrić</em></td>
<td></td>
</tr>
<tr>
<td>Social Policy Challenges and Strategic Priorities</td>
<td>65</td>
</tr>
<tr>
<td>in the EU Candidate Countries</td>
<td></td>
</tr>
<tr>
<td><em>Maja Gerovska Mitev</em></td>
<td></td>
</tr>
<tr>
<td>The Euro-Atlantic Integration in the Whirlpool of Geopolitics:</td>
<td>89</td>
</tr>
<tr>
<td>the Case of Montenegro</td>
<td></td>
</tr>
<tr>
<td><em>Srđan Orlandić</em></td>
<td></td>
</tr>
<tr>
<td>International Center for Promotion of Enterprises – honorable past,</td>
<td>115</td>
</tr>
<tr>
<td>uncertain future</td>
<td></td>
</tr>
<tr>
<td><em>Sandra Pšeničny</em></td>
<td></td>
</tr>
<tr>
<td>Title</td>
<td>Page</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>What did you say? An Assessment of the EC Spokesperson’s Service Performances at Midday Briefings</td>
<td>137</td>
</tr>
<tr>
<td>Irena Zagajšek</td>
<td></td>
</tr>
<tr>
<td>Diplomacy and Colour Psychology: the Tie Case Study</td>
<td>167</td>
</tr>
<tr>
<td>Katerina V. Malshina</td>
<td></td>
</tr>
<tr>
<td>Mission London: A Mini Handbook of Diplomatic Practice</td>
<td>195</td>
</tr>
<tr>
<td>Milan Jazbec</td>
<td></td>
</tr>
<tr>
<td>BOOK REVIEWS</td>
<td></td>
</tr>
<tr>
<td>Eşref Ertürk</td>
<td></td>
</tr>
<tr>
<td>How Turkish Immigrants in Europe Respond to ISLAMOPHOBIA &amp; SECURITIZATION</td>
<td>217</td>
</tr>
<tr>
<td>Petra Trkov</td>
<td></td>
</tr>
<tr>
<td>CROQUIS</td>
<td></td>
</tr>
<tr>
<td>Plitvice lakes national park</td>
<td>221</td>
</tr>
<tr>
<td>Anja Fabiani</td>
<td></td>
</tr>
<tr>
<td>SARAJEVO 2014</td>
<td></td>
</tr>
<tr>
<td>Bosnia and Herzegovina, Its Development and Democracy</td>
<td>223</td>
</tr>
<tr>
<td>Özgür Olgun Erden</td>
<td></td>
</tr>
</tbody>
</table>
Letter from the Editor

Here comes again the new issue of our journal. We are glad to be able to offer to our readers a new selection of articles, eight all together plus usual sections.

This issue is a regular one, after we had a special volume on Slovenia and the Visegrad Four countries last autumn. Contributions still continue to come to the Editorial Board and we are happy for this.

The region, the EU as a whole and the international community has all gone through highly challenging times during that period. The enormous flow of refugees from the war in Syria, an unprecedented human suffering in modern history overshadowed the entire international agenda. The Balkan region found itself in the middle of that vicious circle. Again, one has to repeat the question from our previous Letter, namely, how to achieve that decision-making bodies and top leaders will pick up from policy advice and forecasts.

There is a group of diverse and challenging papers that could be generally divided in three parts, at the disposal in this issue for our readers.

We start with a section on Croatia for which two contributions come from the 10th International Scientific Conference “Economic Integrations, Competition and Cooperation” that was organized last year in Opatija, where Prof. Katja Zajc Kežar, the founding member of our editorial board was among the organizers. The authors discuss rules of origin in European free trade agreements as well as industry wage premium and trade patterns with the European Union, both with a special emphasis on Croatia. Next come three papers that focus on social policy challenges and strategic priorities in the EU candidate countries, on the Euro-Atlantic integration in the case of Montenegro, and presents the case of the International Centre for Promotion of Enterprises from Ljubljana. The last three articles discuss diplomatic issues: “What did you say” empirically analyzes the message output of daily press conferences of the European Commission, what is followed by an analyses of connection between diplomacy and colour psychology. The novel Mission London from the Bulgarian
author Alek Popov is the third contribution from our series of articles, each of them contemplating a single outstanding book from the broader IR area.

This time the Guest View presents a multi connected and complementary example of the energy diplomacy pursued by Slovene actors that is set well in the broader regional area. Our current Croquis points out the famous Plitvice National park in Croatia. The area is a breathtaking monument to nature with strong messages for human beings.

This issue says a farewell to the Sarajevo 2014 section that has been with us from the very beginning. The last contribution comes from the distinguished Professor Mirko Pejanović from Sarajevo, member of the Academy of Sciences and Arts of Bosnia and Herzegovina, who was also the member of BiH War Presidency. In autumn we will, however, continue with a new section, devoted to the global case of nature, planet Earth and the destiny of the humans.

Last but not at all least – we pay tribute to the late former German Foreign Minister Hans Dietrich Genscher, respected cosmopolitan, who passed away this spring. Mr. Genscher was not only one of the longest serving European foreign ministers ever, but he was also among those few who outstanding personalities that did most to support the independence of Slovenia. This broadly known fact has to be repeated and remembered. We are glad that he was as well ready to be a member of the Advisory Board of the Centre for European Perspective, our publisher.

By definition, we wish you a fruitful and critically coloured reading. It is nice to have you with us and wish to see you again in autumn.

The Castle of Jable, April 2016

M.J.
FutureFlow – A Project that Connects and Shows the Way

Tamara Weingerl Požar
FutureFlow – A Project that Connects and Shows the Way

Tamara Weingerl Požar, Energy Coordinator at the Ministry of Foreign Affairs of the Republic of Slovenia

In an era of numerous and serious – terrorist, migratory and financial – challenges in the European Union and its Member States, policies and projects that unite countries and integrate people and markets deserve visibility and support. One of such projects is the energy project FutureFlow.

*FutureFlow* is a four-year long international project involving twelve consortium partners from seven EU Member States (Austria, Belgium, France, Germany, Hungary, Romania and Slovenia) and one candidate country (Serbia). The project that marked the beginning in January 2016 is worth almost 13 million euro and is financed entirely from the Horizon 2020 programme. This is the biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over 7 years (2014 to 2020). The European Commission hopes the programme will also attract private investment and it promises that Horizon 2020 will be taking great ideas from the lab to the market.

It is worth stressing that the role of coordinator for the Future Flow project has been conferred to the Slovenian electricity transmission system operator ELES. This is a significant recognition for ELES and its international activity. In addition to ELES, three other electricity transmission system operators from Central and South East Europe will take part in the project. They are APG from Austria, MAVIR from Hungary and TRANSELECTRICA from Romania. Other partners in the project include: two research institutes, namely Elektroinštitut Milan Vidmar (EIMV)

---

1 CORRESPONDENCE ADDRESS: Tamara Weingerl Požar, MPhil, Energy Coordinator, Republic of Slovenia, Ministry of Foreign Affairs, Prešernova 25, 1000 Ljubljana, Slovenia, Email: tamara.weingerl-pozar@gov.si

ISSN 1855-7694 © 2016, European Perspectives, UDK: 327 (4)
from Slovenia and Electricity Coordinating Centre (EKC) from Serbia, two electricity providers to final consumers, namely international trading and supply company Gen-I operating from Slovenia, with end-consumer activities, beside Slovenia, also in Austria, Hungary and Romania, and ElektroEnergija from Slovenia, and technological partners from Germany (SAP), Austria (Cybergrid), France (Gemalto) and Belgium (3E). These are cutting-edge European energy companies, each with a specific role in the project.

What is the basic idea of FutureFlow? As its full title points out, the project is about “Designing eTrading Solutions for Electricity Balancing and Redispatching in Europe”. Today the four system operators of Slovenia, Austria, Hungary and Romania face increasing challenges to ensure transmission system security as the growing share of renewable electricity units has reduced drastically the capabilities of conventional, fossil-fuel based means to ensure balancing activities and congestion relief through redispatching. These electricity systems are still characterized by national control and market zones and borders. Therefore a more intensive and joint approach at regional level is needed.

As pointed out by Uroš Salobir, General Coordinator for System Development at ELES, at the promotional event for the project organised jointly by the Ministry of Foreign Affairs and ELES on 3 February 2016 in Ljubljana “If one of the national Electricity systems gets into imbalanced situation or line overloading, an information will be automatically passed to consumers and renewable energy sources in his and other systems, which will respond to this request by switching on or off their electricity devices. FutureFlow will be developing fully automated service that will be continuously driving consumers and renewables up and down based on the needs of the power system. In particular, consumers will get an opportunity to sell their flexibility to the most valuable market, reducing their electricity bills. Consumers, instead of being passive observers, become the guardians of the power system.”

The project also promises it will not stay on the level of research proposals. To the contrary, it undertakes to create proto-
FutureFlow – A Project that Connects and Shows the Way

type regional platforms and to test them in a simulated environment. “It takes just one step more to implement the project also in the real system. Not only in the countries involved in the FutureFlow project, but all around Europe.” also stressed Salobir.

At the inaugural event for the project the Deputy Prime Minister and Minister of Foreign Affairs of the Republic of Slovenia Mr Karl Erjavec and the ELES CEO Mr Aleksander Mervar underlined the good cooperation between the Ministry and ELES that led to the joint organisation of the event. “Energy is increasingly also part of foreign policy discussions”, highlighted Minister Erjavec and pointed out that “such a large international project opens the door to cooperation between countries, companies and research institutions from the countries concerned.” CEO Mervar underscored that the project is “disruptively changing the electricity environment by changing the relations between partners in the power industry, the information flows as well as power flows….and therefore the project contributes to energy integration in Europe.”

International cooperation of Slovenian institutions responsible for energy is not limited to countries and companies in Europe. 2016 will also see the start of a joint Slovenian-Japanese energy project. Under the umbrella of NEDO (New Energy and Industrial Technology Development Organization) from Japan and the Ministries of Infrastructure and Economic Development of the Republic of Slovenia the project will focus on the development of smart grids and smart communities in Slovenia. The Slovenian coordinator, which is also a partner to NEDO, is again the Slovenian electricity transmission system operator ELES. Although the project will be demonstrational in nature, it will open up new international opportunities for the Slovenian know-how in the field of energy and broaden up prospects for business cooperation with foreign partners as well as the possibility for inclusion of Slovenian companies in larger international projects.

The inaugural FutureFlow event did not represent a singular occasion, but a continuation of a foreign policy that brings concrete national interests to the forefront of its activities. In addi-
tion to its standard activities in support of Slovenian citizens and business in foreign countries, other concrete topics form part of everyday activities of the Slovenian diplomacy. Beside energy, also transport infrastructure and concrete challenges related to migratory flows, to name just a few.

Energy, for example, is regularly discussed in bilateral and multilateral fora. Energy connectivity, in particular with the neighbouring countries, is in the centre of foreign policy discussions, as Slovenia and Hungary have no electricity or gas interconnection as yet. Also, energy dialogue with strategic partners, like the United States, enjoys high profile. In the multilateral field, the Ministry of Foreign affairs takes part in the EU energy diplomacy network headed by the European External Action Service; one of its activities being to articulate common messages on energy to be delivered on a global scale. An upcoming event in the field of energy diplomacy is the panel on “Energy geopolitics” at the 2016 Bled Strategic Forum that will take place in early September. The panel will deal with geopolitical consequences of the global energy trends up to the year 2040, like fluctuations in the demand for energy, in the price of energy products, diversification of oil and gas supplies, eradication of energy poverty as well as with the geopolitical consequences of the Paris Climate Agreement.

The global energy transition to renewable energy, which is to gain momentum following the Paris Climate Agreement, presents an excellent opportunity for the expansion of the Slovenian energy know-how to global markets. The numbers are clear: the year 2015 was a record year for investments in clean energy. As reported by Bloomberg New Energy Finance, in 2015 the investments in renewable energy outpaced investments in fossil fuels ($ 309 billion to $ 253 billion). For the first time, the investments in green energy have been higher in the developing countries than in the developed ones. It is thus clear that many opportunities lie beyond national borders and even beyond European borders.
They should be seized with a joint approach of the Slovenian governmental institutions, business and scientific institutions. The Ministry of Foreign Affairs with its diplomacy is ready to continue to support the Slovenian business and science in their endeavours to strengthen their presence on the global scene.
The Role of Rules of Origin in European Free Trade Agreements: Evidence from Croatian Manufacturing Trade

Vinko Zaninović, Katja Zajc Kejžar

Industry Wage Premium And Trade Patterns With European Union: Croatian Experience

Valerija Botrić

Social Policy Challenges and Strategic Priorities in the EU Candidate Countries

Maja Gerovska Mitev

The Euro-Atlantic Integration in the Whirlpool of Geopolitics: the Case of Montenegro

Srđan Orlandić

International Center for Promotion of Enterprises – honorable past, uncertain future

Sandra Pšeničny

What did you say? An Assessment of the EC Spokesperson’s Service Performances at Midday Briefings

Irena Zagajšek

Diplomacy and Colour Psychology: the Tie Case Study

Katerina V. Malshina

Mission London: A Mini Handbook of Diplomatic Practice

Milan Jazbec
THE ROLE OF RULES OF ORIGIN IN EUROPEAN FREE TRADE AGREEMENTS: EVIDENCE FROM CROATIAN MANUFACTURING TRADE

Vinko Zaninović¹, Katja Zajc Kejžar²

ABSTRACT

This paper explores the changes in trade activity of Croatian firms involved in manufacturing that are attributable to Croatian regional economic integration processes in the 2000-2012 period. During this period, Croatia signed two important free trade agreements: the Stabilization and Association Agreement (SAA) with the European Union (EU) in 2001 and Central European Free Trade Agreement 2006 (CEFTA). We control for the role of rules of origin in regional trade agreements in view of the fact that Croatia began applying the protocols on the rules of origin which provide for diagonal cumulation (DC) between those CEFTA members involved in the Stabilization and Association Process (SAP) and the EU. The results obtained through the industry-level gravity model, using Croatian trade data in the pre-accession period indicate that SAA had a significant impact on trade creation for both Croatian export and import, while the impact of CEFTA is found to be significantly positive only if the diagonal cumulation of rules of origin is taken into account. Moreover, the results confirm that the cumulation system of rules of origin has heterogeneous impact on trade in final and intermediate goods.

¹ CORRESPONDENCE ADDRESS: Vinko Zaninović, MSc, University of Rijeka, Faculty of Economics, Ivana Filipovica 4, 51000 Rijeka, Croatia. Email: vinko.zaninovic@efri.hr
² CORRESPONDENCE ADDRESS: Katja Zajc Kejžar, PhD, Associate Professor at the Faculty of Economics, University of Ljubljana, Kardeljeva ploščad 17, 1000 Ljubljana. Email: katja.zajc@ef.uni-lj.si

ISSN 1855-7694 © 2016, European Perspectives, UDK: 327 (4)
KEY WORDS: Stabilization and Association Agreement, CEFTA, Croatia, rules of origin, diagonal cumulation system, economic crisis, gravity model

POVZETEK

Članek preučuje spremembe v trgovinskih tokovih hrvaških podjetij, spodbujene z regionalnimi ekonomskimi integracijski procesi Hrvaške v obdobju 2000 – 2012. V tem obdobju je Hrvaška podpisala dva pomembna sporazuma o prosti trgovini in sicer stabilizacijsko-pridružitveni sporazum (Stabilization and Association Agreement – SAA) z Evropsko unijo (EU) leta 2001 in leta 2006 trgovinski sporazum CEFTA (Central European Free Trade Agreement). V članku bova proučevala vlogo pravil o poreklu v regionalnih trgovinskih sporazumih glede na dejstvo, da je Hrvaška začela izvajati protokole o pravilih o poreklu, ki zagotavljajo diagonalno kumulacijo (DC) med članicami CEFTA, ki sodelujejo v stabilizacijsko-pridružitvenem procesu (SAP), in EU. Rezultati gravitacijskega modela na panožnih podatkih kažejo, da je imel SAA velik vpliv na ustvarjanje trga za hrvaški izvoz in uvoz, medtem ko je imel CEFTA sporazum pozitiven vpliv zgolj v primeru izvajanja sistema diagonalne kumulacije pravil o poreklu. Rezultati tudi potrjujejo, da ima sistem kumulacije pravil o poreklu blaga različen vpliv na trgovanje s končnimi in vmesnimi proizvodi.

KLJUČNE BESEDE: Stabilizacijsko-pridružitveni sporazum, CEFTA, Hrvaška, pravila o poreklu, sistem diagonalne kumulacije pravil o poreklu, gospodarska kriza, gravitacijski model

INTRODUCTION

The formation of regional trade agreements (RTAs) has been undoubtedly the most popular form of reciprocal trade liberalization in the past two decades. According to the World Trade Organisation, the number of active RTAs raised from around 120 in force in 1995 to 413 agreements by the end of 2015. Transition economies are active participants in the regionalism movement; they are involved in 47 out of 95 RTAs that entered into force.
from 1995 to 2005 (Crawford and Fiorentino, 2005). The Croatian regional integration processes in the pre-EU accession period are characterized by two important RTAs: Stabilization and Association Agreement (SAA) between the EU and the Republic of Croatia (2001) and Central European Free Trade Agreement (CEFTA 2006). CEFTA 2006 is a successor of CEFTA, which was originally created by Poland, Hungary, Czech Republic and Slovakia in 1992. The main goal of CEFTA was to foster regional economic ties between its members to facilitate EU integration. In line with this, CEFTA 2006 was signed by Albania, Bosnia and Herzegovina, Croatia, Moldova, Serbia, Montenegro and Kosovo, which all have EU aspirations (Croatia joined the EU in 2013; Official Journal of the European Union, L 112, 2012).

In this paper we aim to test the effects of regional economic integrations, in our case SAA and CEFTA, on the development of Croatian trade with special emphasis on the role of the rules of origin. The rules of origin are vital part of any free trade agreement as they define which products shall benefit from agreed preferences. Preferential rates of duty, i.e. reduced rates or zero rates, may only be claimed on imports of goods with the preferential origin from the partners in the RTA. Preferential origin is conferred on goods from particular countries when they have fulfilled certain criteria, usually demanding that goods undergo certain level of working or processing or to be wholly obtained goods. The main justification for rules of origin is to prevent trade deflection, whereby products from non-participating countries destined for one of the partners’ market are redirected through other partners in the trade agreements (Brenton and Manchin, 2003). Additionally, the conditions for obtaining the preferential origin and, thus, to benefit from preferential access to the partner countries market are determined by the system of cumulation of rules of origin. Cumulation allows producers to import inputs from a specific country or group of countries without undermining the origin of the final product. There are different systems of cumulation; however the most common are the bilateral and the diagonal systems of cumulation. While bilateral cumulation takes place between two partner countries, the diagonal cumulation operates between more than two countries, provided they have
RTAs containing identical origin rules and provisions for cumulation between them (Augier, Gasiorek and Lai-Tong, 2005). Diagonal cumulation of rules of origin is, hence, an instrument to further enhance trade amongst participating countries.⁴

The majority of literature in this field argues that the lack of cumulation of rules of origin may act as a constraint on trade between non-cumulating as opposed to cumulating nations, e.g. Brenton and Manchin (2003). Empirical studies for the Pan-European-Mediterranean, or the “PanEuroMed” system of cumulation between the EU, EFTA and Mediterranean countries provide evidence on the significant importance of the rules of origin, and in particular of the cumulation system for estimated effects of RTAs. The Sussex European Institute (2003) found that the trade flows between partner countries which did not allow diagonal cumulation of origin with the European Economic Area (EU+EFTA) were up to 40 – 45% lower than those between partner countries which allowed diagonal cumulation. Similarly Augier, Gasiorek and Lai-Tong (2005) confirmed that the rules of origin do indeed restrict trade, and that cumulation of such rules could increase trade by around 50%.

Up until 2009, EU trading arrangements with Western Balkan Countries (WBCs), i.e. the Stabilisation and Association Agreements (SAAs) and autonomous trade preferences, were characterised by the lack of diagonal cumulation. With the announcement of the Commission in March 2009,⁵ diagonal cumulation of origin between the EU, WBCs and Turkey started being im-

---

⁴ Additionally to bilateral and diagonal, the EU also applies full cumulation principle, for instance between the European Economic Area (EEA) partners in the context of the pan-European cumulation origin rules or on the basis of some of the protocols with Tunisia, Morocco and Algeria. Full cumulation means that all operations carried out in the participating countries are taken into account when assessing the final origin. It does not require that the goods be originating in one of the partner countries before being exported for further working or processing in other partners but it does require that all the working or processing necessary to confer origin is carried out on the product.

⁵ The announcement of the Commission concerning preferential agreements providing for diagonal cumulation of origin between the Community, Western Balkan countries and Turkey was published in the ‘C’ series of the Official Journal of the European Union on 17th of March 2009 (2009/C 62/07) and represents the basis for initializing the implementation of the diagonal cumulation system in trade between the Community, Western Balkan countries and Turkey. (http://www.cs.mfcr.cz/NR/rdonlyres/F31ED165-545F-407F-A638-622B8AE111/0/balkan_oznameni_en.pdf).
implemented. Croatia started to implement diagonal cumulation protocols between CEFTA members involved in the Stabilisation and Association Process (SAP) and the EU as late as in 2011. Due to its delayed implementation of the diagonal cumulation system, Croatia serves as a suitable example for the study of the role of rules of origin in the free trade agreements.

In comparison to the diagonal cumulation system, the bilateral system is more restrictive in terms of firm behaviour, especially in terms of firms’ decisions on sourcing inputs. In case of a bilateral cumulation in EU trading arrangements, a producer of final goods from e.g. Croatia, which has been sourcing intermediates from non-EU countries (for instance, from other WBCs) has to weigh up possible cost savings gained from importing inputs from non-EU countries and the savings gained from preferential access to the EU market. According to Augier, Gasiorek and Lai-Tong (2005), the possible outcomes in such a situation may be: (i) the final producers may choose not to change the source of supply, and thus do not meet the origin requirement and do not have preferential treatment in the EU or (ii) they may decide to change the supplier by either sourcing a greater proportion domestically (trade suppression effect), or sourcing a greater proportion from the EU (trade diversion effect). Both trade suppression and trade diversion have a negative impact on the national welfare of the countries from the WB region, because these effects imply redirection to less efficient supply sources than in case of a diagonal cumulation system.

The system of cumulation of rules of origin, therefore, bears implications for the structure of suppliers providing intermediate goods, and thereby also affects trade and production patterns. We expect that the effects of the SAA and CEFTA on the development of mutual production links between the firms from the WB region oriented towards supplying EU markets have been less evident prior to the implementation of the provision for diagonal cumulation system than after it as inputs from other WB countries were treated as “external” imports. Furthermore, we argue that the implementation of the diagonal cumulation of the rules of origin has, in terms of network trade patterns, reflected
itself differently for the intermediate and for the final group of products.

In our research we test the trade creating effect caused by SAA and CEFTA agreements on Croatian trade in manufactures and explore the role of the cumulation system of the rules of origin contained in these agreements. We are interested to see whether the diagonal cumulation of origin between CEFTA members involved in the Stabilisation and Association Process (SAP) on one side and the EU members, on the other, additionally boosts exports of the Croatian manufacturing sector. To test the prediction that the impact of the cumulation system on trade is heterogeneous in terms of final and intermediate goods, we conduct separate analyses for trade in intermediates, consumption goods and capital goods as defined by the Broad Economic Categories (BEC) classification.

In our empirical analysis we use the trade gravity model. The gravity equation for international trade analysis was introduced by Tinbergen in 1962 and has later become a standard tool in the analysis of bilateral trade flows due to its excellent explicative power. The gravity trade model is generally used for ex-post estimation of the impacts different trade policies and trade distortions have on bilateral trade (Anderson and van Wincoop, 2004). An expanded version of the model, the augmented gravity model, emerged with the primary aim of capturing effects of ever-wider set of trade policy options.

The studies of free trade agreements (FTA) effects based on the gravity model predominantly use country level data that include dummies for virtually every FTA that has been signed since 1960s (e.g. Frankel, Stein and Wie, 1996; Baier and Bergstrand, 2007; Magee, 2008; Vicard, 2009; Eicher, Henn and Papageorgiou, 2012; Baier et al., 2014). In general, these studies confirm that FTAs impact trade creation among partner countries, while the evidence on trade diversion effects is more mixed. Reviewing a large set of empirical studies and employing a meta-analysis approach, Cipollina and Salvatici (2010) establish a robust, positive FTA effect of over 30% increase in trade, which continues increasing in the last years, marked by the dominance of deep and comprehensive agreements.
Gravity model studies from 2000-on, apart from country-level data, started performing econometric analysis using industry-, firm- and transaction-level data. When it comes to gravity model estimations using industry level data, Chen and Novy (2011) find a substantial degree of heterogeneity across industries in terms of the elasticity of substitution and the degree of trade integration (degree of trade integration is industry specific). Moreover, they find that cross-country trade integration is lower for new EU member states (EU-10) while cross-border trade significantly depends on transportation costs. Using industry level trade data for South Korea, Sohn (2005) finds that the Asia-Pacific Economic Cooperation significantly impacts Korea’s trade volume.

In this paper we estimate the augmented gravity model using industry level data on Croatian bilateral trade with 39 major trade partner countries in the 2000 - 2012 period. Apart from regional integration, the second part of this period is characterized by the 2008 financial crisis which led to European sovereign debt crisis. A sharp drop in economic activity was particularly noticed in Croatia, where, in the period from 2008 to 2012, manufacturing sector lost more than 50.000 jobs (around 17% of the total workforce in manufacturing) and the number of firms decreased by 2.650 (around 11% of all firms in manufacturing) (Croatia Bureau of Statistics – CBS, 2015).

The rest of the paper is structured as follows: the second chapter gives an overview of Croatian pre-accession trade developments; the third chapter describes the data used in empirical analysis, derives gravity model specifications, and discusses methodological issues of gravity model estimations; the fourth chapter presents and discusses obtained results, and the final chapter concludes and gives guidelines for future research.

OVERVIEW OF CROATIAN MANUFACTURING TRADE PATTERNS

The manufacturing sector is an important part of the Croatian economy that has experienced a discernible downward trend from 2000 (Table 1). A similar trend is also evident at the EU level. However, it should be noted that unlike others’; Germa-
ny’s gross added value remained fairly constant throughout the non-crisis period.

Table 1: Gross added value of the manufacturing sector for selected countries/group of countries, from 2000 to 2012 (as a % of GDP)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EU28</td>
<td>16.8</td>
<td>16.4</td>
<td>15.9</td>
<td>15.5</td>
<td>15.3</td>
<td>15.0</td>
<td>14.9</td>
<td>14.9</td>
<td>14.5</td>
<td>13.3</td>
<td>13.8</td>
<td>14.1</td>
<td>13.8</td>
</tr>
<tr>
<td>EU15</td>
<td>16.8</td>
<td>16.4</td>
<td>15.8</td>
<td>15.4</td>
<td>15.1</td>
<td>14.8</td>
<td>14.7</td>
<td>14.6</td>
<td>14.2</td>
<td>13.5</td>
<td>13.7</td>
<td>13.5</td>
<td></td>
</tr>
<tr>
<td>Eurozone</td>
<td>17.4</td>
<td>17.1</td>
<td>16.6</td>
<td>16.2</td>
<td>16.0</td>
<td>15.7</td>
<td>15.7</td>
<td>15.7</td>
<td>15.1</td>
<td>13.7</td>
<td>14.4</td>
<td>14.6</td>
<td>14.5</td>
</tr>
<tr>
<td>Germany</td>
<td>20.6</td>
<td>20.4</td>
<td>19.8</td>
<td>19.9</td>
<td>20.1</td>
<td>20.2</td>
<td>20.8</td>
<td>20.9</td>
<td>20.1</td>
<td>17.7</td>
<td>19.8</td>
<td>20.4</td>
<td>20.3</td>
</tr>
<tr>
<td>Croatia</td>
<td>14.8</td>
<td>14.7</td>
<td>14.4</td>
<td>13.9</td>
<td>13.8</td>
<td>13.2</td>
<td>12.9</td>
<td>12.9</td>
<td>12.9</td>
<td>12.5</td>
<td>12.1</td>
<td>12.4</td>
<td>12.3</td>
</tr>
</tbody>
</table>

Source: Eurostat, 2015

Throughout the observed period, the manufacturing sector was significantly export-oriented. Manufacturing products represent more than three quarters of Croatian merchandise exports and around 40% of its imports. Out of the total value of manufacturing sector production in 2012, 46% was exported. This is a substantial increase from 2008, when 32% of the value was exported (CBS, 2015), even though this was the year in which the total value of manufacturing production was at its peak which has not been surpassed.

Figure 1: Regional structure of Croatian export of manufacturing products (2000-2012)

Source: Authors’ calculations using data from the Croatian Bureau of Statistics, 2014

6 The acronyms in Figures 1 to 6 stand for: WBC – Western Balkans countries (Albania, Bosnia and Herzegovina, Croatia, Montenegro, Serbia); EU – European Union countries; Other – European countries that are neither WBC or EU; ROW – Rest of the World countries included in our sample (see subchapter 3.1)
The geographical orientation of both exports and imports did not changed significantly throughout the 2000-2012 period (Figures 1 and 2). The EU is Croatia’s major trading partner, as 68% of its exports was destined to the EU in 2012, and 64% of imports came from EU members. In view of the regional structure of trade, it should be noted that the share of the top 5 export destinations has decreased in the observed period (Figure 3), and that there is a growing trend of imports from China (Figure 4). Moreover, the imports of WBC gained on importance during the 2000-2007 period.

The Role of Rules of Origin in European Free Trade Agreements: Evidence from Croatian Manufacturing Trade

Source: Authors’ calculations using data from the Croatian Bureau of Statistics, 2014
Croatian manufacturing sector is heavily oriented towards trade in intermediates (Figures 5 and 6) - more than 50% of manufacturing exports and more than 70% of imports are intermediates. The share of capital goods is relatively low and diminishing, which is not encouraging, knowing that trade in capital goods is a potential channel through which firms/industries can increase their competitiveness (through technology spill-overs) as noted by Eaton and Kortum (2001).

Source: Authors’ calculations using data from the Croatian Bureau of Statistics, 2014
Figure 6: Structure of Croatian import of manufacturing products according to the BEC classification (2000-2012)

Source: Authors’ calculations using data from the Croatian Bureau of Statistics, 2014

METHODOLOGY AND DATA

This chapter presents the data and methodology used to explain the role of RTAs in the trade patterns of the Croatian manufacturing sector during the observed period.

First, we describe our database, and then proceed by explaining the model, and addressing some methodological issues.

DATA

The data used in the analysis is obtained from the Croatian Bureau of Statistics. It includes industry-level data (NACE level 2) on export and import of manufacturing products for Croatian firms from 2000 to 2012. The sample includes bilateral trade flows between Croatian the manufacturing sector (division 10 to 33) and 39 countries and represents more than 90% of total export from Croatia during the observed period (EU-27, CEFTA countries, the Unites States, Turkey, China, Switzerland, South Korea, Japan). Furthermore, industry-level trade flows were grouped into three BEC product categories: intermediates, consumption and capital goods. The data on the nominal GDP of destination/origin countries were taken from Eurostat. The dummy variables for free trade agreements (SAA and CEFTA) and the application of the protocols on rules of origin providing diagonal cumulation
Gravity model specification

The gravity model was first developed as an empirical model of bilateral trade flows. It has later on been continually methodologically updated, since the original model lacked micro-foundations and was not consistent with the prevailing theories of that time (e.g. Heckscher-Ohlin theory). First, Linnemann (1966), developed the augmented gravity model which included population as a measure of country size. Then other papers started including different right hand side variables (RHS) such as per capita income, common language, common currency, historical ties (like colonial links, wars, etc.). The primary aim of each specification of the gravity model was to capture supply and demand structures of the exporter and importer, respectively. In 1985, Bergstrand introduced price indexes and exchange rate variables into the gravity equation, and in 1990, monopolistic competition, assuming that countries specialize in specific product varieties. One the most important methodological contributions came from Anderson and van Wincoop (2003), which will be addressed later on (see equation [2]).

From the econometric point of view, standard estimation of cross-sectional data that prevailed in 1990s, was substituted for panel data analysis using fixed effects (Cheng & Wall, 2005). Apart from the fact that panel data become more available, this change resulted in the possibility to control for heterogeneity between trading pairs and to allow for unobserved and/or misspecified factors that explain trade flows (see term $\Omega_{ijt}$ in equation [1]).

The gravity equation in multiplicative form is formulated as follows:

$$X_{ijt} = G_{it}S_{jt}M_{jt}\Omega_{ijt} \quad , \quad [1]$$

where $X_{ijt}$ is the monetary value of exports/imports/total trade from country “$i$” (or, alternatively, firm or industry) to country “$j$” in time “$t$”. Sit includes exporter-specific factors (usually gross
domestic product), effectively representing the supply of exports (in general equilibrium context of the gravity model), whereas $M_{jt}$ importer-specific factors (again, gross domestic product), effectively presenting the demand for imports of the destination market “j” in time “t”. The last term, $\Omega_{ijt}$, denotes the ease of access to market “j” for exporter “i”. Equation [1] could be considered as a naive form of gravity equation. The more recent approach is to include fixed effects for exporter and importer, which are, in case of panel data, time varying, e.g. exporter-year and importer-year specific effects.

We follow the approach of Anderson and van Wincoop (2003) and include multilateral resistance terms (MRT) which take into consideration the trade resistance between countries. However, as their original approach is technically demanding and is very rarely followed empirically, we use country-year fixed effects to account for MRT. The main idea is that bilateral trade flows between trading partners “i” and “j” depend on multilateral resistance, i.e. they are dependent of all other trading partners of these two countries. Their formulation of the gravity equation, which is the basis for almost all subsequent papers using gravity models in order to explain bilateral trade flows, is as follows:

$$X_{ijt} = \frac{Y_{it}Y_{jt}}{Y_t} \left( \frac{t_{ijt}}{\pi_{it}\pi_{jt}} \right)^{1-\sigma}, \quad [2]$$

where $Y_{it}$ and $Y_{jt}$ stand for particular countries’ GDP and $Y_t$ for the world aggregate GDP, while $t_{ijt}$ stands for the tariff equivalent of overall trade costs. Elasticity of substitution between goods is represented with $\sigma$, while $\pi_{it}$ and $\pi_{jt}$ represent multilateral resistance terms (in other words – exporter and importer ease of market access). In practice, importer and exporter fixed effects (dummy variables) are used to capture multilateral resistance terms. Since we dispose of panel data, we use country-year dummies in order to avoid the “gold medal mistake” in estimating the gravity model, as suggested by Baldwin and Taglioni (2006). Since one side of our dyadic relationships is always fixed (Croatia as an exporter or an importer), we use only time varying fixed effects of the trading partners, i.e. time varying country dummies.
As a result, our gravity model specification at industry level is the following:

\[ x_{kjt} = \alpha_0 + \beta_1 gdp_{jt} + \beta_2 dist_j + \beta_3 contig_j + \beta_4 saa_{jt} + \beta_5 cefta_{jt} + \beta_6 diag_cumulation_{jt} + \]

\[ \beta_7 cefta_{jt} \times diag_cumulation_{jt} + \sum \beta_8 k t dindustry_k \times dyear_t + \sum \beta_9 k dcountry_j \times dyear_t + \varepsilon_{kjt} \]

[3]

where values for all continuous variables are expressed in logs and where \( x_{kjt} \) stands for exports (imports) of an industry division “k” (NACE divisions 10 to 33) to (from) country “j” in year “t”. The notation for the other variables is as follows: \( gdp_{jt} \) stands for the nominal GDP of the trading partner, \( dist_j \) stands for the distance between Croatia’s capital city and the capitals of partner countries, while \( contig_j \) stands for contiguity and its value is 1 if the partner country borders by land with Croatia and 0 if it does not. The variables \( saa_{jt} \) and \( cefta_{jt} \) are dummy variables with the value of 1 if these agreements are in force for Croatia and 0 if not. The two free trade agreements (FTAs) are used as proxies for variable trade costs, and therefore we expect positive signs for \( saa_{jt} \) and \( cefta_{jt} \) coefficients. The variable \( diag_cumulation_{jt} \) is also a dummy variable that controls for the diagonal cumulation system of rules of origin among Croatia, WBCs and the EU. In the case of export gravity model specifications in [3], the cumulation dummy variable takes value 1 when the partner country has a free trade agreement with the EU and when there is no diagonal cumulation allowed between Croatia and the respective partner country. Otherwise, the value equals 0. In fact, we test for the potential trade diverting effects caused by the lack of diagonal cumulation of rules of origin between Croatia, WBCs and the EU.

In the case of import gravity model specification of (3) cumulation dummy variable takes the value 1 when Croatia has free trade agreement with the EU but cannot cumulate with the partner country. Furthermore, by including an interaction term between \( cefta_{jt} \) and \( diag_cumulation_{jt} \) \( (cefta_{jt} \times diag_cumulation_{jt}) \) we test whether eventual trade creating effects caused by the CEFTA agreement are reinforced when diagonal cumulation system of
rules of origin between Croatia, WBCs (CEFTA members) and the EU is implemented.

The adoption of protocols enabling diagonal cumulation should additionally positively affect exports, since theoretical predictions suggest that one’s inclusion into the system of diagonal cumulation leads to a trade creation, resulting from the switch from less efficient domestic sources towards imports from cumulating nations, e.g. in our case we expect that other CEFTA members will increase their demand for Croatian imports. The diagonal cumulation should also contribute to trade reorientation, fostering the trade with other partners included in the diagonal cumulation system. Hence, we expect a negative coefficient for the interaction term \( \text{cefta}_{jt} \times \text{diag\_cumulation}_{jt} \), as potential trade creation effects are reduced due to the lack of diagonal cumulation, i.e. when the \( \text{cefta}_{jt} \times \text{diag\_cumulation}_{jt} \) dummy variables takes the value 1.

In our main setting under [3], we control for time varying partner country effects, as well as for time varying industry effects (\( \sum \text{dindustry}_k \times \text{dyear}_i \) and \( \sum \text{dcountry}_j \times \text{dyear}_i \) respectively).

Since all continuous variables are in logs, the estimated coefficients can be interpreted as elasticities. The coefficients for the dummies need to be transformed in order to be interpreted as elasticities using the following transformation: \( e^a - 1 \), where “a” is the estimated coefficient for the dummy variable. The transformed term needs to be multiplied by 100 in order to get the percentage change.

**Methodological issues**

The panel data setting allows us to apply the fixed effects (FEM) and random effects (REM) models and to control for economic and other country-pair-specific factors that do not change over time. The Hausman test is most commonly used to test which of the estimates is more suitable (Clark and Linzer, 2015). High values of the Hausman \( \chi^2 \) statistics reject the null hypothesis, i.e. that individual specific effects are not correlated with ex-
planatory variables, which is one of the assumptions of REM (see Table 2). Low values of the Hausman’s statistics thus favour REM. Since the Hausman’s test is valid only under homoscedasticity, we applied the test of over-identifying restrictions to see which of the two estimations is more suitable (results of the test of overidentifying restrictions are available upon request). The logic behind to test is the following: (i) the FEM uses orthogonality conditions where the regressors ($X_{it}$) are uncorrelated with the idiosyncratic error term – $e_{it}$, therefore, the expected value of $X_{it} \cdot e_{it}$ equals zero; (ii) the REM uses additional (over-identifying restrictions) orthogonality conditions where the regressors are uncorrelated with the group-specific-time-invariant error term - $u_i$, therefore the expected value of $X_{it} \cdot u_i$ equals zero.

Table 2: Results of the Hausman test for the model under [3]

<table>
<thead>
<tr>
<th></th>
<th>All goods (exports)</th>
<th>All goods (imports)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degrees of freedom</td>
<td>430</td>
<td>432</td>
</tr>
<tr>
<td>$\chi^2$ statistics</td>
<td>1521.13</td>
<td>3143.63</td>
</tr>
<tr>
<td>p-value</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Authors’ estimations

Upon performing both tests in Stata 13 statistical package (following the artificial regression approach described by Arellano (1993) and Woolridge (2002)), we opted for FEM. Therefore, our model is structured as follows:

$$y_{it} = \alpha + x_{it} \beta_k + z_i \delta + u_i + \varepsilon_{it} \quad [4]$$

where the individual-specific (and time-invariant) effect ($u_i$) is potentially correlated with regressors. Due to the demeaning, time-invariant variables ($z_i$) such as distance and contiguity are removed as well as the time-invariant characteristics. In order to obtain $\delta$ coefficients, we regress residuals, obtained after applying FEM, on distance and contiguity. The term $\varepsilon_{it}$ stands for idiosyncratic error term.

The next issue that arises in our estimation is the problem of endogeneity. Contrary to exogenous variables, endogenous vari-
ables are systematically affected by the changes in other variables within the model. In particular, among the gravity equation variables, the RTA and cumulation dummies are subject to increased scrutiny from the econometric point of view, which is based on the fact that RTAs are likely to occur among countries that are historically, geographically or politically linked and have strong trade relations (Baier & Bergstrand, 2007; Kepaptsoglou et al. 2010). To reduce the risk of endogeneity in our specifications, the RTA and cumulation variables are entered in the model in their lagged forms. Furthermore, the estimations under [2] are obtained through the clustering on the panel variable nkd_iso, i.e. industry division and trading partner), and are therefore robust to cross-sectional heteroscedasticity and serial correlation.

When looking at the potential interaction effects between CEFTA and the cumulation dummy, we employ both the pooled ordinary least squares (OLS) and the fixed effects (FE) estimations to see if the correlation between independent variables and the unobserved effect impacts our estimations (x_{it}β_k and u_i in equation [3], respectively). Generally, if they are correlated [cov(x_{it}β_k,u_i) ≠ 0], the estimation of β_k with the OLS estimator will be biased. This bias will be negative if the correlation is negative and vice versa. In our case, the correlation is positive, i.e. there is an upward bias in estimated coefficients.

RESULTS OF THE EMPIRICAL ANALYSIS AND DISCUSSION

The coefficients obtained by estimating equation [3] represent the elasticity of average exports across industry divisions with respect to the change in one of the RHS variables while holding other RHS variables constant. The results of the FE estimations are presented in Table 3, while the results of the estimations of the time-invariant variable coefficients, obtained after regressing FE residuals on distance and contiguity dummy variables are shown in Table 4.

The coefficients of standard explanatory variables of the gravity equation have the expected sign and are highly significant for all manufacturing goods exported and imported (without differ-
entiating across different product groups) and are presented in Tables 3 and 4. According to the results, manufacturing exports and imports across industries are significantly affected by increase in partners(s) Gross Domestic Product (GDP). Furthermore, export flows exhibit negative elasticity to distance. Namely, a one-percent longer distance from Croatia is, on average, associated with more than a two-percent drop in bilateral exports, with all other variables held fixed. The dependence of import flows on distance is around one percent (Table 4). The sign and size of the contiguity variable coefficient is as expected – the coefficient is larger for exports than for imports since Croatia’s top export markets are geographically more concentrated than import markets. Furthermore, Croatia mainly exports labour intensive industry products to countries in the region that are on a lower level of economic development then those countries Croatia imports from.

Our results confirm that the impact of the SAA on Croatian trade is positive and significant. The trade creation effect is stronger for manufacturing imports (Croatian import increased by 87% on average while the value of exports increased by 47%). Contrary to SAA effect, we fail to find evidence of the trade creating effect of CEFTA membership; the estimated coefficient is found to be insignificant (see specifications (1) and (4) in Table 3). However, when accounting for rules of origin and their cumulation in specifications (2), (3), (5) and (6), the coefficient of the created interaction variable between CEFTA and the diagonal cumulation variable proves to be significant and negative especially in view of import specifications. This indicates that diagonal cumulation between Croatia, WBC and EU strengthens the trade creation effect achieved by CEFTA. Therefore, the lack of diagonal cumulation hinders expected positive impacts. Our results show, especially when it comes to imports, that the cumulation of the rules of origin between Croatia, other WBCs and the EU is crucial to reaping the benefits of CEFTA. One of the explanations for this may be in that diagonal cumulation stimulated Croatian firms to build regional production networks, i.e. to import inputs from the WB region, and to export final products to European markets.
Table 3 Gravity model results for all manufacturing goods exported and imported at industry level, 2000-2012, POLS and FE estimator

<table>
<thead>
<tr>
<th></th>
<th>Exports FE (1)</th>
<th>Exports POLS (2)</th>
<th>Exports FE (3)</th>
<th>Imports FE (4)</th>
<th>Imports POLS (5)</th>
<th>Imports FE (6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>1.787***</td>
<td></td>
<td>0.625***</td>
<td>2.111***</td>
<td>0.819**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.419)</td>
<td></td>
<td>(0.232)</td>
<td>(0.692)</td>
<td>(0.320)</td>
<td></td>
</tr>
<tr>
<td>saa (-1)</td>
<td>0.383*</td>
<td>1.840***</td>
<td>0.625***</td>
<td>2.111***</td>
<td>0.819**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.214)</td>
<td>(0.473)</td>
<td>(0.292)</td>
<td>(0.692)</td>
<td>(0.320)</td>
<td></td>
</tr>
<tr>
<td>cefta (-1)</td>
<td>-0.0509</td>
<td>2.115**</td>
<td>0.647</td>
<td>6.166***</td>
<td>1.559''</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.601)</td>
<td>(1.039)</td>
<td>(0.735)</td>
<td>(1.434)</td>
<td>(0.762)</td>
<td></td>
</tr>
<tr>
<td>diag_cumulation (-1)</td>
<td>1.173*</td>
<td>1.380***</td>
<td>0.648</td>
<td>0.257</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.695)</td>
<td>(0.429)</td>
<td>(0.634)</td>
<td>(0.290)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cefta X diag_cumulation</td>
<td>-2.140*</td>
<td>-1.223</td>
<td>-5.353***</td>
<td>-1.426''</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1.092)</td>
<td>(1.132)</td>
<td>(1.620)</td>
<td>(0.602)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-33.32***</td>
<td>12.40***</td>
<td>12.20***</td>
<td>-28.01***</td>
<td>15.63***</td>
<td>12.56***</td>
</tr>
<tr>
<td></td>
<td>(10.79)</td>
<td>(0.763)</td>
<td>(0.166)</td>
<td>(5.814)</td>
<td>(0.701)</td>
<td>(0.158)</td>
</tr>
<tr>
<td>Country-time FE</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Industry FE</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Observations</td>
<td>8,780</td>
<td>8,780</td>
<td>9,322</td>
<td>9,322</td>
<td>9,322</td>
<td></td>
</tr>
<tr>
<td>R-squared</td>
<td>0.155</td>
<td>0.551</td>
<td>0.157</td>
<td>0.207</td>
<td>0.587</td>
<td>0.207</td>
</tr>
<tr>
<td>Number of nkd_iso</td>
<td>883</td>
<td>883</td>
<td>905</td>
<td>905</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors’ estimations

Notes: we use different definitions of cumulation variable for exports and imports, as discussed in subchapter 3.2.
Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1
Table 4: Estimates of the time-invariant variables - gravity regression results for all manufacturing goods exported and imported at industry level, 2000-2012, POLS estimator

<table>
<thead>
<tr>
<th></th>
<th>(1) FE residuals</th>
<th>(2) FE residuals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exports</td>
<td>Imports</td>
</tr>
<tr>
<td>Distance</td>
<td>-2.502***</td>
<td>-1.945***</td>
</tr>
<tr>
<td></td>
<td>(0.121)</td>
<td>(0.0876)</td>
</tr>
<tr>
<td>Contiguity</td>
<td>2.665***</td>
<td>1.681***</td>
</tr>
<tr>
<td></td>
<td>(0.428)</td>
<td>(0.245)</td>
</tr>
<tr>
<td>Constant</td>
<td>16.79***</td>
<td>13.29***</td>
</tr>
<tr>
<td></td>
<td>(0.878)</td>
<td>(0.624)</td>
</tr>
<tr>
<td>Observations</td>
<td>8,780</td>
<td>9,322</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.459</td>
<td>0.549</td>
</tr>
</tbody>
</table>

Notes: Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

To test the above explanation we run gravity models separately across three different BEC product categories: intermediates, consumer goods and capital goods (Table 5). While the impact of CEFTA on exports proves to be insignificant for all three categories of goods, the heterogeneous impact of the rules of origin across different product groups is confirmed for import flows. The coefficient of the interaction term between CEFTA and the cumulation dummy is found to be significant and negative for imports of intermediate and capital goods, which indicates that the lack of diagonal cumulation prior to 2011 prevented Croatian firms to fully exploit the supply-chain trade creating potential of the CEFTA agreement.

We thus argue that implementation of the diagonal cumulation of the rules of origin has a different impact on trade patterns across product groups. The trade patterns for the import of intermediates and capital goods are found to be more sensitive to diagonal cumulation. Diagonal cumulation affects increases trade flows by almost 100%\(^7\) on average for imports of intermediates and capital goods. Graphical presentation of the effect of the

\[7 (\text{e}^{-3.6} - 1) \times 100\]
CEFTA-cumulation interaction term on import of intermediates is shown in Figure 7. The slope of the steeper line is equal to -3.6 and it represents the value of import trade flow changes when the value of lagged CEFTA variable is one while the value of the lagged cumulation dummy is equals zero.

Figure 7: Predictive margins of the interaction term

When interpreting results, one needs to keep in mind the severity of the global financial crisis in 2008 which hit the real sector as well. International trade collapse happened only a year after the CEFTA agreement was fully in force (Behrens, Corcos, and Mion, 2013). From that point on, a continuous decline of the manufacturing sector in terms of production level is noted. The effects of the crisis are picked up by time-varying country fixed effects in our specifications, which tend to be negative in the crisis years suggesting that negative macroeconomic surroundings caused by the crisis have dampened the effects of regional trade liberalization caused by CEFTA.

All in all, the SAA can be singled out as the most important agreement that affected Croatian trade flows at industry level during the observed period. Moreover, the Croatian import of manufacturing goods from EU member states increased two times more than its export which contributed to the decline in the manufacturing sector’s share of value added in GDP. It should be noted that the coefficient estimates for the SAA variable are
within one standard deviation from the mean value of the RTA coefficient estimate as reported in Head & Mayer (2013).\(^8\)

Table 5: Gravity model results for manufacturing goods exported and imported at industry level (BEC classification of product groups), 2000-2012, FE estimator

<table>
<thead>
<tr>
<th></th>
<th>(1) lnexp BEC1</th>
<th>(2) lnexp BEC2</th>
<th>(3) lnexp BEC3</th>
<th>(4) lnimp BEC1</th>
<th>(5) lnimp BEC2</th>
<th>(6) lnimp BEC3</th>
</tr>
</thead>
<tbody>
<tr>
<td>saa (-1)</td>
<td>0.807***</td>
<td>1.175***</td>
<td>0.0870</td>
<td>1.267***</td>
<td>0.699**</td>
<td>1.009***</td>
</tr>
<tr>
<td></td>
<td>(0.315)</td>
<td>(0.283)</td>
<td>(0.369)</td>
<td>(0.316)</td>
<td>(0.320)</td>
<td>(0.308)</td>
</tr>
<tr>
<td>cefta (-1)</td>
<td>0.0497</td>
<td>-0.235</td>
<td>0.234</td>
<td>3.617***</td>
<td>0.0273</td>
<td>2.732**</td>
</tr>
<tr>
<td></td>
<td>(0.730)</td>
<td>(0.615)</td>
<td>(0.967)</td>
<td>(1.146)</td>
<td>(0.766)</td>
<td>(1.083)</td>
</tr>
<tr>
<td>diag_cumulation</td>
<td>0.448</td>
<td>0.787**</td>
<td>0.462</td>
<td>0.713***</td>
<td>0.0722</td>
<td>0.653**</td>
</tr>
<tr>
<td></td>
<td>(0.450)</td>
<td>(0.377)</td>
<td>(0.491)</td>
<td>(0.268)</td>
<td>(0.268)</td>
<td>(0.277)</td>
</tr>
<tr>
<td>cefta X diag_cumulation</td>
<td>-0.360</td>
<td>-0.0194</td>
<td>0.00806</td>
<td>-3.591***</td>
<td>0.119</td>
<td>-3.379***</td>
</tr>
<tr>
<td></td>
<td>(0.560)</td>
<td>(0.559)</td>
<td>(0.717)</td>
<td>(0.728)</td>
<td>(0.628)</td>
<td>(0.961)</td>
</tr>
<tr>
<td>Constant</td>
<td>10.36***</td>
<td>11.25***</td>
<td>11.48***</td>
<td>10.66***</td>
<td>11.32***</td>
<td>11.57***</td>
</tr>
<tr>
<td></td>
<td>(0.714)</td>
<td>(0.886)</td>
<td>(0.676)</td>
<td>(0.585)</td>
<td>(1.214)</td>
<td>(0.798)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>YES</th>
<th>YES</th>
<th>YES</th>
<th>YES</th>
<th>YES</th>
<th>YES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country-time FE</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Industry-time FE</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Observations</td>
<td>7,895</td>
<td>5,880</td>
<td>4,696</td>
<td>8,916</td>
<td>7,187</td>
<td>6,704</td>
<td></td>
</tr>
<tr>
<td>R-squared</td>
<td>0.217</td>
<td>0.259</td>
<td>0.275</td>
<td>0.264</td>
<td>0.229</td>
<td>0.247</td>
<td></td>
</tr>
<tr>
<td>Number of nkd_iso</td>
<td>862</td>
<td>777</td>
<td>645</td>
<td>876</td>
<td>774</td>
<td>738</td>
<td></td>
</tr>
</tbody>
</table>

Note: we used different definitions of cumulation variable for exports and imports, as discussed in subchapter 3.1. BEC1 = Intermediate goods; BEC2 = Consumption goods; BEC3 = Capital goods. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

---

\(^8\) As reported by Head & Mayer (2013) the mean value for the RTA coefficient is 0.36 for the structural model and 0.59 for all types of gravity models. In this paper we used the structural gravity model, that is widely accepted in theory and well documented in empirical research. Basically, the structural gravity model is a gravity model that includes any of the country/industry/firm/product dummies (depending of the availability of data) for cross-section data analysis or the same dummies with included time variation (e.g. time varying country dummies) for the case of panel data analysis.
CONCLUSION

The manufacturing sector is a driving force of Croatian foreign trade. Almost 50% of all manufacturing production is destined for export, notwithstanding the fact that total level of production in 2012 is lower than it was in 2008, when little more than 30% of production was exported. The results based on gravity model estimations confirm that the Stabilization and Association Agreement between Croatia and the EU bears positive and significant trade impacts for both the manufacturing exports and the manufacturing imports while the effects of CEFTA 2006 are found to be positive only when supported by the diagonal cumulation of rules of origin. This is in line with the theoretical assumptions that the introduction of a system of diagonal cumulation of origin between the European Union, the Western Balkan countries participating in the Stabilisation and Association Process and Turkey lowers trade costs and enhances trade performance of, in our case, Croatia. Moreover, the diagonal cumulation of rules of origin is found significant only for the imports of intermediates and capital goods. This is in line with our predictions, that a switch from bilateral to diagonal cumulation has stronger impact on the trade in intermediates than in consumption goods. These results might indicate that Croatia, as the most developed country among WB countries, is becoming a production hub for the finalization of products produced in regional production chains that are then exported to the EU. However, the robustness of this conclusion needs to be further tested on a longer time span.

Finally, this paper serves as another proof of the importance of cumulation rules in free trade agreements, especially diagonal cumulation (or regional cumulation), where enabling of cumulation has implication on trade flows and subsequently on the levels of domestic (regional) production. Moreover, the results of the paper suggest that the role of cumulation of rules of origin is particular noticeable for the trade in intermediates which represent principal and increasing share of the global (regional) trade. Besides the production sharing provisions cumulation system seems to be crucial element in the RTAs supporting the integration of the firms in the global and regional value chains.
REFERENCES


Croatian Bureau of Statistics - CBS, 2015. Available at: http://www.dzs.hr/default_e.htm


The Sussex European Institute, 2003. Study on the economic impact of extending the pan-European system of cumulation of origin to the Mediterranean partners’ part of the Barcelona process.


INDUSTRY WAGE PREMIUM
AND TRADE PATTERNS
WITH EUROPEAN UNION: CROATIAN EXPERIENCE

Valerija Botrić1

ABSTRACT

Croatia experienced different adjustment mechanisms in private and public sector in terms of wage corrections during the recent economic downturn. Previous studies document that public sector, mostly due to collective bargaining procedures, enabled the employees to enjoy both relatively more secure and better paid jobs. The aim of this paper is to shift the focus on the manufacturing sector, due to its exposure to the international competition. The initial hypothesis is that two aspects have shaped the wage dynamics in the manufacturing sector during the recent period – crisis and European Union (EU) integration. By relying on the Labour Force Survey (LFS) data, and restricting the analysis to the manufacturing sector, we explore the development of the industry wage premium in the analysed segment of the Croatian economy. To that end Mincer-type wage equations were estimated for each year in the period 2004-2012. Furthermore, the identified industry wage premiums are analysed with respect to the international trade indicators. Specifically we investigate whether the intra-industry trade changes and patterns with the EU had impact on wages in Croatia’s tradable sector. In order to empirically investigate this relationship, we use Eurostat COMEXT and Croatian LFS data.2

1 CORRESPONDENCE ADDRESS: Valerija Botrić, PhD, Senior Research Associate, The Institute of Economics, Trg J. F. Kennedy 7, 10000 Zagreb, Croatia, Email: vbotric@eizg.hr
2 Previous version of this paper has been presented at 10th International Scientific Conference “Economic Integrations, Competition and Cooperation”, in Opatija, Croatia April 22-24, 2015. The author would like to express her gratitude to the conference participants for providing useful comments on the draft version.

ISSN 1855-7694 © 2016, European Perspectives, UDK: 327 (4)
POVZETEK


KLJUČNE BESEDJE: medpanožna menjava, plačne premije v industriji, Hrvaška, integracija EU

INTRODUCTION

Croatia is a small open economy, recently under the dominance of two powerful external factors – global economic crisis and European Union (EU) accession process. The latter process entails complete liberalization of trade with EU countries and expected successful integration of the domestic producers on the wider common market. The process could also incur costs, which could also have impact on the labour market. The trade liberalization process is associated with competition pressures which might encourage employers to reduce labour costs either by reducing price or quantity of labour input in the production.

KEY WORDS: intra-industry trade, industry wage premium, Croatia, EU integration.
As Brülhart and Elliot (2002) explain, the size of the costs is assumed to be in line with smooth adjustment hypothesis, which states that the costs will be lower if trade is mostly intra-industry in nature. So the trade with EU and specific pattern of trade play an important role in the success of the integration process, but could also be significant for the local labour market developments. However, integration process also implies adopting product market regulations and changes in domestic institutional setting and both might create additional pressures for domestic firms.

Public debates and previous studies in Croatia emphasize the difference in adjustment mechanisms of private and public sector in terms of wage (and employment) corrections during the recent economic crisis. The general conclusion is that the public sector, mostly due to collective bargaining procedures, enabled the employees to enjoy both relatively more secure and better paid jobs. The aim of this paper is to investigate the parallel processes in manufacturing sector, in particular the segment expected to compete on the international market. The initial hypothesis is that two aspects have shaped the wage dynamics of manufacturing during the recent period – crisis and EU integration.

The integration process and its effects are dynamic in nature. To assess the overall impact of the integration process on labour market adjustment would consequently require building and estimating a model in a dynamic framework. Due to the fact that there are no prior estimates for Croatia, we focus on the relatively simple estimation strategy in order to provide first insights. Naturally, the wages and their dynamics do not depend only on trade patterns. In addition to personal characteristics of workers, labour market factors – including wage bargaining process, tax policy, strength of the unions, skills demand and supply, etc. – are the most important determinants of wage determination. Instead of trying to capture all these aspects we focus on specific industry features and trade patterns and abstain from other possible determinants.
The next section briefly summarizes the main findings from the literature in order to provide theoretical framework for the empirical analysis. Section 3 discusses data sources and provides preliminary insights on the subject. Section 4 presents empirical strategy, while results are summarized in Section 5. The last section offers conclusions.

THEORETICAL FRAMEWORK

The idea that labour markets (wages) are under the influence of trade patterns, and that different segments of the labour force (skilled vs. unskilled) are expected to have different consequences of trade increases and/or liberalization, is standard textbook case of trade economics. The traditional models of Heckscher-Ohlin and famous Stolper-Samuelson theorem are frequently used to analyse the effects of trade liberalization (Grossman and Rogoff, 1995). One of the issues emphasized within the literature is that in the long run, when factors of production are mobile across industries, standard Heckscher-Ohlin’s theory predicts that factor prices will be equalised across industries and any differences in wages for similar types of work will eventually disappear. The empirical studies have usually not been able to find evidence of the long-run relationship.

Another point can be attributed to Krugman (2008) who states that the nature of trade has significantly changed during the past decades and this is not frequently taken into account in the empirical studies. The literature on the effects of globalisation on wage inequality that documented rising skill premia in developing countries and skill upgrading in industrial economies has questioned the traditional trade theories (Goldberg and Pavcnik, 2007). Some studies suggested that sectoral affiliation of workers plays important role in assessing the trade effects on wages (Hoekman and Winters, 2005). Furthermore, Hölscher, Perugini and Pompei (2011, 274) emphasize that transition economies were faced with wage disparities associated with the unfolding of market wage setting, productivity differentials and returns to education that were magnified by market distortions.
Relying on theoretical models, we can foresee benefits from increased integration-related trade connected with product variety. This love for variety (Krugman, 1980) increases consumers’ utility, but on the other hand produces new competitiveness pressures for the domestic firms. One assumption is that, as a result, domestic firms will adopt more efficient behaviour (Helpman and Krugman, 1985). If the nature of trade is more intra-industry (defined as intensive trade of similar products within the same industry) than inter-industry (when the division of trade products is more clear, implying trade of products with different quality) it is assumed that the consequence will be relatively low adjustment costs of production factors reallocation through smooth adjustment process. Such success stories are more likely in case when developed economies are integrating. Whether integration induces low adjustment costs in case of transition economies is a question that deserves empirical verification.

In general we can assume several adjustment mechanisms of labour markets to changing trade patterns. The first one is related to the increased variety gains as previously described (Krugman, 1981). It could be foreseen that the internal restructuring due to increased competition on the domestic market will result in closing down of low competitive firms (Melitz, 2003). We can also foresee the case when the effect will be entirely shifted to the reduction of labour costs, without closing down of enterprises (Davis and Harrigan, 2011). Both adjustment mechanisms have been documented in Croatia on a case-level basis.

The focus of this paper is on the trade patterns at the level of economic activity, and in particular the question whether different patterns exert different wage pressures. The attention to the latter issue has been frequently drawn within the analysis of the EU accession process of transition economies, related to the smooth adjustment hypothesis. The hypothesis states that if intra-industry trade (IIT) has higher share in the overall trade between the countries, the integration associated adjustment costs will be less severe than in cases when the share of inter-industry trade is relatively higher. Azhar and Elliot (2008) suggest that increases in trade will result in changes in imports and export on
a sector/product level. If the trade patterns are for the most part inter-industry in nature, than these sector changes will be reflected in transferring production resources between industries, from contracting to expanding industries. If there are large differences in relative production factor endowments of the two trading countries, the costs of adjustments from one industry to another will be higher. The costs will also be higher if the labour market rigidity is high. This could be either a consequence of formal regulations (strict Labour code) or informal practices (low occupational mobility). Transition economies in general have inherited relatively low occupational mobility and strong unions who favoured regulation and Croatia is an example where these issues have frequently been debated in public discussions.

The intra-industry trade is further disaggregated into horizontal intra-industry trade (which is the trade of relatively close substitute products within the same industry) and vertical intra-industry trade (which is the trade of differentiated products within the same industry). The theoretical foundations for horizontal intra-industry trade (HIIT) can be found in Helpman and Krugman (1985) and vertical intra-industry trade (VIIT) in Caves (1981). Vertical intra-industry trade models can be associated either with consumer demand for different product qualities (Falvey and Kierzkowski, 1987) or segmentation of production process across regions as a result of multinational activities (Markusen and Venables, 2000). Empirical studies frequently show that the trade between developed economies has large share of IIT and also large share of HIIT.

Smooth adjustment hypothesis has been frequently assessed and confirmed or refuted in empirical studies. Part of the differences in results could certainly be attributed to the different measures of intra-industry trade and labour cost changes. Brülhart, Elliott and Lindley (2006) suggest individual employees sectoral and occupational distance indicator within the manufacturing sector. Earlier studies have used industry employment change as an indicator of adjustment cost (Brülhart and Elliott, 1998; Greenaway et al., 1999), while others made use of job turnover indicator (Brülhart, 2000; Andersson, Gustafsson and Lundberg,
Over the years more consensual tone has been achieved for the measurement of intra-industry trade, where researchers mostly agree that marginal intra-industry trade is more appropriate for dynamic analysis of the changes in the labour market. Another frequently used indicator of intra-industry trade – Grubel-Lloyd index has been challenged in the literature (Brülhart and Elliot, 1998) for its ability to disentangle trade patterns especially in the cases of transition countries, which usually have large trade misbalances as well as structural changes.

Following previously established concepts in the literature, the aim of this paper is to provide empirical analysis of the accession period in Croatia.

DATA SOURCES AND PRELIMINARY ANALYSIS

Analysis relied on LFS data, a survey performed by Croatian Central Bureau of Statistics. Individual LFS data without identifier has been used in empirical estimation. Since 2007, LFS methodology includes panel component. The data used was not anonymised, so the panel component could not be utilised for the research purposes. In order to avoid double-counting the same respondent, the individual responses have been used only when they appeared the first time in the panel (Drinkwater and Robinson, 2011).

In order to provide the perspective of the industry, some indicators had to be aggregated to the relevant NACE (national classification of economic activities used by the statistical office) classification. This has been done both in the case of the labour market and trade data. The same version of NACE classification, the more recent one, has been used throughout the analysed period (in Croatia referred to NKD 2007). To produce IIT indicators, Eurostat COMEXT data has been used. Estimates were made on the most detailed level of aggregation (CN8), which enables correspondence between CN-PRODCOM-NACE classifications. Using the available Eurostat correspondence procedures, the data were aggregated to the most recent NACE 2-level classification (NKD2007) throughout the analysed period.
Trade with the EU countries presents a large segment of overall Croatian international trade, which is one of the arguments behind the integration process. However, the question is whether this trade resembles more the North-South pattern or the pattern which develops between similarly developed economies. To provide some insights, we present the intra-industry trade indicators. The methodology applied has been previously frequently used in the literature (Abd-el-Rahman, 1991; Fontagné and Freudenberg, 1997; Freudenberg and Lemoine, 1999). IIT can be estimated following the concept of trade overlap:

\[
\text{Trade overlap} = \frac{\text{Min}(\text{exports}, \text{imports})}{\text{Max}(\text{exports}, \text{imports})}
\]

The expression is evaluated at the disaggregated level of product classification (CN 8). If it is above certain threshold, then it is assumed that significant trade overlap exists and the trade is considered to be two-way (or IIT). Threshold of 10 percent, frequently used in the literature, is applied in order to avoid the possible sensitivity of the results to this parameter. The results presented in the paper are aggregated to the described levels (industry, activity).

Figure 1 IIT with EU-15 and industrial production (1998=100) in Croatia

Source: Central Bureau of Statistics and author’s estimates based on COMEXT.
The previous data shows that the share of two-way trade (IIT) between Croatia and EU-15 is relatively low, but it seems to be increasing in the last few years. The industrial production pattern, on the other hand, reveals the severe impact the crisis had on Croatian economy. Since we are analysing labour market effects, we have to keep in mind that all of the changes in specific industries should not be attributed to trade effects. Clearly, crisis had important effect on the demand for labour, which we cannot assume that is evenly distributed across the economy. Additionally, some industries have followed the defensive restructuring through shedding labour (Botrić, 2012a). It does not necessarily imply that retained workers have suffered from wage cuts or were able to gain additional wage increases. Thus, the overall effect on the industry level cannot be assumed in advance.

The intra-industry trade varies significantly among specific industries. Also, trade patterns might be quite different across time. To illustrate this, we present the shares of intra-industry trade in Croatian trade with EU-15 in two specific years – 2000 and 2010. The results are presented in Figure 2.

**Figure 2** IIT shares in total trade across industries

Source: author’s estimates based on COMEXT data.

NACE codes refer to the manufacture of: 10 – food products; 13 – textiles; 14 – wearing apparel; 15 – leather and related products; 16 – wood and

The data clearly shows that intra-industry trade shares in the overall trade are not the same through time. It might be suspected that integration process in general increases the share of IIT, however there are examples where the trend is reversed. In Croatian case, there is a sharp decline in IIT in leather industries, but some other industries have also recorded decline. On the other side of the spectrum seem to be wearing apparel and rubber manufacturing, which have recorded increase in IIT. One of the arguments behind these data could be attributed to restructuring of specific enterprises. However, we might also argue that these data are year-specific, since it has been frequently argued in the public debates that Croatian exports and imports dynamics is erratic due to the lack of consistent economic policies.

In addition to IIT, it is interesting to note the differences between horizontal and vertical intra-industry trade across industries in Croatia. In order to distinguish between HIIT and VIIT, a standard unit value approach has been applied in the paper (Fontagné and Freudenberg, 1997). A ratio between unit value of exports and unit value of imports has been evaluated against a threshold according to the following expression:

\[
\frac{1}{1 + \alpha} \leq \frac{\text{Unit value of exports}}{\text{Unit value of imports}} \leq 1 + \alpha
\]

Horizontally differentiated products are those for which the evaluated ratio of unit values falls between the specified borders, implying that the differences between unit values of exports and unit values of imports for that product are small. In that case, we interpret this as products of similar quality, in particular when the expression is evaluated at the low level of aggregation (as is
the case in this paper). Vertically differentiated products are those for which the unit value ratio falls outside the borders, implying that either the goods from the home market are at the lower end of the EU market (unit value ratio is below the lower boundary) or they are up-market goods (for those whose unit value ratio exceeds 1+α). Unit values have been calculated as the ratio of the value of trade in EUR and a corresponding quantity in tons. Threshold value α has been set to 15 percent, which is a frequently utilized value. Horizontal intra-industry trade across industries is presented in Figure 3, while vertical intra-industry trade is presented in Figure 4.

Figure 3 HIIT shares in total trade across industries

Source: author’s estimates based on COMEXT data.

In general we can assume that industries that have higher shares of horizontal IIT are exporting the products of the same quality as the products imported on the home market. This can be taken as evidence of an ability to compete. In year 2000 two industries stand out in this respect – wearing and apparel and leather industry. However, one decade after, both industries have lost their initial position. The increase in HIIT in the same period has been recorded by other transport equipment (which contains highly erratic in terms of export activity shipbuilding industry) and rubber and plastic products industry. However, the overall share of HIIT even in those industries is around 15 percent, which is not high.

Figure 4 VIIT shares in total trade across industries

Source: author’s estimates based on COMEXT data.

The data in Figure 4 shows that vertical intra-industry trade shares are high (higher than 50 percent of overall trade) in furniture, electrical equipment and fabricated metal products. Thus, although there seems to be a two-way trade developed in these industries, Croatia is more likely to export low quality and import high quality products. This has been documented by Botrić (2012b) who disaggregates vertical IIT into upmarket and downmarket products and finds that among analysed Western Balkan countries Croatia had the highest, but stagnating share of upmarket products in its trade with EU-15 during the 2005-2010 period.

If we compare the results presented in Figures 3 and 4, we will notice that the share of vertical intra-industry trade is higher than the share of horizontal IIT in most analysed industries. This shows that the patterns of trading within the same industries are more related to exporting low quality products and importing higher quality products. There are few exemptions to this pattern. In 2000 we can notice that wearing apparel had higher share of HIIT than VIIT. However, this situation has not remained until 2010 when two other industries had higher shares of HIIT: chemical products and pharmaceutical products.

Even though we cannot specify fully dynamic model, still we argue that the changes in the international competition pressures (and not the level of pressure itself) affect firms’ behaviour and consequently employees. The dynamics of the intra-industry trade in time is explored with marginal intra-industry trade (MIIT) indicators, which capture the relative changes in trade between two periods. Similar to IIT, the literature proposes various indicators. We follow the methodology proposed by Brülhart (1994) and calculate MIIT based on following expression:

\[ MIIT = 1 - \frac{|\Delta X - \Delta M|}{|\Delta X| + |\Delta M|} \]

Where X refers to exports and M refers to imports, both of which are on a detailed level of aggregation. This index varies between 0 and 1, where 0 indicates marginal trade in the particular
industry to be completely of the inter-industry type, and 1 repre-
sents marginal trade to be entirely of the intra-industry type. The
indicators presented in this section are subsequently used in the
empirical analysis.

EMPIRICAL STRATEGY

Basic empirical strategy is to estimate the Mincer-type wage
equation, which includes following traditional labour market
variables:

**Age and age-squared.** The persons can expect relatively dif-
ferent wages with respect to their age. It could be argued that
older persons have important experience, which cannot be meas-
ured directly with other observable variables. However, there are
arguments that diminishing returns are associated with age, so
in order to capture this effect all the specifications include age-
squared.

**Gender.** It has been frequently addressed in the literature,
even in the case of Croatia (Nestić, 2010) that women obtain on
average lower wages than men. Consequently, we include dummy
variable - which takes value 1 if a person is male - into our spec-
ification.

**Living in urban areas.** It is frequently argued that urban areas
offer wider variability in jobs, and consequently also that impor-
tant business centres are frequently located in such areas. Wage
patterns are related to the urbanisation degree. To capture this ef-
fact, we include a dummy variable which has value 1 if a person
lives in urban or semi-urban area.

**Education** is measured by the qualifications obtained and ag-
gregated to the three levels – lower secondary, upper secondary
and tertiary. Due to the fact that the classification has changed
during the analysed period, the categories within each segment
are not the same. Prior and including the year 2009, as lower
secondary education, categories »No school«, »1-3 basic school
grades«, »4-7 basic school grades« and »Basic school« are con-
sidered. As upper secondary education, categories »School for skilled and highly skilled workers«, »Vocational secondary schools« and »Grammar school« are included. As tertiary education, categories from »Non-university college« to »Doctorate« are considered. From the year 2010, the classification is as following. Lower secondary includes three categories up to basic school. Upper secondary includes all the varieties of high school education in Croatia, including short specialised after high school courses that enable students for certain activities (like craftsmanship certificates). Tertiary starts with short university programmes (2 or 2.5 years) and finish with doctorate. In order to avoid multicolinearity, upper secondary has been excluded from estimation.

Occupation in the analysis is defined as the occupation of the main job listed by the employed person. Following occupation-dummies have been included in the specifications: Armed forces occupations; Managers; Professionals; Technicians and associate professionals; Clerical support workers; Service and sales workers; Skilled agricultural, forestry and fishery workers; Craft and related trades workers; Plant and machine operators, and assemblers; Elementary occupation.

There are two sets of estimates. The first one is concentrated on the issue of industry wage premium. To that end, previous list of variables is augmented with dummy variables for each NACE-2 industry. Since we are interested only in manufacturing sector, workers from other economic activities are not included in the sample. In order to avoid multicolinearity, we have excluded activity NACE 19 – manufacture of coke and refined petroleum products because the total trade with European Union in this segment was negligible throughout the analysed period.

The first specification, consequently, has the following form:

$$\ln wage = \alpha + \beta_1 age + \beta_2 age^2 + \beta_3 male + \beta_4 urban + \beta_5 lower + \beta_6 upper + \sum_{i=7}^{14} \beta_i occupation_{i-5} + \sum_{j=10}^{32} \delta_j activity_j + \epsilon$$
The estimates have been repeated for each year in the period 2004-2012. In this case we are interested in the delta-coefficients and in order to save space, only these are presented in Table 1.

In case of alternative specification, most of the variables are the same, but instead of the dummy variables for economic activity, IIT indicators have been used for the NACE-2 level activity a worker is employed in. Three specific IIT indicators were used: HIIT (the share of horizontal intra-industry trade in intra-industry trade), VIIT (the share of vertical intra-industry trade in intra-industry trade) and MIIT (the change of intra-industry trade between two periods). In that case we have a specific coefficient related to that variable, and these results are presented in Tables 2, 3 and 4. Both results are presented and discussed in following section.

RESULTS

The results of the estimation in Table 1 reveal that there is an industry wage premium within Croatian manufacturing sector. Relative to the sector that had the lowest share of trade with the EU countries throughout analysed period, some industries had consistently lower wages. This implies that the openness to competition of those industries and orientation towards the foreign markets results in relatively lower wages (after controlling for education, age, sex, occupation and living area of their workers). Important fact is that we were not able to find any positive significant coefficient in the analysed period. Thus, those industries that are competing on the international market are not able to compensate their workers in the same way that those oriented towards the local market. Not only that we can see negative wage premium for the manufacturing sector vs. for example, public sector and other non-tradables, we have also detected tradable versus non-tradable pattern within the manufacturing sector.

It is interesting to notice that traditional labour-intensive industries – such as food, textiles, wearing apparel, leather – have consistently significant negative wage premium, even after controlling for worker-specific characteristics. This suggests that
labour intensive industries continue to compete on the international market with relatively lower labour costs, even though the competition from Asian markets has significantly increased during the last decades.

Another interesting point is that, even during this relatively short timeframe, we can notice that changes occur. The relative wage premiums are not the same through time. We cannot conclude that this is solely the consequence of increased pressures from the international trade. The analysed period and the effects of crisis could play an important role in the structure of the sample (changing the relative shares of specific types of workers), but also the willingness of workers to disclose certain information in a survey.

Table 1 Estimated industry wage premium coefficients
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 23 | -0.27*** | -0.17*** | -0.23*** | -0.39*** | -0.00 | -0.17 | -0.25*** | -0.13 | -0.13 |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.05)   | (0.06)   | (0.07)   | (0.09)   | (0.07) | (0.10) | (0.12)   | (0.08) | (0.08) |   |   |   |   |   |   |   |   |   |   |   |
| 24 | -0.49*** | -0.44*** | -0.51*** | -0.44*** | -0.30*** | -0.26*** | -0.45*** | -0.33*** | -0.28*** |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.06)   | (0.07)   | (0.07)   | (0.09)   | (0.08) | (0.11) | (0.12)   | (0.09) | (0.09) |   |   |   |   |   |   |   |   |   |   |   |
| 25 | -0.29*** | -0.22*** | -0.35*** | -0.25*** | -0.11 | -0.15 | -0.21*** | -0.24*** | -0.25*** |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.05)   | (0.06)   | (0.07)   | (0.09)   | (0.07) | (0.10) | (0.11)   | (0.08) | (0.08) |   |   |   |   |   |   |   |   |   |   |   |
| 26 | -0.09 | -0.12 | -0.28*** | -0.09 | -0.08 | -0.16 | -0.15 | -0.20*** | -0.22*** |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.06)   | (0.07)   | (0.08)   | (0.11)   | (0.09) | (0.13) | (0.13)   | (0.11) | (0.10) |   |   |   |   |   |   |   |   |   |   |   |
| 27 | -0.20*** | -0.17*** | -0.32*** | -0.23*** | -0.15*** | -0.17 | -0.11 | -0.12 | -0.18*** |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.05)   | (0.07)   | (0.07)   | (0.09)   | (0.08) | (0.11) | (0.12)   | (0.09) | (0.09) |   |   |   |   |   |   |   |   |   |   |   |
| 28 | -0.31*** | -0.26*** | -0.47*** | -0.23*** | -0.16*** | -0.27*** | -0.25*** | -0.30*** | -0.20*** |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.05)   | (0.07)   | (0.07)   | (0.10)   | (0.08) | (0.11) | (0.12)   | (0.09) | (0.08) |   |   |   |   |   |   |   |   |   |   |   |
| 29 | -0.07 | 0.04 | -0.30*** | -0.34*** | -0.10 | -0.17 | -0.17 | -0.32*** | -0.19*** |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.06)   | (0.07)   | (0.08)   | (0.08)   | (0.11) | (0.13) | (0.13)   | (0.11) | (0.11) |   |   |   |   |   |   |   |   |   |   |   |
| 30 | -0.16*** | -0.09 | -0.19*** | -0.12 | -0.03 | -0.10 | -0.15 | -0.12 | -0.07 |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.05)   | (0.06)   | (0.07)   | (0.09)   | (0.08) | (0.10) | (0.12)   | (0.08) | (0.08) |   |   |   |   |   |   |   |   |   |   |   |
| 31 | -0.30*** | -0.48*** | -0.56*** | -0.86*** | -0.41*** | -0.47*** | -0.46*** | -0.51*** | -0.55*** |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.05)   | (0.06)   | (0.07)   | (0.09)   | (0.07) | (0.10) | (0.11)   | (0.08) | (0.08) |   |   |   |   |   |   |   |   |   |   |   |
| 32 | -0.51*** | -0.31*** | -0.34*** | -0.45*** | -0.23*** | -0.10 | -0.30*** | -0.49*** | -0.42*** |   |   |   |   |   |   |   |   |   |   |   |
|    | (0.07)   | (0.07)   | (0.08)   | (0.09)   | (0.12) | (0.14) | (0.10)   | (0.10) | (0.09) |   |   |   |   |   |   |   |   |   |   |   |
| N | 3371 | 3134 | 3182 | 2986 | 2798 | 1434 | 1327 | 1045 | 1009 |   |   |   |   |   |   |   |   |   |   |   |

Adjusted R² (%)  
44.85 46.88 44.42 56.95 51.90 47.70 44.94 48.83 50.63

Source: author's estimates based on LFS and COMEXT data.

Notes: *** denotes significance at 1 level, ** at 5 and * at 10 percent.


To further elaborate the issue of trade pressures on the wages, we have explicitly included horizontal intra-industry trade share, vertical intra-industry trade share and marginal intra-industry trade estimated on the level of NACE-2 activity into relevant
equations. Controlling for individual labour market indicators (education, age, gender, occupation and living area), we focus on the relationship between intra-industry trade and wages. Specifically, we analyse whether the industries in which the intra-industry trade with the EU have on average higher or lower wages. The results for the analysed period are presented in following tables. All of the estimated coefficients from the wage equations are not presented in order to save space, but could be available from the author upon request.

Table 2 Estimated HIIT coefficients in wage equations

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated coefficient (standard error)</th>
<th>N</th>
<th>Adjusted R² (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>-0.90*** (0.07)</td>
<td>3371</td>
<td>37.67</td>
</tr>
<tr>
<td>2005</td>
<td>-0.28*** (0.05)</td>
<td>3134</td>
<td>37.70</td>
</tr>
<tr>
<td>2006</td>
<td>-0.88*** (0.06)</td>
<td>3182</td>
<td>36.67</td>
</tr>
<tr>
<td>2007</td>
<td>-0.74*** (0.09)</td>
<td>2986</td>
<td>45.76</td>
</tr>
<tr>
<td>2008</td>
<td>-0.33*** (0.05)</td>
<td>2798</td>
<td>45.44</td>
</tr>
<tr>
<td>2009</td>
<td>-0.42*** (0.08)</td>
<td>1434</td>
<td>42.14</td>
</tr>
<tr>
<td>2010</td>
<td>-0.60*** (0.15)</td>
<td>1327</td>
<td>39.53</td>
</tr>
<tr>
<td>2011</td>
<td>-0.66*** (0.17)</td>
<td>1045</td>
<td>41.57</td>
</tr>
<tr>
<td>2012</td>
<td>-0.29** (0.13)</td>
<td>1009</td>
<td>41.06</td>
</tr>
</tbody>
</table>

Source: author’s estimates based on LFS and COMEXT data.

Table 2 presents the pressures coming from the share of horizontal intra-industry trade. The results indicate that throughout the period industries which had higher shares of horizontal intra-industry trade with the EU countries (i.e. trading within industries that competed with similar products of similar quality), had at the same time lower wages. This implies that competition was predominately by cost reductions methods and integration effect in that context requires adjustment costs related to wage reductions.
<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated coefficient (standard error)</th>
<th>N</th>
<th>Adjusted R2 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>-0.15*** (0.03)</td>
<td>3371</td>
<td>34.83</td>
</tr>
<tr>
<td>2005</td>
<td>-0.12***(0.03)</td>
<td>3134</td>
<td>37.48</td>
</tr>
<tr>
<td>2006</td>
<td>-0.09*** (0.03)</td>
<td>3182</td>
<td>32.63</td>
</tr>
<tr>
<td>2007</td>
<td>-0.22*** (0.03)</td>
<td>2986</td>
<td>45.29</td>
</tr>
<tr>
<td>2008</td>
<td>-0.25*** (0.03)</td>
<td>2798</td>
<td>45.44</td>
</tr>
<tr>
<td>2009</td>
<td>-0.26*** (0.04)</td>
<td>1434</td>
<td>42.87</td>
</tr>
<tr>
<td>2010</td>
<td>-0.19***(0.04)</td>
<td>1327</td>
<td>39.63</td>
</tr>
<tr>
<td>2011</td>
<td>-0.28*** (0.04)</td>
<td>1045</td>
<td>43.17</td>
</tr>
<tr>
<td>2012</td>
<td>-0.25*** (0.05)</td>
<td>1009</td>
<td>42.41</td>
</tr>
</tbody>
</table>

Source: author’s estimates based on LFS and COMEXT data.

The results presented in Table 3 show that similar patterns occur when the IIT patterns are vertical, i.e. trading within similar industries with differentiated products. Still the higher share of vertical intra-industry trade is associated with lower wages. This would suggest that whenever trying to compete within similar industries on the European market, pressures for Croatian workers in those industries increased in terms of demands for wage reductions. The reason for this could be that the competition method is concentrated on prices and not the innovativeness or quality of the products traded.

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated coefficient (standard error)</th>
<th>N</th>
<th>Adjusted R2 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>-0.19*** (0.06)</td>
<td>3371</td>
<td>34.57</td>
</tr>
<tr>
<td>2005</td>
<td>-0.35*** (0.07)</td>
<td>3134</td>
<td>37.73</td>
</tr>
<tr>
<td>2006</td>
<td>-0.80*** (0.06)</td>
<td>3182</td>
<td>36.08</td>
</tr>
<tr>
<td>2007</td>
<td>-0.81*** (0.09)</td>
<td>2986</td>
<td>45.84</td>
</tr>
<tr>
<td>2008</td>
<td>-0.41*** (0.07)</td>
<td>2798</td>
<td>45.35</td>
</tr>
<tr>
<td>2009</td>
<td>-0.29*** (0.09)</td>
<td>1434</td>
<td>41.48</td>
</tr>
<tr>
<td>2010</td>
<td>-0.14** (0.07)</td>
<td>1327</td>
<td>38.91</td>
</tr>
<tr>
<td>2011</td>
<td>-0.81*** (0.12)</td>
<td>1045</td>
<td>43.41</td>
</tr>
<tr>
<td>2012</td>
<td>0.08 (0.10)</td>
<td>1009</td>
<td>40.79</td>
</tr>
</tbody>
</table>

Source: author’s estimates based on LFS and COMEXT data.
As the results of the estimation show, until 2011 the higher marginal intra-industry trade in the activity was associated with significantly lower wages. This means that the more industry actively tried to integrate into the European market by trading products of similar value, the lower average wage it was able to offer to its workers. The accession period in Croatian industry was consequently associated with increased pressures on its workforce in tradable sector.

CONCLUSIONS

The paper has addressed the issue of industry wage premium and trade pressures on wages in Croatian manufacturing sector. The estimates have revealed that within manufacturing sector there is an industry wage premium. Specifically, relative to the economic activity that virtually had no trade with EU-15 during the 2004-2012 period, all other activities had negative wage premiums. In case of labour intensive activities, those negative wage premiums were consistently significant.

To further investigate the issue, wage equation has been re-specified in order to explicitly include the indicators of horizontal IIT, vertical IIT and marginal intra-industry trade with EU-15. The analysis has confirmed that the higher the respective intra-industry trade indicator in specific economic activity, the lower the relative wage of the workers in that industry. This implies that the more specific industry is integrated in the common EU market, the more it tries to compete with relatively cheaper labour force.

The analysis presented in the paper points to the conclusion that there is an additional tradable vs. non-tradable wage policy issue within the manufacturing sector itself. It has been frequently emphasized that this Dutch decease has important consequences for the overall Croatian competitiveness position. However, previous analysis in the literature did not go beyond the public-private gap or the manufacturing-services gap. The analysis in this paper implies that the effects are possibly even deeper.
The notion that there are industry wage premiums is of particular importance for Croatian labour market policy. It has been frequently emphasized that the labour market in Croatia is rather rigid and suffering from low occupational and any other sort of mobility. This implies that workers “stuck” in low-wage industry are most likely to have fewer prospects to move to other industries. Without increased mobility, however, there are even lesser chances for decreasing wage premiums in the future.

REFERENCES


Social Policy Challenges and Strategic Priorities in the EU Candidate Countries

Maja Gerovska Mitev

ABSTRACT

The paper will examine social policy challenges of three EU candidate countries (Serbia, Montenegro and the former Yugoslav Republic of Macedonia) and how they are addressed within current strategic documents. In doing so, the focus of analysis will be on challenges related to employment, social protection and social inclusion. According to Eurostat, the aforementioned EU candidate countries have a rather weak socio-economic profile, due to persistence of unemployment, poverty and social exclusion among vulnerable groups. The paper will analyze existing statistical data as well as qualitative research to assess the scope of these challenges as well as the profile of vulnerable groups. Parallel with this, the paper will map to what extent these realities are reflected in the strategic documents, namely, the Economic and Social Policy Reform Programmes and the National Economic Reform Programmes. By doing so, the paper does not aim just to single out challenges and priorities, but also to analyse the existence of critical approach and readiness for reform, the inclusion of integrated approach between different sectoral policies as well as political determination towards combating major social challenges.

Through a qualitative approach, the paper will undertake analysis of policy documents and statistical data, and will use comparative method to assess differences and similarities between the analyzed countries.

1 CORRESPONDENCE ADDRESS: Maja Gerovska Mitev, Full Professor at the Faculty of Philosophy, University Ss. Cyril and Methodius, Blvd. Krste Misirkov 9a, 1000 Skopje, Macedonia. Email: gerovska@fzf.ukim.edu.mk

2 Henceforth Macedonia.

ISSN 1855-7694 © 2016, European Perspectives, UDK: 327 (4)
**KEY WORDS:** social policy challenges, strategic priorities, Economic and Social Policy Reform Programme, National Economic Reform Programme.

**POVZETEK**

Članek preučuje izzive socialne politike treh držav kandidatk za pristop k EU (Srbije, Črna gore in Makedonije) in kako se le-te obravnavajo v okviru trenutnih strateških dokumentov. Glavni poudarek analize je na izzivih, povezanih z zaposlovanjem, socialno varnostjo in vključenostjo v družbo. Po podatkih Eurostata imajo zgoraj omenjenega države kandidatke EU imajo dokaj šibke socio-ekonomskih značilnosti, zaradi brezposelnosti, revščine in socialne izključenosti ranljivih skupin. Članek za oceno obsegga teh izzivov in ustvarjanja profila ranljivih skupin analizira tako obstoječe statistične podatke, kot tudi kvalitativne raziskave. Vzporedno s tem, bo članek ugotavlja, v kolikšni meri se trenutne razmere odražajo v strateških dokumentih, in sicer v Programu za reforme gospodarske in socialne politike ter v Nacionalnem programu gospodarskih reform. Članek ne izpostavlja le izzivov in prednostnih nalog, temveč z analizira že obstoječe kritične pristope in pripravljenost na reforme, vključenost integracijskega pristopa med različnimi sektorskimi politikami ter politično odločenost v boju proti velikim družbenim izzivom.

**KLJUČNE BESEDE:** izzivi socialne politike, strateške prednostne naloge, Program za reforme gospodarske in socialne politike, Nacionalni program gospodarskih reform.

**INTRODUCTION**

Social policy creation both at the national and supranational level has been increasingly constrained by set of challenges which marked the period since the global economic crisis in 2007. The “politics of the crisis” (Farnsworth and Irving, 2011, 276) has included variety of responses, from austerity to social investment, from conditionality to progressive universalism, from new multilateralism to global social movements. Western Balkan countries or the European Union (EU) candidate countries have also faced
number of challenges, albeit their scope and root differ compared to those in the EU. Parallel with the constitution of states, post-socialist transformation and globalisation (Babovic and Vukovic, 2015), the region, throughout the last 25 years has been troubled more profoundly with the problems of long-term unemployment and increasing poverty. And as rightly argued by Sotiropoulos, these trends happened in the “context of fragmented and uneven welfare regimes that do not approximate any of the available types of welfare capitalism” (2014, 250). The economic crisis has additionally exacerbated the weak socio-economic conditions. Policy responses to these challenges in the Western Balkans have generally followed the top-down approach, accompanied with declarative and ad-hoc style of social policy governance. The EU accession process seems, at a first glance, to have contributed towards greater prioritization of social policy challenges on the political agendas in these countries. However, the framing of new social policy approaches is also threatened by countries’ institutional and legal factors. Existing analyses point that “lack of coherence in social policies shows that a new institutional framework is needed in the Western Balkans” (Solidar, 2014, 1), and that “in the Balkans, legislation needs to be anticipatory rather than reactive and must be actually implemented” (Balfour and Stratulat, 2011, 5).

Analysis in the following sections will try to assess to what extent the actual socio-economic challenges are taken on board within the current strategic documents in Serbia, Montenegro and Macedonia, and whether the policy documents prepared for the need of countries’ accession to the EU could provide a way towards more anticipatory, transparent and integrated social policy governance in the Western Balkan region. In doing so, the paper uses a qualitative approach, in order to examine the formulation of policy priorities in the early stages of setting the policy agenda. In addition, for the purposes of the comparative analysis, statistical data from the EU statistics on Income and Living Conditions (EU-SILC) is being used, as a harmonized methodology that provides insights into the scope of poverty and social exclusion.
SOCIAL PROFILE OF THE EU CANDIDATE COUNTRIES FROM THE WESTERN BALKANS

Vast number of studies and literature focusing on Western Balkans and their labor market performances (Bartlett, 2008; Gligorov et al., 2008; Stubbs, 2009; Bugajski, J. 2010; Thomas and Bojicic-Dzelilovic, 2015) have shown that the region is characterized with the jobless growth, long term unemployment, informal economy and remittances, as well as increasing international migration. These structural challenges, understood as transformation of economic, social and other aspects of the society that impede progress and equality for all, do not result only from the process of political and economic change in the region. It is also important to bear in mind the historical legacy of these countries, including a collective mind-set of publicly guaranteed employment, small wage gap between workers, managers and professionals as well as comprehensive system of social security and sick pay (Deacon, 2000). Such paternalist system, to a certain extent also played a role in capturing the job mobility, entrepreneurship and innovation for large number of individuals and workers.

Unemployment undoubtedly is the major challenge, which affects all countries in the region. Although a form of hidden unemployment existed as a precondition before 1990-ties in these countries, the issue of unemployment soared afterwards. Twenty-five years into the transition period, and the issue is still the most pressing and troubling economic and social problem. The effect of the economic crisis on the level of unemployment has not been even in the three countries, with Serbia experiencing much visible rise in the unemployment rates between 2008 and 2012.

Table 1 Unemployment rates (persons aged 15–74), 2008–13

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-28</td>
<td>7.0</td>
<td>8.9</td>
<td>9.6</td>
<td>9.6</td>
<td>10.4</td>
<td>10.8</td>
</tr>
<tr>
<td>Montenegro</td>
<td>16.8</td>
<td>19.1</td>
<td>19.7</td>
<td>19.7</td>
<td>19.7</td>
<td>19.5</td>
</tr>
<tr>
<td>Macedonia</td>
<td>33.8</td>
<td>32.2</td>
<td>32.0</td>
<td>31.4</td>
<td>31.0</td>
<td>29.0</td>
</tr>
<tr>
<td>Serbia</td>
<td>13.6</td>
<td>16.1</td>
<td>19.2</td>
<td>23.0</td>
<td>23.9</td>
<td>22.1</td>
</tr>
</tbody>
</table>

The persistence of unemployment presents even greater challenge. Econometric analyses (Calvo, Coricelli, and Ottonello 2012; International Labour Organization, 2013) have showed that unemployment rate responses to changes in economic growth in these countries are small and statistically insignificant (International Monetary Fund, 2015). One quarter of the labor force in Macedonia and between 15% to 18% in Montenegro and Serbia are affected with long-term unemployment. The same category of people are also affected with poverty and social exclusion, as in many cases the spell of unemployment lasts 6 and more years.

Table 2 Long-term unemployment rates (persons aged 15–74) by sex, 2003–13

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-28</td>
<td>3.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Macedonia</td>
<td>31.6</td>
<td>28.8</td>
</tr>
<tr>
<td>Serbia</td>
<td>11.5</td>
<td>8.3</td>
</tr>
</tbody>
</table>


Poverty and social exclusion present additional structural challenges in the analyzed three countries. While Macedonia and Serbia have adopted the relative poverty measurement, and use the EU-SILC methodology for poverty measurement, Montenegro uses absolute poverty measurement. Comparison between Macedonia and Serbia show that they have equally high poverty rates, much higher than the EU average. Notwithstanding the methodology issues of the EU-SILC approach, as well as countries’ specifics related to unreported income and undeclared work, still it may be argued that EU-SILC data show extremely worrying rate of people experiencing ma-

---

3 To monitor progress towards the social inclusion target, the ’Employment, Social Policy, Health and Consumer Affairs’ (EPSCO) EU Council of Ministers agreed on an ‘at-risk-of-poverty or social exclusion’ indicator (AROPE). This indicator defines the share / number of people who are: 1) at risk-of-poverty or 2) severely materially deprived or 3) living in households with very low work intensity. It is sourced from the EU Statistics on Income and Living conditions, EU-SILC. People at risk-of-poverty, are defined as those who have an equivalised disposable income below the risk-of-poverty threshold, set at 60 % of the national median equivalised disposable income (after social transfers).
terial deprivation in Serbia and Macedonia, and equally disturbing rate of people at risk of poverty and social exclusion.

Table 3 Indicators of poverty and social exclusion in EU 28, Macedonia and Serbia

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At risk of poverty rate</td>
<td>16.6</td>
<td>25.6</td>
<td>24.2</td>
</tr>
<tr>
<td>Severely materially deprived persons (lacking 3 or more items)</td>
<td>9.6</td>
<td>44.1</td>
<td>37.7</td>
</tr>
<tr>
<td>People aged 18-59 living in households with very low work intensity</td>
<td>10.8</td>
<td>15.2</td>
<td>17.6</td>
</tr>
<tr>
<td>At-risk-of-poverty rate or social exclusion (AROPE)</td>
<td>24.5</td>
<td>43.2</td>
<td>48.1</td>
</tr>
</tbody>
</table>


Table 4 Absolute poverty rates in Montenegro, 2013

<table>
<thead>
<tr>
<th></th>
<th>Poverty rate (%)</th>
<th>Poverty gap (%)</th>
<th>Poverty severity (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>16.6</td>
<td>25.6</td>
<td>24.2</td>
</tr>
</tbody>
</table>

Source: Monstat 2014, Department for labour market, living conditions, social services and household consumption

Vulnerable groups affected with poverty and social exclusion are similar in Serbia and Macedonia, and to an extent in Montenegro. They include: children aged 0 to 17, unemployed, and households with three and more children. Interestingly, in recent years the risk of poverty rate among man in both Serbia and Macedonia is slightly higher than that of women. In Montenegro, social exclusion is concentrated among certain vulnerable groups of the pop-
ulation, especially among Roma, Ashkaelia and Egyptians (RAE) - 14.1%, among social welfare recipients - 11.9% and among long term unemployed - 10% (Institute for Strategic Studies and Prognoses, 2010).

Table 5 Vulnerable social groups at risk of poverty in n Macedonia, Serbia and Montenegro

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Children (0-17) 30.9%</td>
<td>Children (0-17) 29.6%</td>
<td>n.a.</td>
</tr>
<tr>
<td>Gender</td>
<td>Man, 24.6%</td>
<td>Man, 26.2%</td>
<td>n.a.</td>
</tr>
<tr>
<td>Households type</td>
<td>Households with two adults with three or more dependent children, 49.9%</td>
<td>Households with two adults with three or more dependent children, 35.2%</td>
<td>Households with two adults with three or more children age 0-6, 21.6</td>
</tr>
<tr>
<td>Labor market status</td>
<td>Unemployed, 43.7%</td>
<td>Unemployed, 47.1%</td>
<td>Unemployed (19.2)</td>
</tr>
</tbody>
</table>


Addressing these socio-economic challenges has encompassed a number of policy approaches, and as indicated by Lendvai involved a “complex public policy choices, multiple socio-economic trajectories and unique institutional landscape” (2009, 24). Most recently these challenges are also supported by the new EU instruments, such as Economic and Social Policy Reform Programme as well as the National Economic Reform Programme. Prior to assessing their application in Serbia, Montenegro and Macedonia, it is important to remember that although the prospect of closer European integration can help support a broad reform agenda (Laderachi and Savastano, 2013), still the "EU pres-
sure is not sufficient to transform informal institutions and behavioural practices” (Borzel, 2011, 13).

**CHALLENGES AND POLICY APPROACHES IN THE EU CANDIDATE COUNTRIES FROM THE WESTERN BALKANS**

Taking into consideration that Serbia, Montenegro and Macedonia belong to a group of countries in which strategic and anticipatory style of social policy creation has been quite rare in their socialist past, it is not surprising that identification and prioritization of social policy challenges is still not high on the political agendas. Hence, the requirements of the EU accession process have contributed in these countries to a more visible and continuous programming of social policy challenges as well as actions for their mitigation. The most recent EU instrument aimed towards the candidate countries is the Employment and Social Policy Reform Programme (European Commission, 2014). This instrument in a way presents a substitute for the previously Joint Inclusion Memorandum (European Commission, 2004) and Joint Assessment Papers (European Commission, 2003), similar exercises that were prepared and signed by EU members states who have entered after 2004.

Employment and Social Reform Programme (ESRP) is a key element in the European Commission’s approach to strengthening the employment and social dimension of the enlargement process and fostering reforms to ensure job rich and inclusive growth (European Commission, 2014, 3). ESRP consists of two parts. The first one maps the context and identifies main challenges in the areas of employment and social policy, while the second stipulates goals and measures to tackle the identified challenges. The context of the programme also includes associating Instrument for Pre-accession (IPA) funds with present policies and supporting the harmonization with European Union legislation in eligible areas. Within the scope of ESRP, four-year joint monitoring process is operated. Assessments are conducted depending on the negotiated indicators and the use of IPA funds for the defined priorities (Ministry of Labor and Social Security, 2013).
The three candidate countries from the Western Balkan have currently submitted the draft versions of their ESRPs, with Macedonia only submitting the first part of the Programme. Based on these draft Programmes, it may be observed that the three countries share/identify similar challenges related to employment, which include low employment and activity rates, high general and youth unemployment, as well as high degree of informal economy. A specific challenge in the labor market not shared by other two countries is identified in Montenegro, and concerns insufficient employment of domestic labor force. This challenge may signal either lack of adequate skilled workforce in the country, which is demanded from and substituted with foreign workers, or maybe a result of differences in costs (social contributions, etc.) between domestic and foreign labor.

While identification of labour market challenges is made more concrete in the ESPRs of the three countries, identification of social protection and social inclusion challenges seems more general, vague and to an extent incomplete, taking into consideration the social profile of these countries. In addition, while employment challenges refer to a concrete structural issues (unemployment, low activity, undeclared work), the social protection and social inclusion challenges refer more to the institutional and legal challenges in the system (adequacy of the financial social assistance, insufficiently developed system of social services, decentralisation etc.). For some readers it may come as a surprise that none of the ESRPs identify poverty or social exclusion or material deprivation as a challenge in these countries. However, having in mind that these challenges are later operationalized though concrete steps, whose progress is later measured and assessed by the EU, than such descriptive and generic description of social challenges is expectable.

More detailed synopsis of identified challenges is given in the table below.
Table 6 Main challenges related to employment and social protection/inclusion in Serbia, Montenegro and Macedonia

<table>
<thead>
<tr>
<th>Main challenges related to Employment</th>
<th>Serbia</th>
<th>Montenegro</th>
<th>Macedonia</th>
</tr>
</thead>
<tbody>
<tr>
<td>• expected high inflow of unemployed due to privatization and restructuring of public companies;</td>
<td>• low employment rate and high rate of economic inactivity among labor force;</td>
<td>• low economic activity and employment rate and high unemployment rate;</td>
<td></td>
</tr>
<tr>
<td>• high level of wage taxation, labor law and other work environment disincentives, including insufficient support for creation of new jobs;</td>
<td>• regional differences in employment rate;</td>
<td>• high youth unemployment;</td>
<td></td>
</tr>
<tr>
<td>• high level of undeclared work;</td>
<td>• insufficient employing/employment of domestic labor force;</td>
<td>• informal economy;</td>
<td></td>
</tr>
<tr>
<td>• high rate of economic inactivity;</td>
<td>• insufficient incentives for entrepreneurship</td>
<td>• further strengthening of public employment service;</td>
<td></td>
</tr>
<tr>
<td>• segmented labor market and structural unemployment;</td>
<td>• high level of undeclared work;</td>
<td>• further strengthening of social dialogue.</td>
<td></td>
</tr>
<tr>
<td>• regional differences in unemployment rate;</td>
<td>• skilled youth unemployment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• youth unemployment;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• unemployment among Roma</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Main challenges related to social protection/inclusion</th>
<th>Serbia</th>
<th>Montenegro</th>
<th>Macedonia</th>
</tr>
</thead>
<tbody>
<tr>
<td>• increase of scope and adequacy of financial assistance for poor;</td>
<td>• insufficiently developed system of social services at local level;</td>
<td>• social inclusion of Roma;</td>
<td></td>
</tr>
<tr>
<td>• increase of family support;</td>
<td>• limited access for people with invalidity;</td>
<td>• further decentralization of social protection services;</td>
<td></td>
</tr>
<tr>
<td>• continuation of deinstitutionalization;</td>
<td>• insufficient inclusion of vulnerable people on the labor market;</td>
<td>• strengthening of deinstitutionalization;</td>
<td></td>
</tr>
<tr>
<td>• development of community services;</td>
<td>• sustainability of the pension system.</td>
<td>• further development of social services and pluralisation.</td>
<td></td>
</tr>
<tr>
<td>• segmentation of long term care, inconsistencies between financial transfers and services, lack of long term care;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• service quality, control mechanisms and monitoring and evaluation;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• connecting social work centres with other social service providers.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The second part of the ESRPs stipulate goals and measures according to which identified challenges will be tackled. In the field of employment, the Serbian government adopts an integrated approach towards labor market challenges. It combines not only economic measures, but also social policy measures as a solution for example for lower rates of activity and high unemployment (i.e. introduce financial support for employed as to combat informal work, and provide additional incentives for inactive and low-income workers). On the other hand, the Montenegrin government perceives measures to combat employment challenges mainly through attracting more investments, through increasing the entrepreneurship and self-employment programmes. This is similar to the current Macedonian approach in combating high unemployment merely through financial instruments. Although Macedonia has not submitted the second part of the ESRP, its approach can be analyzed through the current governmental measures, namely the project “Employing Macedonia” (Government of the Republic of Macedonia, 2015). The ambitious Governmental plan aims to boost employment in the country by incentivizing employers to open new jobs through exemptions for paying compulsory social insurance contributions. Not only that such approach is problematic due to exclusive reliance on tax/social contribution exemptions, which may jeopardise the solvency of social insurance funds and discriminate against employers who are regular tax/social contribution payers, but it is also inconsistent with other reforms undertaken, such as introduction of mandatory fully funded pension insurance and reduction of social contribution rates. Overall, as all three countries are characterized with jobless growth, the sole emphasis on economic paradigm in tackling big social challenges seems insufficient.

Tackling social protection and social inclusion challenges in the case of both Serbian and Montenegrin government is stipulated more though strengthening of current legislative and institutional capacities, although differences exists in specification of those measures (Serbian government providing more detailed and concrete measures, Montenegro stipulating more general goals and activities). Again, in the case of Macedonia,
if we analyze other social protection and social inclusion strategies and documents, we see lack of integrated and concrete measures aimed at the core social challenges (high poverty, high material deprivation, etc.). For example, current Annual Programme for Social and Child Protection (Ministry of Labor and Social Policy, 2015) or National Economic and Reform Programme (Government of Macedonia, 2014) stick to either exiting “passive” social transfers with negligible annual increases of social assistance or pensions, or do not provide concrete and transparent fiscal implication for the their ambitious active employment programmes.

The three EU candidate countries also do not seem to take into consideration recent EU policy initiatives in the field of social protection and social inclusion. A word search into the three country’s ESRPs for social investment, social innovation or social experimentation returned only one result - developing social innovation in the context of employment, in the case of Montenegro.

STRATEGIC PRIORITIES OF THE EU CANDIDATE COUNTRIES FROM THE WESTERN BALKANS

Analysis of the National Economic Reform Programmes (NERPs), as most recently prepared documents by the EU candidate countries, can give an additional insight into the main strategic priorities and objectives of these countries. However, similarly as with other EU tools, there is a growing criticism of this instrument and political framework, to an extent that it represent “only a report rather than plan” (Drumaux and Joyce, 2015, 15), and that in most cases there is a lack of inclusion of social partners in their drafting (European Trade Union Confederation, 2014).

Analysis of the 2015-2017 NERPs of Serbia, Montenegro and Macedonia, confirm the general pattern previously identified in the ESPRs, where the economic paradigm as a main tool prevails even when social policy challenges are discussed. This is not an explicit issue for the EU candidate countries. In their assessment
of the EU economic governance, Leschke, Theodoropoulou and Watt indicate that “European Commission recommendations to member states suggest that all policy considerations with regard to tackling poverty and social exclusion are subjugated to fiscal consolidation and other goals (2015, 325). Similarly, when discussing the EU Member State responses to the economic crisis, Watt concluded that “crisis should have been used as an opportunity to introduce corrections to the previous growth model, of which rising inequality was a prominent feature (2009, 88).

The comparative analysis of the three NERPs indicate that main strategic priorities in Serbia, Montenegro and Macedonia include: removing obstacles to economic growth and development, long-term and sustainable economic growth, maintaining financial and macroeconomic stability, increasing the competitiveness of the economy, increasing employment and improving the living standards of the population. Structural reforms, of which social policies are part of, consist of identification of directions of reform in the areas of labor market, social care, pensions, education health and long-term care. It is in the analyses of these separate sectoral policies, that many inconsistencies with the social challenges and their planned mitigation within the ESRPs are found. For example, while Serbian ESRP envisages improved protection of elderly with lowest incomes, the NRP stipulates reducing the amount of pensions to contribute to a significant reduction in the share of pension expenditure as percentage of Gross Domestic Product. Similarly, the ESRP identifies possibility for introduction of financial subsidies for employees, while NERP stipulates “reduction of 10% of salaries among all public sector employees who receive more than 25,000 dinars (200 Euro), as well as rationalization of the number of employees” (Government of Serbia, NERP, 2015).

Montenegrin NERP acknowledges that their fiscal policy is the only one from the set of policies that may actively contribute to the achievement of economic and general social goals. Such an approach definitely speaks about lack of integrated approach between the economic, social, education and other sector policies in confronting the identified social chal-
lenges. This national document, prepared for the purposes of the country’s’ EU integration also unluckily cites and uses the World Bank Doing Business Report to support governments’ good reform trajectory, by indicating their improved positioning in this Report.

The case of Macedonian NERP, speaks of another aspect, when national strategic priorities are put aside as to achieve the short-term political goals. Namely, the Macedonian NERP strategically identifies that introduction of the legal obligation for payment of social contributions for persons engaged with contractual and author agreement will provide greater social protection for these persons, simultaneously, it acknowledges that by this, fiscal position of social funds will be improved. Despite this strategic objective to confront the social position of those in undeclared jobs, or with low incomes, the Government abolished this measure as of July 2015. The measure was previously adopted with change of five interconnected Laws in July 2014. Its abandonment was most probably a result of the announced new parliamentary elections in 2016, as the introduction of these measures were followed by large civil anti-governmental protests.

More concrete insight into the strategic priorities related to employment and social protection of the three countries is given in the table below.
### Table 7: Strategic priorities identified in sectoral policies of employment and social protection with the National Economic Reform Programmes of Serbia, Montenegro and Macedonia

<table>
<thead>
<tr>
<th>NERP</th>
<th>Labor Market</th>
<th>Social Protection/Welfare/Inclusion</th>
<th>Pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serbia</td>
<td>New flexible forms of work, establishing the legal basis for the work through temporary employment agencies (leasing of the workforce).</td>
<td>Better target the beneficiaries from these areas and to reallocate financial benefits more efficiently for the users of welfare.</td>
<td>Continued reform of the right to insurance service at an accelerated rate (the so-called accelerated pension plan)</td>
</tr>
<tr>
<td></td>
<td>Introduction of new measures of active employment policy.</td>
<td>Deinstitutionalization process</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Encourage employment in the less developed regions with the development of regional and local employment policies</td>
<td>Improving the availability, scope and quality of social care services through establishment or development of these services in local communities;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improving the quality of human capital.</td>
<td>Licensing of professional workers and the social services providers;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Development of institutional capacity and reduction of duality in the labor market.</td>
<td>Strengthening inspection services at national level and the development of control and regulatory mechanisms, monitoring and evaluation.</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Measures</td>
<td>Decentralization process should continue, primarily in the fields of education, primary healthcare, social and child welfare</td>
<td>Ensuring the sustainability of the first pillar of the pension system.</td>
</tr>
<tr>
<td>--------------</td>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Montenegro</td>
<td>1. Aligning the education system with the labour market requirements, in order to overcome the knowledge and skills supply and demand gap; 2. Strengthening of active labour market policies; and 3. Increasing the labour market flexibility.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Macedonia    | 1. Reduction of unemployment and improvement of the conditions on the labour market, Preparation of new Employment strategy in line with the SEE 2020 Strategy  
  Increasing the budget for active employment policies  
  Self employment projects  
  Social inclusion of persons in an unfavorable position on the labor market.  
  Implementation of the legal framework for social entrepreneurship  
  Fight against undeclared work | Greater social protection stemming from the legal obligation for payment of social contributions for persons engaged with contractual and author agreements. Simultaneously the fiscal position of social funds will be improved. | Total and timely payment of increased pensions and social benefits, for the purpose of ensuring the well being of the beneficiaries of these rights. |                                    |

Set of strategic priorities are also provided in the Employment and Social Reform Programs. From the table below it can be seen that priorities identified in this document are similar to the priorities identified in the NERPs, with slight modifications and additions.

Table 8: Priorities in the Employment and Social Reform Programmes in the area of labor market and social protection in Serbia, Montenegro and Macedonia

<table>
<thead>
<tr>
<th>ESPR</th>
<th>Social Protection/Welfare/Inclusion</th>
<th>Pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of un-</td>
<td>Better targeting of beneficiaries and reallocation of financial benefits more efficiently for the</td>
<td>Continued reform of the right to insurance service at an accelerated rate</td>
</tr>
<tr>
<td>employment growth</td>
<td>users of welfare.</td>
<td></td>
</tr>
<tr>
<td>resulting from privatization of public companies</td>
<td>Deinstitutionalization process</td>
<td></td>
</tr>
<tr>
<td>Improvement of business environment</td>
<td>Improving the availability, scope and quality of social care services through establishment or</td>
<td></td>
</tr>
<tr>
<td>Reduction of inactivity rate</td>
<td>development of these services in local communities;</td>
<td></td>
</tr>
<tr>
<td>Reduction of the labor market dualisation</td>
<td>Licensing of professional workers and the social services providers;</td>
<td></td>
</tr>
<tr>
<td>Improvement of youth position on the labor market</td>
<td>Strengthening inspection services at national level and the development of control and regulatory mechanisms, monitoring and evaluation.</td>
<td></td>
</tr>
<tr>
<td>Improvement of Roma access to labor market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase the role of employment policy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Social Policy Challenges and Strategic Priorities in the EU Candidate Countries
<table>
<thead>
<tr>
<th>Montenegro</th>
<th>Macedonia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of activity and employment rate</td>
<td>N.A. (Submitted only 1st part on challenges in July 2015. 2nd part on priorities and actions will be finalized by end of 2015)</td>
</tr>
<tr>
<td>Reduction of regional differences in employment and unemployment</td>
<td>N.A. (Submitted only 1st part on challenges in July 2015. 2nd part on priorities and actions will be finalized by end of 2015)</td>
</tr>
<tr>
<td>Increased employment of domestic labor force</td>
<td>N.A. (Submitted only 1st part on challenges in July 2015. 2nd part on priorities and actions will be finalized by end of 2015)</td>
</tr>
<tr>
<td>Support to entrepreneurship</td>
<td>N.A. (Submitted only 1st part on challenges in July 2015. 2nd part on priorities and actions will be finalized by end of 2015)</td>
</tr>
<tr>
<td>Tackling undeclared work</td>
<td>N.A. (Submitted only 1st part on challenges in July 2015. 2nd part on priorities and actions will be finalized by end of 2015)</td>
</tr>
<tr>
<td>Reduction of (skilled) youth unemployment</td>
<td>N.A. (Submitted only 1st part on challenges in July 2015. 2nd part on priorities and actions will be finalized by end of 2015)</td>
</tr>
<tr>
<td>Development of local social services</td>
<td></td>
</tr>
<tr>
<td>Increased access to public institutions for handicapped persons</td>
<td></td>
</tr>
<tr>
<td>Inclusion of socially vulnerable population to the labor market</td>
<td></td>
</tr>
<tr>
<td>Adequate and financial sustainable pensions</td>
<td></td>
</tr>
</tbody>
</table>

Overall, it may be said that the three countries are more inclined to envisage and implement reforms and introduce new approaches related to the labor market. The same cannot be said for the social protection even less so for the social inclusion policies, as there are no indications of introduction of new approaches or policies, (i.e. active inclusion, social investment, social experimentation, social innovation, etc.) but rather advancing or continuation of existing social protection/inclusion trajectories (deinstitutionalization, decentralization etc.).

CONCLUSION

The analysis in this paper did not aimed just to single out challenges and priorities, but also to assess the existence of critical attempt and readiness for reform, the inclusion of integrated approach as well as political determination towards combating major social challenges.

Notwithstanding the fact that the analysed strategic documents are not enough to assess the overall policy approach towards identified socio-economic challenges, still they offer a sufficient indication of the ideas, principles and goals behind current employment, social protection and social inclusion policies in the three countries. Recent strategic frameworks in Serbia, Montenegro and Macedonia show that the EU accession process has contributed towards prioritization of social policy challenges and measures on the political agenda in these countries. However, Employment and Social Reform Programme as well as the National Economic Reform Programs in Serbia, Montenegro and Macedonia show a rather pessimistic outlook. In all three countries, we see lack of emphasis on poverty and social exclusion (among particular social groups) as significant challenges, that will be tackled in a comprehensive manner. Challenges have been carefully identified as to avoid greater political commitment related to their management. Identified measures and priorities in the three countries also indicate inclination toward a more known and already used economic solutions, without accompanying tools aiming to improve the quality and adequacy of existing social protection schemes. While in theory, as well as in the practise of more developed European countries it may be justifiable to expect the trade-off between economic growth and social spending, in the analyzed countries it seems problematic to solely focus on economic growth and fiscal policies as solutions for unemployment, poverty and social exclusion. Therefore, distributive policies as well as integrated social services should be equally represented on the policy agenda in these countries parallel and with same intensity (but better targeting) as policies aiming at improved economic growth. These countries cannot afford to wait for the economic growth to boost and postpone so-
cial and distributive spending. What is more, reduced social inequalities may also act beneficial upon economic growth in these socio-economic contexts.

In addition, in Montenegro and Macedonia there is still lack of transparent, accessible and harmonized data on government spending related to social protection, which prohibits more systematic analysis of the effectiveness of social transfers and implementation of social investment perspectives in these countries. Currently, there are no initiatives, which indicate improvements in this relation (i.e. no initiation of the European System of integrated Social Protection Statistics (ESSPROS) related to social transfers in Macedonia and Montenegro, or EU-SILC in Montenegro etc.).

Overall, within social policy agenda, what prevails in these countries is a non-coherent, non-integrated approach among separate social policies, as well as among social and economic policy. While the political commitment toward combating major socio-economic challenges might have been put more straightforward, the use of already known policy solutions speaks about lack of innovative, country-specific and tailor-made social measures. Such policy approach does not provide much optimism that long-term unemployment, poverty and social exclusion will significantly decrease in the near future. Hence, the inclination towards more anticipatory, transparent and integrated social policy governance in the Western Balkan region is still difficult to trace and probably even harder to implement.

REFERENCES:


Institute for Strategic Studies and Prognoses. 2010. Assessment of the labour market in Montenegro, Brussels: European Commission.


The Euro-Atlantic integration in the whirlpool of geopolitics: the Case of Montenegro

Srđan Orlandić

ABSTRACT

NATO Foreign Ministers on December 2 2015 adopted a decision to invite Montenegro to begin with accession talks in order to become the 29th member of the Alliance, which represented a confirmation of the NATO’s commitment to the enlargement process and integrating the Balkan peninsula under its umbrella. The invitation for Montenegro to join NATO provoked prompt reactions from Russia, which are in line with the known Kremlin standpoint that NATO expansion to the countries of Eastern Europe is part of project to isolate Russia and constrain its strategic interests. Hence, Montenegro’s Euro-Atlantic aspirations made this Western Balkan country an additional piece of mosaic of the contemporary geopolitical confrontation between the Russian Federation and NATO. Even though there is a firm academic movement that advocates the decrement of significance of geopolitics, the contemporary relations in the international community and its challenges (Ukrainian crisis, the Middle East, South China Sea, Daesh, migration crisis, etc.) confirmed that geopolitics still represents a major factor in international relations. The Montenegrin case shows that NATO enlargement depends on the understating of geopolitical repercussions, and less on the required institutional reforms. Therefore, the objective of this paper is to single out the correlation between the Euro-Atlantic integration/NATO enlargement and geopolitics. As the title indicates, this paper will develop its

1 CORRESPONDENCE ADDRESS: MA candidate at the Faculty of Social Sciences, University of Ljubljana; Background in International relations. Currently working as the Assistant to Ambassador at the Embassy of Montenegro in the Republic of Slovenia, Njegoševa cesta 14, 1000 Ljubljana, Slovenia. Email: orlandic92@gmail.com
ISSN 1855-7694 © 2016, European Perspectives, UDK: 327 (4)
hypothesis by using the case study method and the research will be conducted by elaborating on specific interest and benefits that NATO and Russia have, along with the analysis of its foreign policies, with a particular focus on the public appearances and statements of high officials.

**KEY WORDS:** geopolitics, NATO, Russia, Montenegro, enlargement.

**POVZETEK**

Zunanji ministri NATO so 2. decembra 2015 sprejeli odločitev o povabilu Črne gore k pristopnim pogajanjem, da bi le-ta postala 29. članica zaveznikstva, kar je predstavljalo potrditev zaveznosti NATO k procesu širitve in vključitve Balkanskega polotoka pod okrilje NATO. Vabilo Črni gori za pridružitev NATO je izvolila takojšno reakcijo Rusije, ki je v skladu z svojim uradnim stališčem opozorila, da želi NATO z vstopanjem držav vzhodne Evrope izolirati Rusijo in ovirati njene strateške interese. Čeprav obstaja trdno akademsko gibanje, ki se zavzema za upad pomena geopolitike, sodobni mednarodni odnosi in izzivi v mednarodni skupnosti (ukrajinska kriza, Bližnji vzhod, južno kitajsko morje, Daesh, migracijska kriza, itd.) potrjujejo, da je geopolitika še vedno pomemben dejavnik v mednarodnih odnosih. Primer Črne gore kaže, da je širitev NATO odvisna od geopolitičnih posledic in manj od institucionalnih reform. Cilj tega članka je torej, izpostaviti korelacijo med širitvijo NATO in geopolitike. Kot je razvidno iz naslova, bo ta članek razvil svojo hipotezo na podlagi metode študije primera ter preučevanjem posebnih interesov in koristi NATO in Rusije, vključno z analizo zunanjih politike obeh akterjev, s posebnim poudarkom na javnih nastopih in izjavah visoki uradnikov.

**KLJUČNE BESEDE:** geopolitika, NATO, Rusija, Črna gora, širitev

**INTRODUCTION**

The demolition of the Berlin Wall in November 1989 symbolized the end of an era of mistrust, competition and rivalry within the international arena. There was no place for the notion for
the Cold War confrontation such as geopolitics in that new social and political habitus. Therefore, the demolition of the Berlin Wall somewhat resulted in the demolition of geopolitics. However, the withdrawal of geopolitics from the international relations still remains a questionable issue and a subject of dispute among scholars. I would argue that the contemporary disputes, but also conflicts that occurred immediately after the end of the Cold War, are a genuine argument that geopolitics never left the international community.

The North Atlantic Treaty Organization (NATO) enlargement represents the profound point of discord in the contemporary international affairs, which is again framed within the polarity of Russia and the Western countries. This renewed phenomenon derives from the Russian economic revival, after which Moscow was able to direct its foreign policy towards security related issues. Nevertheless, the mere nature of the Euro-Atlantic integration process is merged with geopolitics, and Hillen and Noonan (1998) would even argue that the foundation for NATO’s effective development and cohesion should be within its considerations of political, economic, military and cultural geography. On December 2 2015, Montenegro, a coastal Western Balkan state with a population around 620,000, received an invitation to begin with accession talks in order to become the 29th member of the Alliance. Therewith, Montenegro found itself amid of this geopolitical clash, which was particularly intensified with the emergence of the Ukrainian crisis.

The objective of this paper is to conduct an analysis in order to point out the correlation between the Euro-Atlantic integration/NATO enlargement and geopolitics. Hence, the research question is: To what extent geopolitics impacts the Euro-Atlantic integration? In order to build a solid foundation for the further analysis, this paper will firstly concentrate on the theoretical part, which will reflect the development of the geopolitical thought throughout history. In the following chapter I shall indicate how the relation between the NATO enlargement and geopolitics was developing in the post-Cold War period. And finally, the particular subject of analysis of this paper is the case study, in which I
will try to point out the geopolitical dimension of the Montenegro’s Euro-Atlantic process. As the title indicates, this paper will develop its hypothesis by using the case study method and the research will be conducted by emphasizing and elaborating on the specific interest and benefits that both parties (NATO and Russia) have in this matter. Also, the focus of the analysis will be on the foreign policy of the relevant subjects and the statements of high officials, which will additionally support the introduced arguments about the correlation between NATO enlargement and geopolitics.

GEOPOLITICAL THOUGHT

Within the contemporary academic discourse it has been often acknowledged (particularly after the beginning of the Ukrainian crisis) that the geopolitics has made a severe comeback in the international community after the post-Cold war period (Marklud, 2014). Namely, the dissolution of the Soviet Union and changed rule of conduct in the international relations affected that claim of many scholars that geopolitics is no longer relevant in a world, where power politics is not prevailing a factor. As Hillen and Noonan (1998, 26) defined it: “The end of History meant the end of geopolitics.” The end of the Cold War confrontations introduced the new modes of conducting international politics and shifted the focus to the specific groups, such as ethnic groups, nongovernmental or international organizations, global corporations, etc. (Mathews, 1997). However, the contemporary disputes in the international arena are profound argument that the geopolitics plays a significant role in conducting foreign policy.

In order to thoroughly address the issue of the return of geopolitics, as well as the impact of geopolitics on the Euro-Atlantic integration process further on, we need to grasp the mere basics of the theory of geopolitics. For the purpose of this paper, Geoffrey Sloan’s (1988, 20) definition that geopolitics represent “a theory of spatial relationship and historical causation whose perspective is the international system as a whole” shall serve as an operational concept. The term geopolitics was initially coined by a Swedish legal jurist, Radolf Kjellen, and most scholars would
argue that its genesis is within the social Darwinist preoccupa-
tion for the prospects of survival of states and societies (Dodds,
Kuus and Sharp, 2013). Geopolitics in broad terms may be per-
ceived through the lenses of two schools of thought – the organic
state theory and geostrategy (Hillen and Noonan, 1998).

The organic state theory was introduced by Friedrich Ratzel
and Rudolph Kjellen, and in general the first classical writ-
ings of geopolitics were shaped by imperial preoccupations and
social Darwinist anxieties about the survival of states and em-
pires (Dodds, Kuus and Sharp, 2013). Ratzel observed geopoliti-
cs through the perspective of Darwinian theory, which means
that he perceives states as living organisms that determine their
strength through their size and obtained resources (Dodds, Kuus
and Sharp, 2013). Ratzel is responsible for introducing the term
Lebensraum (living space) in the academic discourse, which was
used by particular statesmen to emphasize that a state needs to
grow in size in order to retain its vitality (Glassner 1993, 224).
Swedish scholar Kjellen developed Ratzel’s theory by underlining
that states are actual organisms (Hillen and Noonan, 1998). This
particular geopolitical thinking was revolutionary, but destruc-
tive at the same time, since it was misused as a part of the the-
oretical foundation for emerging generation of Nazi politicians
and its hazardous actions (Dodds, Kuus and Sharp, 2013).

At the end of 19th and through the 20th century, English and
American academic community introduced theories based on
the concept of geostrategy. Alfred Thayer Mahan firstly noted
that the access to the sea is of great significance for the state, since
he argued that sea power was the key to commerce and economic
competition (Glassner, 1993, 225). On the other hand, Sir Hal-
for Mackinder argued that the link between sea power and land
power had been transformed, and that the new factors, such as
railway infrastructure, could influence that established duality
(Hillen and Noonan, 1998). However, Mackinder is mostly
known for his Heartland thesis, which was the core idea for shift-
ing from the area of the sea power dominance to the prevalence
of land power. His Heathland concept was defined as the Eur-
Asian core at the center of the World-Island, the pivotal signifi-
cance of which lies in the separation from the sea power states by a vast territory of land (Hillen and Noonan, 1998). Mackinder’s theory, which was especially influential during the Cold War, placed the Eastern Europe as a central and crucial region for balancing the Heartland’s power. Nicholas J. Spykman fueled the debate with an argument that, instead of the Heartland, an area that he defined as the Rimland is of primary geopolitical importance (Hillen and Noonan, 1998). Spykman (1944, 43) argued that “Who controls the Rimland rules Eurasia; Who rules Eurasia controls the destinies of the world”.

There was a general reluctance for using the term geopolitics in the academic and public discourse in the post-World War II period, yet it was reclaimed in the 1970s by the progressive geographers, such as Yves Lacoste (Mamadouh and Dijkink, 2006). Furthermore, Henry Kissinger is mostly responsible for reintroducing geopolitics in the academic thought of international relations. He particularly used the concept to oppose policy-making based on idealism and reclaim the national interest as the core of the foreign policy-making. His establishment benefited from emphasizing the great power rivalries and associated regional dimensions, especially in the Middle East and South-East Asia (Hillen and Noonan, 1998). In addition, it is worth mentioning Zbigniew Brzezinski, who as well used the geopolitical premise to argue that control of the Heathland represent a critical point for the future models of global politics (Dodds, Kuus and Sharp, 2013).

The critical geopolitical readings emerged prior to the progressive reaction to the mainstream understanding of geopolitics. Critical geopolitics, dominated by writings of Simon Dalby, John Agnew, Gerard Toal, Klaus Dodds and Gearóid Ó Tuathail, underlines that geopolitics is a much broader and complex issue than it was perceived before. Ó Tuathail (1999, 108) emphasizes that “critical geopolitics critiques the superficial and self-interested ways in which orthodox geopolitics ‘reads the world politi-
cal map’ by projecting its own cultural and political assumptions upon it while concealing these very assumptions.” The end of the Cold War established the conditions for the development of the critical thought, since it was in line with the dynamics of globalization, informalization and ‘risk society’ (Ó Tuathail, 1999).

As mentioned before, after the Cold War many scholars proclaimed the decrease of geopolitics’ significance, due to the triumph of liberal democratic values and, partly, the shift of power to the non-state actors. To frame this in the context of Euro-Atlantic enlargement, the argument in favor of the NATO expansion would be that the driving forces of this process are the values and ideals of a liberal democratic systems and market economies, and not the considerations of geography or resources (Hillen and Noonan, 1998). However, these statements do not represent the real situation on the ground. Even the first conflicts just after the Cold war (Rwanda and Bosnia and Herzegovina) implied that the thesis about the death of geopolitics is not sustainable, and the abovementioned Sloan’s definition that geopolitics is defined by spatial relations and historical causation applies in those conflicts as well. As Hillen and Noonan (1998, 27) argue that “Serbian and Croatian ethnic cleansing in areas of Bosnia show that disputes involving cultural, political, and physical geography can have intensely severe outcomes.” Therefore, we cannot state that geopolitics (from the realist point of view) lost its significance in the international arena in any period of time. Gray (1996, 248-49) made an additional argument to this thesis underlining that “geography defines the players (which are territorially organized states, or would like to be), frequently defines the stakes for which the players contend, and always defines the terms in which they measure their security relative to others.”

THE EURO-ATLANTIC INTEGRATION AND GEOPOLITICS

Every specific process of NATO enlargement is bounded by geography, power, resources, as well as by political assumptions and security strategy of one state. Hence, NATO should maintain close ties with the geopolitical postulates and perspectives, in order to remain the effective alliance and hold its position within
the complex contemporary environment (Hillen and Noonan, 1998). In the post-Cold war period there was an extensive academic debate about the future of NATO, since its primary threat, embodied in the Warsaw Pact, did not exist anymore (Walker, 2015). Therefore, in that period the main challenge for the allies was to construct functional security architecture, in order to be in accordance with the changed international environment and to hinder possible future conflicts in Europe.

The common standpoint among NATO member states was that the Alliance should continue to be the foundation of the Western security policy. This attitude was materialized at the 1990 London Summit, where they stated the need and will for the continued functioning. However, another important pillar of NATO’s tendency for a continuing existence was the consensus of the member states to minimize Kremlin's security concerns. The allies, particularly Washington, tried to achieve that by introducing new arms control measures, calling for strengthening cooperation within the Organization for Security and Co-operation in Europe (OSCE) (Walker, 2015). In addition, NATO high officials stated that in the future the Alliance would develop as a political, not a military organization, and that a positive impulse for the cooperation between Russia and NATO would be to establish regular consultations between the two parties. As a result, the North Atlantic Cooperation Council was established on December 20 1991, including all the NATO and the former Warsaw Pact member states (Sandler and Hartley, 1999, 61). Nonetheless, the Kremlin was not pleased and was continuously underlining that NATO should be disbanded because of the outdated nature and instrumental functions.

The issue of the first post-Cold war NATO enlargement was introduced in the Western public political discourse during the official visit of presidents Vaclav Havel (Czech Republic) and Arpad Goncz (Hungary) to Washington in 1993 (Walker, 2015). On that occasion, the two presidents stated that their countries wish to become full member of NATO. Poland followed their example.

---

in the close future. Reasons for this radical shift in their foreign policy could be summarized in the statement of Estonian president Lennart Men to one of Clinton’s foreign policy advisors that: “the only way to keep Russian troops from reoccupying his country when Yeltsin gave way to a more traditional Russian leader was for Estonia to be in NATO and protected by the American nuclear umbrella” (Talbott, 2002, 94).

The White House in response offered a Partnership for Peace (PfP) programme to the all former communist countries of Eastern Europe and the Soviet successor states, the aims of which were dual - to eliminate Russian security concerns for one period by postponing enlargement process, but also to extend and preserve Euro-Atlantic perspectives for all interested parties (İnan and Yusuf, 1999). The PfP, which was adopted in January 1994, was organized in such a manner that the member states would carry out joint military exercises with NATO, work on ‘interoperability’ with NATO equipment and procedures, participate in joint peacekeeping and humanitarian operations, and consult with NATO in the event of security threats (İnan and Yusuf, 1999). However, the PfP programme did not please most Central European countries, and they have advocated strongly for the full membership as soon as possible. This pressure was particularly strong after the rise of a far-right nationalist party in Russian parliamentary elections in 1993, which gave an additional wind in the back to those interested in the Euro-Atlantic integration, based on historical learning about increased security threats that go along with the rise of nationalists in Russia (Walker, 2015).

The 1994 Summit in Brussels was mainly dedicated to the debate about the PfP, and NATO expressed its affirmative stand towards enlargement on the Eastern borders, whereas final Declaration stated that NATO expansion would reach the East, taking into account political and security developments in Europe. (İnan and Yusuf, 1999). The High United States of America (USA) officials asserted that the objective of PfP programme was

---

5 Far-right Liberal Democratic Party of Russia (LDPR), under the leadership of Vladimir Zhirinovsky, won unpredicted 17%.
not to isolate Moscow from the international affairs, and that it remains open to all ex-Warsaw Pact countries, including Russia (Walker, 2015). Russia continuously expressed its opposition to the NATO enlargement in the post-Cold war period, moreover, in 1995 Yeltsin underlined that it will mean of conflagration of war throughout Europe (Erlanger, 1995). Russian attitude towards NATO enlargement on their Eastern border became even more hostile after the pro-Western Russian minister of foreign affairs got replaced by the former Federal Security Service (FSB) director Yevgeny Primakov in 1996 (Walker, 2015). However, just before the July 1997 enlargement summit in Madrid the Secretary of State Madeleine Albright stated: “We must pledge that the first members will not be the last and that no European democracy will be excluded because of where it sits on the map” (Hillen and Noonan 1998, 21).

Geopolitical context in the late ‘90s and the beginning of 21st century was not a barrier to the NATO enlargement, which was confirmed especially with the fourth and fifth round of enlargement that were the most extensive so far.7 However, a period of (conditionally) healthy relations between NATO and Russia were formalized with the establishing the Russia-NATO Permanent Joint Council in 1997 (Yesson, 2001). The Founding Act8 called on the parties to support the conflict prevention efforts of the Commission on Security and Cooperation in Europe (CSCE) and to respect the United Nations (UN) Security Council’s role in authorizing the use of force against a sovereign member state (Walker, 2015). In addition, Yesson (2001, 206) emphasizes that it is written in the Act that: “NATO agreed that, in the current and foreseeable security environment, the Alliance will carry out its collective defence and other missions by ensuring the necessary interoperability, integration, and capability for reinforcement, rather than by additional permanent stationing of substantial combat forces”

---

7 The Visegrad group, except Slovakia (did not receive an invitation to join NATO with the rest of Visegrad group, because several member states considered particular activities by nationalist Prime Minister Vladimir Mečlar as undemocratic), joined the Alliance in 1999, while the Baltic states, Bulgaria, Romania, Slovenia and Slovakia became members in 2004.

In the recent period, the issue of the NATO enlargement represented a major disagreement between Russia and the Western countries. This geopolitical phenomenon came along with the Russian economic resurgence, which again allowed the Kremlin to strategically consider the security related issues. An example for indicating how European-integration is impacted by geopolitics is Russo-Georgia war in 2008. The main incentive for the conflict lies within the NATO relations with Georgia. President George W. Bush was advocating that Georgia and Ukraine should be offered the Membership Action Plan (MAP) at the 2008 Bucharest Summit, but it was rejected by few large member states, including Germany and France (Walker, 2015). The argument in favor of refusing the MAP for Georgia and Ukraine was that it would cross Russian red line and provoke the prompt Kremlin’s reaction (Lieven, 2008). However, the final conclusion of the Summit stated that MAP would be offered to Ukraine and Georgia in the foreseeable future, and it emphasizes that “NATO welcomes Ukraine’s and Georgia’s Euro Atlantic aspirations for membership in NATO. We agreed today that these countries will become members of NATO... Therefore we will now begin a period of intensive engagement with both at a high political level to address the questions still outstanding pertaining to their MAP applications” (Taylor, 2014).

After the NATO Bucharest Summit the Kremlin officials insisted that Georgia and Ukraine might become part of the Alliance in close future (Walker, 2015). Before the conflict with Georgia, Russia had recorded eight years of sustained economic growth, which established a necessary basis for their political establishment to declare a severe comeback in the open contemporary geopolitical race. Therefore, the Russian officials started to be vocal about their security concerns and strategic geopolitical interests in its neighborhood. Russia deployed military forces in Abkhazia and South Ossetia, carried out a large-scale military exercise along its border with Georgia, and was rhetorically very critical towards Georgian government (Walker, 2015). The

---

9 The MAP was launched in April 1999 at the Washington Summit and it represents a NATO programme of assistance and practical support to countries aspiring to NATO membership. Countries are submitting annual national programmes of the preparation for possible future membership, which includes political, economic, defense, resource, security and legal aspect.
conflict developed with the artillery exchanges and minor skirmishes, until the Georgian president Mikheil Saakashvili ordered military offensive in South Ossetia, despite many signals from the West not to involve the military in that region. The product was a severe Russian response – invasion of two mentioned regions and Georgian apparent military defeat.

In their analysis Hillen and Noonan (1998, 23) are arguing that NATO in any future round of enlargement must take into consideration geopolitical foundations, or it “will cease to be an effective alliance.” The reality is that every specific Euro-Atlantic integration process is closely linked with the geopolitics, and that is something that could not be neglected, especially not by decision-makers. The foundation for NATO’s effective development and cohesion should be within its considerations of political, economic, military and cultural geography (Hillen and Noonan, 1998). Within the context of NATO-Russia relations, the Chairman of the Senate Foreign Relations Committee entered the debate about effects of the Euro-Atlantic integration by emphasizing that just geopolitical approach of enlargement “will make constructive relations with Russia easier, because a stronger NATO will shut off Russia’s avenues to destructive patterns of behavior” (Cimbala, 2013). Therefore, it could not be disputed that geopolitics lies at the core of the Euro-Atlantic integration process, and defines it in many domains.

CASE STUDY: MONTENEGRO

On December 2 2015, NATO Foreign Ministers adopted a decision to invite Montenegro to begin with accession talks in order to become the 29th member of the Alliance, which represented a confirmation of the NATO’s commitment to the enlargement process and integrating the Balkan peninsula under its umbrella (Bugajski and Darmanovic, 2015). After 6 years from the last enlargement, NATO decided to expand its membership inviting Montenegro,10 what made this small Western Balkan country be-

---
10 Montenegro declared its independence on June 3, 2006 and soon after opened the Permanent Mission to NATO in Brussels. Afterwards, Montenegro joined Partnership for Peace at the 2006 Riga Summit, while in November 2007 signed a transit agreement with NATO, allowing the NATO troops to move across the country. Also, Montenegro signed an agreement with
come an additional piece of mosaic of the contemporary geopolitical confrontation between the Russian Federation and NATO. Montenegro’s membership in NATO will have a limited impact in terms of Alliance’s military strength, conflict management or cooperative security, since its armed forces are composed of only 2,000 soldiers (Gramer, 2015; Farkas, 2015). Yet, this enlargement has profound geopolitical repercussions, since Montenegro’s future membership is perceived as a significant step in consolidating political stability and democracy in the Western Balkans (Bugajski and Darmanovic, 2015).

In order to achieve this remarkable progress in fulfilling its Euro-Atlantic agenda, Montenegro had to conduct a number of legal and military reforms within the NATO’s Membership Action, which in final recommended this country for membership. The conducted reforms included the development of its governing structures and democratic institutions, along with bringing its military up to NATO standards (Gramer, 2015). In addition, Montenegro is eligible for membership under Article 10 of NATO Treaty, and it is a member of OSCE, which has in 1996 defined the group of countries eligible to join NATO (Hunter, 2015).

Arguments regarding Montenegro’s accession to NATO could be organized in two categories – skeptical and enthusiastic (Nič, 2015). The first group underlines Montenegro’s size, military and financial resources, as well as low level of public support within the society and persistent questions about corruption and the rule of law. The second group of arguments is indicating that Montenegro has fulfilled all required criteria under the Membership Action Plan, and that the government has undertaken necessary reforms in the intelligence and defense sectors. In addition, it has been noticed that the public support is progressively grow-

---

ing – Damar agency presented the results of the analysis that are indicating that 47.3% support Montenegro to become a NATO member (a public support in 2013 was 38%) (Vijesti online, 2016). Also, both groups are presenting the Ukrainian geopolitical context as an additional argument for this debate.

Montenegro’s Euro-Atlantic integration process must be observed and understood through the geopolitical lenses of the current Ukrainian crisis. The reason is because the emerged issue of Montenegro’s accession represents a repercussion of the intensified on-going rivalry between NATO and Russia, where the objective criteria for accession are not applicable any more. With the annexation of Crimea and intervention in Ukraine, Russia has challenged the fundamental principles of the European order (European Council on Foreign Affairs, 2014). In addition, Russian motive is to restore the international community in which spheres of influence would play a major role in defining international relations. Hence, the clash between NATO and Russia derives from that geopolitical momentum, and it is necessary to analyze Montenegro’s case through the same perspective.

It would be opportune to think that NATO is extending its membership to Montenegro because of the ideological or altruistic reasons, and not due to the set of particular geopolitical interests that it would gain through accepting Montenegro in membership. Primarily, Montenegro’s accession to NATO could serve to transmit the message that Russia could not impact or veto any of its activity, whether discussing enlargement, missions, or something else (especially significant in the context of contemporary geopolitical clashes.) Western diplomats are continuously stating that Montenegro’s accession would be a clear message to the Kremlin that they cannot block, postpone or in any terms influence NATO expansion (EurActiv, 2015). Therefore, this round of enlargement is important in the domain in which the Alliance expresses that no third parties, i.e. Russian Federation, can interfere in internal affairs of the Alliance and its interests, even though high Russian officials were intensively commenting that NATO’s expansion to Montenegro is “a mistake, even a prov-
ocation” and an “irresponsible policy”, as stated Russian Foreign Minister Lavrov (Farkas, 2015).

Another concrete Alliance’s geopolitical interest in extending its membership to Montenegro lies in its specific geographical position. Namely, this small Western Balkan country is of immense geopolitical significance, primarily due to its access to the Adriatic Sea, which allows control and monitoring of the Mediterranean Sea (Nič, 2015). With the accession of Montenegro, the Alliance will bring the entire Adriatic coastline under its umbrella, and it protects itself from any further security threats of Russia in the Adriatic (unlike the Baltic Sea). Also, if necessary NATO can assist in joint operations and interoperability in such endeavors as emergency response, humanitarian assistance, anti-smuggling, and even anti-terrorist coastal patrols (Bugajski and Darmankovic, 2015). Including Montenegro, as noted by one senior NATO military official, NATO prevents having “Kaliningrad on the Mediterranean” (Farkas, 2015).

Offering membership to Montenegro touches upon the issue of prospects of sustainability of NATO’s open door policy, as well as its validity. Some analysts observe that Montenegro is the only credible candidate in this context, and a case study for the “open door” policy, particularly having in mind the intensified Russian geopolitical moves related to the seizure of Crimea and its involvement into other parts of Ukraine (Hunter, 2015). Hence, NATO’s decision not to invite Montenegro to join would mean the Alliance complies and acknowledges Russian influence on the enlargement policy, which is a major cornerstone for the development of every security and political alliance (Walker, 2015). The issue of NATO’s continuing “open door” policy is an indicator for an efficient and prosperous military alliance, therefore small Montenegro certainly matters for the credibility of the Alliance.

In addition, the NATO expansion to Montenegro, the first since Croatia and Albania joined in 2009, would revive the enlargement policy that needed reenergizing especially in the time of intertwined and complex geopolitical environment. With the Montenegro’s accession, NATO would provide prospects for oth-
er three formally recognized aspirants (Bosnia and Herzegovina, Macedonia and Georgia) that the “open door” policy is still functioning, with which it will inspire them to continue with the required progress and reforms (Farkas, 2015). If we would like to divide the impact of Montenegro’s accession to the other aspirants, NATO membership would make Montenegro a role model for Macedonia and Bosnia and Herzegovina, since these two Western Balkan states need to conduct fundamental and painful reforms in order to eventually obtain membership. Whereas for Georgia (and Ukraine) it would mean that the “open door” policy is still functioning, because that was frequently questioned in the context of Russian annexation of Crimea (Gramer, 2015).

It could not be negligible that NATO benefits from the Montenegro’s membership also in terms of bringing stability to the Balkan region, which is still traumatized from the civil war during the 1990s (Farkas, 2015). With this round of enlargement, Montenegro would become the third former Yugoslavian state to join NATO after Slovenia and Croatia. Hence, in the region that characterizes unfinished processes of democratization and institutional reforms, problems with corruption and rule of law, as well as not fully resolved disputes, particularly border disputes, one more state under NATO umbrella represent an additional factor of stability in this fragile region.

On the other hand, the invitation for Montenegro to join NATO provoked prompt reactions from Russia, which are in line with the known Kremlin standpoint that NATO expansion to the countries of Eastern Europe is part of project to isolate Russia and constrain its strategic interests (Stapleton, 2015). Therefore, the initial geopolitical interests of Russia in the Montenegro’s Euro-Atlantic path should be observed within the context of its overall foreign policy, particularly of the part that is dealing with the security (Helsinki Committee for Human Rights in Serbia, 2016). The Kremlin is often emphasizing that the system of global security should be redefined in order to adjust to the new

---

12 Bosnia and Herzegovina remains a weak state, and someone would even define it as a failed state; Macedonia with a blockade in integration processes, due to the name dispute with Greece, as well as divided ethnic society; Serbia and Kosovo unresolved dispute, where EU acts as a mediator.
challenges in the international arena. Russian officials are arguing that NATO lost its purpose after the Cold War and dissolution of the Warsaw pact, while at the same time advocating and promoting OSCE as a new security forum.

President Putin’s establishment firmly opposed the further NATO enlargement, which is evident in the statement of his spokesman Dmitry Peskov, who underlined that “the continued eastward expansion of NATO and NATO’s military infrastructure cannot but result in retaliatory actions from the east, i.e. from the Russian side, in terms of ensuring security and supporting the parity of interests” (BBC, 2015). However, this came as no surprise, since the main principle of the Moscow’s foreign policy, after the resurgence of its economy and power, gravitates around the issue of security. Certainly, in this geopolitical power-play NATO is perceived as a main geopolitical foe and threat to its security (Gramer, 2015). Following this analogy, Montenegro’s Euro-Atlantic accession process became part of the Russian security threat, which was also affirmed by the President of the Defense Committee of the Russian Senate Victor Ozerov, who said clearly that “Montenegro is becoming now a potential threat to Russia’s security” (BBC, 2015). Therefore, restraining the NATO expansion represents a strategic priority for Russia (Gramer, 2015).

Another Russian geopolitical interest in this small Western Balkan country is located in the geographical importance of Montenegro, and it is particularly important for its wider strategic objectives. As abovementioned, with the Montenegro’s membership Alliance would bring the entire Adriatic coastline under its umbrella, with which Russia would lose its access to the Mediterranean through the south Adriatic Sea (Oualaalou, 2015). The Kremlin demonstrated the extent of importance in the access to the Adriatic Sea in 2013 by requesting the Montenegrin authorities to grant them the permission to use the Port of Bar as a logistical support for the Russian naval fleet, as a part of their strong campaign for positioning itself in the Mediterranean (Helsinki Committee for Human Rights in Serbia, 2016). The Montenegrin government refused this request, which resulted in Russian Ministry of Foreign Affairs stating that this decision is “a profound

---

13 In terms of possibility to gain influence in the geopolitical context.
disappointment” and accusing Montenegro of “having a short-term memory” (Nič, 2015).

The third factor that provoked reaction from the Russian side refers to the issue of protecting its citizen and their interests, as well as their property or businesses in Montenegro. This Russian behavior is often being used as an incentive for the geopolitical moves in the context of halting the Euro-Atlantic enlargement to the East. The most prominent recent examples of that are Crimea, Abkhazia and South Ossetia. In addition, Russia has a considerable economic leverage over Montenegro, especially in the field of tourism and real estate – it is estimated that 40% of Montenegro’s real estate is Russian-owned (Gramer, 2015). They have started to infiltrate in a relatively large scale in the Montenegro’s economy and society in recent years, as a part of a Moscow’s wider strategy to hinder and diminish Montenegro’s Euro-Atlantic path, as well as to increase energy dependence (Đorđević, 2014). The figures are indicating that the Russian investments in recent years had been larger than any other foreign investments in the Montenegrin market, while from the period 2009 to 2011 Russia had invested more than 300 million USD in wide range of areas, but mainly in tourism and metal industries (Đorđević, 2014).14 Also, it could not be neglected that Russian tourists make 1/3 of the total structure of tourists visiting (300,000 per year), while Russian businesses have invested in capital tourist resorts in Montenegro (Đorđević, 2014). Throughout all those activities, Russia and its citizens were recalling ethno-cultural ties and religious links with Montenegro, based on a common historical memory (Raspopović, 2009).

Russia’s reactions towards Montenegro’s accession process were prompt, severe and with the inflammatory rhetoric, which indicated that the Kremlin will not give up easily on the country that was historically in their sphere of influence (Helsinki Committee for Human Rights in Serbia, 2016). Russian Ambassador to Serbia, Alexander Chepurin, commented the Euro-Atlantic in-

---

14 The figures of the Central Bank of Montenegro are indicating that in 2013 Russia has invested more than 136 million USD, out of which 108 million went to the real estate sector, followed by the intercompany debt of 25 million USD. Russian investments in companies and banks were 3 million USD (Intellinews, 2014).
integration process of Montenegro by saying that “like everywhere else there are also monkeys in politics.” Whereas, Ambassador of Russia to Podgorica, Jacob Geramisov, was “more subtle”, and he stressed that Russia would be forced to reconsider its relationship with Montenegro once the latter joined NATO (Helsinki Committee for Human Rights in Serbia, 2016)). Moreover, the President of the Defense Committee of the Russian Senate Victor Ozzerov emphasized that membership in NATO “will disable many programs Russia has been implementing in Montenegro, including the technical-military cooperation” (Helsinki Committee for Human Rights in Serbia, 2016).

Nevertheless, the most hostile Russian statement in this regard was that “Montenegro is being a legitimate target of Russian nuclear weapons once it joins NATO” (Helsinki Committee for Human Rights in Serbia, 2016). However, the highest ranking message came from Russian Minister of Foreign Affairs Sergey Lavrov who said that Montenegro’s joining NATO is “an artificial decision” that represents “an openly confrontational step fraught with additional destabilizing consequences for the system of Eu-

The Euro-Atlantic integration in the whirlpool of geopolitics: the Case of Montenegro

euro-Atlantic security” (Gramer, 2015). Also, Dmitry Peskov, President Vladimir Putin’s spokesman, commented regarding invitation to Montenegro to start with the accession talks by saying that NATO’s expansion “cannot but result in retaliatory actions from the East.” (Stapleton, 2015). Even the Russian Duma got involved in the NATO’s expansion to Montenegro with the adoption of the Statement in which they underline that accession to NATO could have “negative tendencies in the area of tourism, investments and economic cooperation between Russia and Montenegro” (Vijesti online, 2016). Also, the Statement is calling upon the National Assembly of Montenegro, the National Assemblies of the NATO member states and MP’s of the OSCE Parliamentary Assembly to refrain from the expansion of the Alliance. Moreover, the ultimate stage of Russian interfering in Montenegro’s internal affairs within that Duma’s Statement was the part in which it says that Montenegro’s authorities, “being scared to hear voice of the people,” avoids to organize the national referendum on this matter (Vijesti online, 2016).
Another aspect of the Russian power-play in the Euro-Atlantic integration of Montenegro is reflected through its support to the part of Montenegrin opposition – mainly pro-Serbian and anti-NATO parties (Helsinki Committee for Human Rights in Serbia, 2016). After NATO Secretary General Jens Stoltenberg’s visit to Montenegro in September 2015, with which it was implicitly confirmed that the invitation for membership is inevitable, part of the opposition parties organized protracted protests in front of the National Parliament (Reka, 2015). The dominant notions of the protests were Chetnik iconography, glorification of Russia and Putin, and anti-NATO and inflammatory discourse. Therefore, it was apparent that the objective of the protests was to present the country as unstable and not supportive towards NATO membership. Furthermore, leaders of the opposition parties were often warmly received in Moscow by the highest Russian officials, after which they would jointly reiterated Russian support to Montenegro and opposed NATO enlargement.

At the end, it is worth mentioning that Russia, in opposing NATO enlargement, is clearly violating an international declaration that it signed in December 2010 at the OSCE Summit in Kazakhstan. Namely, the product of the Summit was the Commemorative Declaration that in one of its paragraphs states: “We reaffirm the inherent right of each and every participating State to be free to choose or change its security arrangements, including treaties of alliance” (Haltzel, 2015).

CONCLUDING REMARKS: LESSONS FROM THE MONTENEGRN CASE

Every round of the NATO enlargement represents a specific process per se, but the common thing is that it is defined and influenced by geography, power resources and by political assumptions and security strategy of the individual state. As such, the Euro-Atlantic integration/NATO enlargement is at large scale, even dominantly impacted by geopolitics. The case of Montenegro shows that the final decision regarding NATO membership is dependent on the contemplation of geopolitical repercus-

sions despite the conducted expensive and painful reforms. It may therefore be argued that geopolitics has taken priority over democratization and institutional reform, i.e. realist over liberal thought. Or as Hillen and Noonan (1998, 26) have noted: “Many who concluded that the raw calculations of geopolitics were passé joined the long line of hopeful Western intellectuals who have since classical times forecast the end of war and of strategy.”

In order to preserve its position in the complex contemporary international environment, NATO needs to adjust its enlargement policy based on the geopolitical postulates and perspectives. In addition, it is of crucial importance for every subject of the international community to be aware and thoroughly understand the geopolitical dimensions. At the end, it might be useful to go back at the start and to recall Sloan’s (1988) definition that geopolitics is “a theory of spatial relationship and historical causation whose perspective is the international system as a whole.” Hence, states are a priori interested in ensuring its security and stability (and from that basis prosperity), which is in many ways defined by its geographical location and, as Sloan (1988) would add, specific historical circumstances.

REFERENCES


International Center for Promotion of Enterprises – honorable past, uncertain future

Sandra Pšeničny¹

ABSTRACT

This paper revises the role of International Center for Public Enterprises – ICPE, later renamed to International Center for Promotion of Enterprises as the first intergovernmental organization headquartered in Ljubljana. ICPE played important role in Slovene international affairs in the context of former Yugoslavia. At the time of Center’s establishment in 1974 it was the precedent case, as all of the institutions were strictly centralized in Belgrade. Through initiative and hard work of the group of enthusiasts, the center managed to get its location in Ljubljana. ICPE was and partly still is a meeting point for numerous research and therefore valuable asset that could be put in a better use. In the best years, there were over eighty developing countries with their experts and organizations involved in different projects under the ICPE guidance. Those projects were mostly concentrating on improving efficiency of public sector companies, on restructuring programs and reforms of the public owned companies and public sector in general. Despite glorious past ICPE is nowadays struggling in reinventing itself and redefining its present and future, no mater the importance that public sector still has in the world economy. Under the right vision, ICPE could still serve as a ground for setting cooperation between Slovenia and developing countries.

¹ CORRESPONDENCE ADDRESS: Sandra Pšeničny, Alumni from Masters Programme of International and Diplomatic Studies on Graduate School of Government and European Studies, Predoslje 39, Brdo pri Kranju, 4000 Kranj. Email: sandra.psenicny@gmail.com. ISSN 1855-7694 © 2016, European Perspectives, UDK: 327 (4)
POVZETEK

Mednarodni center za podjetja v javni lasti - International Center for Public Enterprises – ICPE, pozneje preimenovan v Mednarodni center za promocijo podjetij International Center for Promotion of Enterprises je bil prva medvladna organizacija s sedežem v Ljubljani in kot tak pomemben za slovenske mednarodne odnose v odnosu z nekdanjo Jugoslavijo. ICPE je bil v času ustanovitve, leta 1974, vzorčen primer, ker so bile vse institucije strogo centralizirane v Beogradu. Vendar je z iniciativino in vztrajnim delovanjem skupine slovenskih entuziastov centru uspelo dobiti lokacijo v Ljubljani. ICPE je bil in še vedno je stičišče številnih raziskav in kot tak pomembna ustanova ki bi jo Slovenija lahko še bolje uporabila. V času največjega razcveta centra je v raznih projektih sodelovalo več kot osemdeset držav v razvoju, njihovih organizacij in strokovnjakov. ICPE se je osredotočal predvsem na probleme izboljšanja učinkovitosti delovanja družb v javni lasti v državah v razvoju, na programe prestrukturiranja in reform the družb ter javnega sektorja v celoti. V zadnjem času se ICPE srečuje s težavami pri iskanju ponovnega zagona delovanja, navkljub nenehno prisotni pomembnosti tematike delovanja podjetij v javni lasti. Z jasno vizijo bi ICPE še vedno lahko služil kot vez med Republiko Slovenijo in državami v razvoju.

KLJUČNE BESEDE: ICPE, mednarodna organizacija, medvladna organizacija, javna podjetja, države v razvoju

INTRODUCTION

This article presents the case of International Center for Promotion of Enterprises (ICPE) international, intergovernmental organization devoted to research, training, education and consultancy in the field of public enterprises in developing countries from the point of its rich and fruitful history and contribution to Slovenian international affairs. According to some estimates, over a third of world's gross product is generated by the public...
enterprises and over a half of the productive investments is made in them. Therefore, public enterprise is a substantial and crucial part of global economic activity (The Economist 2014). ICPE has over forty years of bringing the best experts and their work in the field of public enterprises together with the goal in incenting the growth of developing countries. Nevertheless, the future of ICPE is uncertain as it is constantly underestimated by the member states as well as the host country in recent years. This paper tries to underline the value of the institution that is lately unused and overlooked.

International organizations are important subjects of modern international affairs as they are not just the subjects of international law, but they also act as the subjects in the frames of national laws. There is over thirty thousand active international organizations in around three hundred countries around the world according to ‘The yearbook of International Organizations’ (Fischer, 2012). Having the intergovernmental organization located in Ljubljana for more than forty years could be the base grounds for development of some new dimensions of Slovene international contacts based on connections and the reputation ICPE had among many developing countries that Slovenia cooperates with. There could be connections preserved, contacts renewed on diplomatic and economic grounds for the benefits of Slovene international and economic affairs. Yet ICPE has no determined direction and goals as well as the true basis for cooperation with Republic of Slovenia as a host country. In fact, ICPE has very insecure future, as the Center’s potentials are not in full use. As countries can enact their interests, goals and foreign policy through their participation in intergovernmental organizations (Petrič, 2010), having an active international organization right at the doorstep could be quite an advantage.

ICPE International Center for Public Enterprises was the first and still is one of two international, intergovernmental organizations located in Ljubljana, Slovenia. ICPE was founded by the Government of Yugoslavia, following the initiative of the United

---

2 Other is significantly different Agency for the Cooperation of Energy Regulators.
Nations (UN) and with strong support from the member states of Non-Aligned Movement. In new independent countries, which emerged from decolonized countries in 1950s and 1960s, public enterprises played important part in realizing developing plans. Countries of Non-Aligned Movement were striving in achieving growth and prosperity of the developed world. Those countries wanted the organization that was going to help them learn from each other’s practices, that was going to bond them together and to offer the support to their administrations in solving the problems of new emerging economies. ICPE served as the hub for addressing these problems and placed Ljubljana on the world map for many of the officers from the countries involved. Numerous governmental officers from different countries came to Ljubljana in one point of time on different programs. Those contacts could be the real treasure that is on the disposal to be used by the interested parties.

ICPE is still registered as the United Nations agency, despite the problems it is facing for many years now. (UN, 2014) History and case study of ICPE can be used as the inspiration for the modern times. ICPE is still the organization which goal is transfer of knowledge and good practices within its member states, with the added value that Slovenia can offer being the part of European Union.

The methods of research used in the article were all qualitative and the base was the case study as the research focused on providing a detailed account of an institution researched. Historical research was used that allowed reflection of the past and present events in the context of the present condition, as well as comparative (observing past events in the light of the future possibilities, analysis (grouping together comments on similar themes and drawing conclusions) and synthesis (that allowed combining of the results in a review).

---

3 Based on author’s master degree thesys: Case study of ICPE – first intergovernmenatal organization headquatered in Ljubljana, Graduate School of Government and European Studies, Brdo pri Kranju, 2014
THE BEGINNING OF ICPE

ICPE was founded on 24th April 1974 as the Yugoslav institution by the Law on establishing of international center for the support to public and state owned enterprises. (Uradni list SRS, 1974) The initiative came from developing countries in Non-Aligned Movement and the United Nations. Secretary General to the United Nations U Thant first suggested the establishment of such Center on the United Nations conference on public sector enterprises in 1969 in Herceg Novi (Vratuša, 1977). It was suggested that the Center would have the location in Yugoslavia. United Nations representatives were considering the location to be in Belgrade or Zagreb, but Slovenian Academy of Sciences and Arts and the University of Ljubljana gave the strongest support to research and education spirit of the center.

United Nations supported the idea about the center that would accelerate cooperation among public sector companies in the group of seventy-seven developing countries from Non-Aligned Movement. In the new states that emerged from the processes of decolonization in the 1950s and the 1960s it was recognized that the public sector should play a strong role in the execution of the development programs in the new countries. The new international economic order was in the making and strong and efficient public enterprises were crucial to the good governance and building of the economies in the relatively fragile and weak circumstances.

In 1976, the ICPE held the international conference, following the expressed interest of many Non-Aligned Movement members and with the countries interested, nineteen of them signed the statute.

So the ICPE was transformed officially to an intergovernmental organization of its member states only two years after it was registered as a Yugoslav organization. There were thirty states and nine observers present at the founding conference in March of 1976 (Vratuša, 1977).
After the first fifteen ratifications, the Center and the Yugoslav government signed the agreement that ICPE will use the premises for the symbolic fee of one Yugoslav dinar per year. In addition, the center’s staff, representatives of the member states and researchers will have the special statuses and the diplomatic immunity and about the yearly fee that Yugoslav government was about to pay for the development of the programs and for the administrative running of ICPE. At the beginning, ICPE has organized seminars on planning, education and training, financing in public enterprises, workers participation and self-management and the role of women in public enterprises in the developing countries. All materials from research were being published in special publications (Bejzat, 1976).

Main managing organ was general assembly. Operating tasks were done by the secretary. In the most active time, ICPE had staff of fifteen professionals besides eighteen administrative workers. It was financed by annual contributions from the member states. The contributions from the member states were spent for the operational costs of the ICPE, and the income from the international funds were spent for program activities of ICPE.

By the 1980, ICPE had initiated numerous successful programs, research, seminars and trainings in the field of public enterprises, some of which were carried out comparatively in several member states and were financially supported by the UN agencies and countries involved. In the year of 1980, the ICPE was registered as the agency in the system of United Nations and the center got the status of the international, intergovernmental organization. The center had forty member states and was the representative and leading organization for research and scientific contributions from professors and practitioners of developing countries. Most of the projects from the starting period were kept, expanded and developed. There was also the increase in the resources of funding of the projects. At the beginning stage, the programs were funded by the membership fees from the member states, by the Government of Yugoslavia and the Government of Slovenia and with the strong support from the funds of UN Development Program. At
the later stage, the funding to the Center was still coming from the United Nations Development Program funds as well as from UN Industrial Development Organization. The donations of developed countries, like the Netherlands, Sweden and Canada were given as those developed countries expressed the interest in observing the situations in the developing countries (Vratuša, 1984).

THE MAIN OBJECTIVES OF ICPE

The creation of highly trained and motivated employees at all levels of public enterprises represented the integral part of the efforts of developing countries to improve all the processes in their economies. Developing countries suffered from a critical shortage of competent and experienced managers. The qualified and motivated people were necessary to transform the development programs into reality. The ICPE approached that task with the premise that educational and training policies, as well as the models and methods were custom tailored to the special circumstances, stages and conditions of each individual country and they should not be automatically transplanted everywhere. On the other hand, some problems addressed were similar in many places and there was the wide range of possibilities for cooperation among developing countries and their public enterprises, as well as the great interest in an organized exchange of experience with regard to difficulties encountered and solutions adopted as the results obtained. Apart from seminars organized, there were many field trips held, as part of visits to enterprises and different institutions and the case studies commenced there. All participants were stimulated to most intensive involvement. This kind of approach was beneficial to the businesses, enterprises and institutions in developing activities in other developing countries (Vodušek, 1978), as well as to participants that assessed the feasibility of the practical application of what they have discussed theoretically.

Therefore, ICPE initiated the program of training activities in member countries or at the regional levels in cooperation with United Nations Industrial Development Organization. The role
of the public enterprise in developing countries was recognized as a priority in most of the member states, so ICPE had lots of interest in this area linking training seminars and research activities to the on the spot trainings and comparative approach. These activities provided the necessary background, comparative analysis and the documentation about the existing situation, needs and requirements as well as the pond of knowledge for participants of the seminars to use in their everyday practice. Developing the organized research, education, training and consultancy in the field of human resources in public enterprises was the necessary step in achieving the goals of efficient growth. No matter what priorities and strategies were chosen by a country for its economic and social development, the people able to understand and implement the vision were always needed (Vodušek, 1981). There were and still are a number of institutions involved in the functioning of a public enterprise on national and international levels, so widening the knowledge to public administrators was the right direction. The goal was to develop skills and efficiency, at the same time as sense of cooperation, interdependence, coordination and mutual responsibility.

At the beginning, the programs were concentrating on specific themes in improving human resources in developing countries, and in nineteen-eighties, they started with the project called OPTIMA, which ran in fourteen countries in Africa, Asia and South America. That decade was very productive for the center. ICPE started the cooperation with the agency from the World Bank and offered different seminars.

In 1989, ICPE established an International Postgraduate MBA Program in partnership with the University of Ljubljana, Faculty of Economics (FELU). The courses offered by Slovenian and foreign faculty of the FELU provided core business management concepts and knowledge for managers that they were coping with the issues and challenges in the globalized world. Over six hundred and fifty participants from forty-five countries (Vratuša 2001) have participated and about five hundred seventy graduated since the beginning of the program.
THE BEGINNING OF SEMINAR ACTIVITIES

The very first short term seminar was organized by the ICPE in September and October of 1974 in Ljubljana and Split. Subject of the seminar was planning in public enterprises. There were forty-six participants from twenty-six developing countries, six observing countries and five specialized United Nations agencies present. Experts, scholars, academicians and practitioners from twenty-one developing countries were involved in the preparation of the program. The next seminar was on education in public enterprises and financing and managing in public enterprises in 1975. It was followed by a seminar on self-management and participation held in fourteen countries simultaneously and comparatively in 1976.

Founding conference of ICPE was held from 2nd March till 4th March 1976 in Ljubljana. There were sixty-one participants present from thirty developing countries. There were also observers from nine countries. Participants were representatives of Alger, Bangladesh, Cameroon, Cuba, Cyprus, Egypt, Ethiopia, Ghana, Guinea, India, Iraq, Jordan, Korea, Libya, Mali, Mauretania, Mexico, Morocco, Panama, Peru, Vietnam, Sri Lanka, Somalia, Sudan, Thailand, Tanzania, Tunis and Zaire. Observers were from Argentina, Bolivia, Columbia, Indonesia, Kuwait, Malaysia, Pakistan and Venezuela. There were observers from United Nations from the Department for Administration and Finance, from the office of International Affairs, Information Department, International Labor Organization, United Nations Educational Scientific and Cultural Organization and United Nations Development Program (Pavlin, 1980). The number of participants exceeded the expectations and proved the focus of ICPE to be in the right direction. The official languages of the center were voted to become English, French, Spanish and Arab. There were some arguing about the official language to be just English, but some participants were against it, so at the end the delegates agreed on keeping all four languages as official. It was decided that ICPE get the executive director and two assisting directors. Nine projects were defined for the future development (Lončar, 1978). The confer-
ence of the Non-Aligned Movement in Colombo was informed of the activities of ICPE.

United Nations Development Program representative suggested that Center developed the program for the coming period, so it could serve as part of agency’s program. On the meeting of Non-alignment movement in Havana, the representatives from the ICPE presented the work and activities. Statute (ICPE, 1974) was presented on the meeting of foreign ministers of the Non-Aligned Movement in Lima and the progress that ICPE was making on the Non-Aligned Movement meeting in Alger (ICPE, 1988).

There was an international seminar on management and training in public enterprises later that year and international research project on workers self-management and participation in decision making as a factor of social change and economic progress in developing countries. The Center had a successful seminar on the role of the public sector in developing countries held in 1977. In the same year, there was the seminar on the role of women as the factors of development and the responsibility of public enterprises on these matters that was held simultaneously in twelve countries (Možina, 1979). In 1978, the Center organized the seminar on management of transfer and development of technology in public enterprises, the financing and planning in public enterprises. In the following year the seminars on control systems for public enterprises, the role of the public sector itself, joint ventures and public enterprises, development of methodologies for training internal consultants and structuring of contractual relations in transfer of technology transactions in public enterprises.

THE STATUTE OF THE INTERNATIONAL CENTER FOR THE PUBLIC ENTERPRISES

The Statute of the ICPE (ICPE, 1974) was accepted by the participants at the conference of representatives of governments of developing countries. Considering the growing role and importance of the public sector in the national economies of the developing countries, the fact that the number of public enterprises in
developing countries was increasing and considering their determination to achieve full sovereignty over their natural recourses as well as the fact of the destabilizing influence of transnational corporations. There was an interest and growing perspective for the establishment of multinational enterprises by developing countries. The principles and decisions on mutual cooperation between non-aligned and other developing countries was inscribed in the Economic Declaration and Program of Action that was adopted at the Conference of Heads of State of Government of Non-Aligned Countries held in Algiers on 5th to 9th September 1973 and it had acquired concrete form in the Establishment of the New International Economic Order, the adoption of the Charter of the Economic Rights and Duties of States, the Declaration of Dakar from February of 1975 (Vratuša, 1977). It was taken into consideration that the ICPE was already established by the Government of the Socialist Federal Republic of Yugoslavia and by the Assembly of Social Republic of Slovenia in response to the wishes of representatives of developing countries for Center to became a joint institution of developing countries from Non-Aligned Movement and representing the vital need of intensifying and promoting mutual cooperation and exchange of information and in particular the cooperation between institutions concerned with the advancement of public enterprises, for the purpose of facilitating the task of governments in developing their national economies and stimulating economic growth. It was also important to consider the diversity of forms characterizing the development and cooperation of enterprises, which were not privately, owned in developing countries – like social enterprises, self-managed enterprises, cooperative enterprises (ICPE, 1974) – all diverted forms that could fit under the name of public enterprises.

First countries to ratify the Statute were Algeria, Bangladesh, India Yugoslavia, Morocco, Peru, Sudan and Tunisia. Yugoslav government ratified the Statute on 22 July 1976. The countries to follow with ratifying of the Statute were Bolivia, Cuba, Ethiopia, Kenya; Kuwait, Malta, Mexico and Sri Lanka.
THE ACTIVITIES OF ICPE IN THE 1980s

In 1980 ICPE started the Public Enterprise, quarterly journal which published the articles from the researchers working on the ICPE seminars and projects in all four official languages. ICPE organized international round table on trends in development of workers participation and self management, expert group meeting on concepts, clarification and definition of public enterprises, regional workshops on development of training methodologies for internal consultants in African public enterprises and management of transfer of technology, preparations and negotiations of technology transfers, investment criteria and investment decision making processes, planning, education and training in public enterprises. Next to come were system of information, performance evaluation and control, relationships between parliaments and public enterprises and role of public enterprises in employment generation (ICPE, 1980) in developing countries.

In the following year besides the existing seminars the project OPTIMA commenced in 14 countries in Africa, Asia and South America. The project's objective was to improve the functioning of public enterprises in developing countries. It was the most important project of the ICPE in the 1980s. It was the research, educational and development project that was taking place in Grenada and Tanzania in 1983, on Malta, Mexico and in Ethiopia in 1985 and on Malta and in Slovenia in 1986. There were scientific and educational foundations, governmental agencies and public enterprises (ICPE, 1988) involved in these projects.

Recognizing the significance of the emergence of a trend towards public enterprise joint ventures among developing countries, the ICPE in developing countries took the initiative and in collaboration with United Nations Conference for Trade and Development, convened an Expert group meeting on the Role of public enterprise joint ventures among developing countries and factors conducive to the improvement of their performance, which was held at ICPE headquarters in October 1983. At that time, the developing countries were becoming increasingly aware of the importance of economic cooperation among themselves
and of collective self-reliance for promotion of their development as well as for the restructuring of their role and position in the world economy.

In the late 1980s, there were series of seminars organized in the collaboration with the World Bank.

There were 1726 units recorded in Bibliography of ICPE until the year of 1989. It was by far the richest source of information on public enterprises issues in developing countries and growing.

In September of 1989 started by ICPE Assembly of thirty eight member countries, the first intensive twelve month MBA program for public enterprise managers and policy makers with participants from Guyana, India, Pakistan, Sri Lanka and Yugoslavia. The program was supported by United Nations Development Program, the Government of Netherlands, International Labor Organization, Commonwealth Secretariat and ICPE member countries. The teaching philosophy of the program was to have a commonality of approach in managerial functions, whether the organization was in public or private ownership, with specific needs for public sector managers met. The program was intended for managers in public enterprises, civil servants and political executives with at least three years of experience in public sector. With rare exceptions, at the time there were no specially oriented long duration management courses for public enterprise managers and policy makers. A large number of public enterprise managers felt that some of what was taught in regular management schools was not applicable for public enterprises as they were unique environments. So the ICPE MBA program developed critical understanding of organizational and environmental processes in the management of the public enterprise, appropriate values, attitudes analytical and problem solving skills and understanding of the role of a public enterprise in the larger business, socio-political and economic environment, by classic in classroom lectures, review sessions, class discussions, case studies and field trips (ICPE, 1990).
THE ACTIVITIES OF ICPE IN THE 1990s TO RECENT

The activities of International Center for Public Enterprises in the years to follow the Slovene declaration of independence came to a bare minimum. Slovenia recognized the membership in ICPE in 1992 with the legal note stating that the new independent country took over the membership and responsibilities in the organization from former Yugoslavia. At the same time, the hard times for ICPE commenced. Public sector was not in headlines any more. In October of 1992 there was the Assembly meeting with the least member states represented. Only five representatives from members and five observers came to the meeting. Those were representatives form Cyprus, India, Pakistan, Slovenia and Sri Lanka. The observers were from Austria, Central African Republic, China and Thailand. Those were rough times for the International Center for Public Enterprises and they continued until present days. The processes in the changing world took their toll. Public enterprises were out shadowed by new, modern privatization processes. The ICPE realized that it needed to reinvent itself.

In last few years, ICPE struggles to find the right direction and the right topics that would attract the member countries again and to regain some of the former glory. ICPE still provides training programs for government officers and different public sector institutions administrative staff, as well as other interested institutions from its member states and beyond. With its vast experience in the field of training and strong connections with different academic, research and business institutions ICPE is able to provide quality programs on the most diverse topics (Šalej, 2010).

Short-term programs that are being actual are on the topics of climate change management, wastewater management, sustainable spatial planning management, e-Governance, training program on EU funds, energy efficiency, governance, transport, energy and environment, lean management for public enterprises, public administration: budgeting, accounting and financial management (ICPE, 2014).
It is the time, therefore, to reconsider ICPE’s role and recognize its potentials. Today, ICPE tries to rebuild the once so close ties with other international organizations, the United Nations agencies, most notably the United Nations Industrial Development Organization, as well as the Organization of Petroleum Exporting Countries, Fund for International Development (Šalej 2010). ICPE restarted the International Postgraduate MBA Program in partnership with the Faculty of Economics of the University of Ljubljana, which previously already provided education to hundreds of students and high-level representatives of approximately forty-five countries. ICPE has organized some conferences and seminars in the fields of energy efficiency and economic diplomacy and internationalization. It successfully organized two conferences called Africa Days.

We can conclude that the picture of ICPE today is much different. ICPE now focuses on the promotion of International cooperation in the fields of entrepreneurship, infrastructural sectors, transfers of technology, privatization strategies, and promotion of the society of knowledge, education, consulting and information technology (Podobnik, 2012). In present, ICPE has eighteen member states from Europe, Asia and Africa and uncertain future.

UNCERTAIN FUTURE

However, for a more certain future of the ICPE there could be recommended some policy activities like keeping on trying to get more support in Slovene Government as ICPE is the oldest intergovernmental, international organization in Slovenia which had the great reputation in the past. ICPE still has the only truly functioning project with the perspectives of cooperation between Slovenia and India, one of the most developing political, economic, scientific and cultural powers. This is of extreme importance for the Slovenian foreign policy, in the sense of future positioning and recognition. It is the point that needs to be addressed when deciding on support that Slovenia is to give to the future functioning of ICPE (Pšeničny, 2015). It would be very positive for countries’ economic and diplomatic position in today’s world if it
had such a strong long lasting project with any other world power. That should be a base for the policy consideration, decision and committed subsequently proceeding of Slovenian part in ICPE. The Slovene – Indian partnership in such project is already well echoed and should be upgraded.

The center needs to enlarge the number of members (Šalej, 2010) and to activate existing ones. Some steps had been taken in this direction by visiting the embassies of former members in Vienna and Rome: More could be done with constant activity and search for the activities that the members countries have interest in.

It is important that ICPE would find the projects that could be competitive, unique and could have the advantages for the interested potential member countries.

The activities towards the renovation of the memberships taken by ICPE directors general on the embassies in Vienna and Rome brought some interest that needs to be addressed in the future. It is important that the discussion have logical follow up.

Activities taken had some result also in the interest from United Nations Industry Development Organization presented in signature of the agreement on organizing the educational programs in the fields of industrial development, transfers of technology and especially in sustainable sources and the latest were realized in organizing common programs on the professional development program on sustainable energy solutions that were held in 2013 and 2014.

ICPE also renewed the cooperation with United Nations Conference on Trade and Development in 2012. There was a round table on production programs and social and economic advantages for the national markets organized in Ljubljana since. In 2013, ICPE joined the Virtual Institute on trade and development, and in 2014, there was a joint workshop on non-tariff measures in the world trade. Cooperation was renewed with the Organization of the Petroleum Exporting Countries with the Fund for Interna-
tional Development on the seminar on wastewater management and solar energy (ICPE, 2016), carried out by ICPE in 2014.

In addition, ICPE organized four conferences on energy efficiency, environment and public-private partnerships, two in Slovenia, one in India and one in Nigeria. There were three Annual Africa Days held in partnership with the Ministry of Foreign Affairs of the Republic of Slovenia, the Slovenian Chamber of Commerce and Industry, the Club of Former Slovenian Ambassadors and the African Forum. Successful were also Economic Diplomacy and Internationalization conferences.

Activities done prove that ICPE can still serve as a hub, which would bring together the diversity of knowledge from many parts of the world and at the same time serve as an open network, which could provide a meaningful support to the internationalization of national economies. It should shift its activities to provide services that member countries need, so the logical step would be a thorough research of desires that members and potential member states as well as partner organizations have. It could be organized through the sets of questionnaires that ICPE should carry out. ICPE should base all the future activities based on the results. The desired next step would be to strictly follow-up actions already taken, by all the members of diplomatic representatives of Slovenia and ICPE members.

CONCLUSION

For the ICPE to function well it is crucial to re-establish the partnerships with as many international organization and national institutions in member states and wider. It is especially important to redefine the cooperation with the host country. Some steps were taken in this direction by signature of the Memorandum on cooperation (UL RS MP 1/2010) with the Government of Republic of Slovenia and with forming of Inter-ministerial working group for cooperation with ICPE. The cooperation with the government of India was renewed and resulted in short term training programs for the government of India officials in budg-
eting, accounting and financial management, as well as e-governance.

The issues of public enterprises, as previous key focus of ICPE, and their role in economic development and enhancement of countries welfare have been subjects of intensive debates worldwide. The role of public enterprises fluctuated rapidly with swinging of economic policy from the wave of privatization in the end of twentieth century towards state interventions in recent crisis. Public enterprises are again recognized as important producers of goods and services and important factor in accumulating nation's growth. Public enterprises are taken into focus by the world established organizations and ICPE could try to regain its share of research and training in that area. Possible areas are human resource development, planning, financing, technology transfers, control and evaluation of their activity and other specific issues concerning public enterprises. Other themes could be the role of public enterprises in the countries development, dialog of public and private sectors and possible partnerships and good public sector management practices. The strengthening of public enterprises of member states should be ICPE foremost ambition. Experience and accumulated international knowledge should facilitate discussions on relevant topics and help member states expand performance of their public enterprises and help them achieve desired results on domestic and the global market.

Moreover, further existence of ICPE will depend upon the ability to recognize and understand the different needs of member and potential member countries, to follow up any given suggestions from the host country and other parties interested. ICPE would have to deliver programs that could take it to the next level of operation. Clear orientation could bring support of developing countries and international organizations, which have followed activities of the center in the past. Therefore, monitoring international development and responding to the needs of member countries and international organizations would be of primary tasks.
ICPE fellows and alumni – national and international should be organized as the specific most valuable asset to the center.

To reinvent itself the ICPE would need a clear vision, strong support in more active member states than just India and Slovenia, whose support enabled the center to still exist. ICPE would also need determined guidance and qualified, competent and motivated international staff – the important substances of success in any form of enterprise – the content about which ICPE taught the participants on its seminars and programs some time ago.

REFERENCES


International center for public enterprises in developing countries. 1988. Recent projects of International Center for Public Enterprises in developing countries. Ljubljana.


Law on establishing of International center for public enterprises or state owned enterprises. Uradni list SRS 18/1974.


Law on ratification of Agreement between Republic of Slovenia and International center for promotion of enterprises about the changes of Agreement between Federal Executive Assembly, /MSMCPP. Uradni list of Republic of Slovenia. MP 1/2010


Statute of International center for public enterprises in developing countries. 27th June 1974. Ljubljana.


Regulation on ratification of Memorandum of cooperation between Government of Republic of Slovenia and International center for promotion of enterprises. Uradni list RS-MP, št. 16/2011.

Vodušek, Žiga. 1978. Information about the activities of International center for public enterprises in developing countries. Ljubljana.


--- 1978. Note about the conversation with Jan de Koningom, ministry for developing cooperation of Government of Holand. Haag


What did you say? An Assessment of the EC Spokesperson’s Service Performances at Midday Briefings

Irena Zagajšek

ABSTRACT

The paper is the result of the evaluation of the Spokesperson’s performances at the Midday Press Briefing at the European Commission. The research was conducted between January and October 2016. The event has a strong impact on the perception of the EU among the public and is an expression of the aim of the European institutions to improve communication with the media, the public and to enhance transparency. The performances of the speakers often show the contradiction of the verbal and the non-verbal messages. The unclear messages have a negative effect on the public communication. The main reason is the lack of the use of the public speaking principles in their performances and the marketing strategies used in the European communication policy. However, recent trends indicate that the elite have the power to “pull themselves together” and reverse the trend in the field of Public Communication.
KEY WORDS: European Commission, Spokespersons Service, performances, the Method, European communication policy, public speaking.

POVZETEK

Pričujoče delo je rezultat ovrednotenja nastopov uradnih govorcev na tiskovnih konferencah na Evropski komisiji, med januarjem in oktobrom 2016. Servis uradnih govorcev je ena najbolj vidnih in izpostavljenih služb, najbolj opazna pa je vsakodnevna opoldanska tiskovna konferenca. Uradni govorci se soočajo z vprašanjemi novinarjev iz držav EU in tudi širše. Dogodek ima močan vpliv na percepcijo o EU med javnostmi in je izraz želje evropskih institucij po izboljšanju komunikacije z javnostmi in večji transparentnosti. Žal pa so verbalna in neverbalna sporočila govorcev pogosto neverodostojna, nimajo prave teže in imajo celo negativne učinke. Temu je vzrok nepoznavanje principov javnega nastopanja pa tudi strategije komuniciranja z javnostmi v EU.

V obdobju različnih kriz je pomembno, da se EU sooči s temi pomanjkljivostmi in jih poiskuša odpraviti. Nekateri trendi kažejo, da ima elita vendarle moč, da se zbere in obrne tok dogodkov v korist EU in mednarodnim javnostim.

KLJUČNE BESEDOEvropska komisija, uradni govorci, nastopi, Metoda, evropska komunikacijska politika, javno nastopanje.

INTRODUCTION

Watching the spokespersons from the European institutions and particularly the European Commission giving announcements and answering questions, I set the following research questions:

• Is it efficient to have a spokesperson’s service in the EC?

• Why have they chosen these speakers?

• What are the spokespersons at the EC midday press conference really conveying?
The Spokesperson’s Service in the EC is one of the most visible and influential activities in the domain of the Communication Policy. The aim of the service, as well as the communication policy, is to improve the image of the European institutions (Commission of the European Communities 2005a). In their approach, they use mostly marketing strategies. The use of these communication tools reflects the intention to enhance transparency and encourage/intensify communication in the EU.

The information/communication instruments are rarely evaluated for their efficiency and even rarer are the assessments of the live performances of the spokespersons. In fact, I have not come across such an evaluation, even not within the EC. The reasons for lack of research in this field are quiet complex, but to say the least – there is a lack of understanding that live public events and performances combine physical, intellectual, and emotional elements (Strasberg 1987). Nonverbal communication makes at least 85% of the messages and its influence is underestimated in the EU institutions.

A rather obscure topics of the evaluation of the performances has turned out to have a great potential in researching unintentional messages of the political actors.

The question about the circumstances in the European Union that tolerate this type of public performances has also been raised.

When I started the present research in the EC Spokesperson’s Service in autumn 2014, very few people, least of all myself, were aware or predicted changes in the EU that so overwhelmingly occurred in autumn 2015, and are, with each passing month, altering the EU in any and every possible way.

Part of the problem is the EU lack of identity and consequently positioning itself in the international arena. The strategy to seek common denominators within various traditions, to construct a common EU identity and to enhance the integration processes in
a rather slow and consolidated way was working only for some time and with much less Member States than they are today.

Common values ingrained in the “European” culture – such as solidarity, civic participation in decision making, hard work to achieve results, support and empathy for the others, respect for cultures and traditions of various European countries and local communities, are more or less based on the Christian values and are a common basis for the integration processes.

The globalization with its internal and external pressures forces the “community values” to be replaced by ‘consumer’s values’ such as competition, profit making, hierarchy, and a consumer society. Profit is becoming the highest value, changing the community values to serve the needs of the market. Globalization, which should bring the World together in a better way, has taken a turn to ruthlessly serve corporations in their never-ending urge to look for new markets and growth.

Even humanitarian organizations follow the same trend as international corporations – money and profit - and some have submitted to the rule: “It does not matter if we do business with the devil” (UNHCR. Induction training. Ljubljana. November 2015).

In the media, the information sharing and communication have diverted to such an extent that one can not be sure if the news about a certain event is based on facts or is just a fabrication of the editor to serve the profit-making agenda (Davis 2008).

In the global run for the profit, the European Union lacks backbone. Pope Francis in his speech in the European Parliament underlined the need in the European Union for “the awareness of its own identity” (Strasbourg, 2014).

---

2 The author is not trying to defend the model of the 18th or 19th century in Europe with massive poverty and famine, but the value of fair distribution of goods, which has tradition in the European and other cultures. Greed and excessive need to consume is not something new, but has, since the eighties, become more apparent and aggressive.

At the Davos meeting (January 2016) the mission was to “improve the state of the world” (http://www.weforum.org/events/world-economic-forum-annual-meeting-2015/
The EU is also losing its position as a global player. At the crucial meetings in September 2015, president Obama separately met with Pope Francis, Xi Jinping, China’s president and the Communist Party leader, and as the last one the Russian president Putin, but he did not meet with any of the EU or European leaders, German chancellor Angela Merkel or traditional allies from the United Kingdom.

It seems as the traditional EU values of solidarity, unity, family, and democracy are standing in the way to reaching the goals of the new industrial revolution. The once burning issues and discussions on democracy, civic participation, fair distribution, have almost vanished from the EU and the global agenda, except for some Greek leaders who are still tackling them, but not necessarily to enhance the EU integration process.4

The Slovenian media prefer to emphasize the need for a strong EU leadership and Germany as the “European engine” (Kremžar, 2015), instead of using the “European approach” of addressing the problems with one voice, as the community of the Member States.

The questions about the future existence of the EU are asked and various scenarios have been discussed. UK has after a long discussion decided on a referendum on Brexit, taking place on the 23 June 2016. The integration process is not progressing and Schengen has fallen. Is this the beginning of the end?

These are very briefly and broadly, the political circumstances in the EU in which the Spokesperson’s service in the EC operated, when the data was collected, between January and October 2015.

The research into the performances of the spokespersons has started with a rather simple goal to find out what are the strong and the weak points of the performances and what are the messages that the performances really convey to the public.

---

4 Yanis Varoufakis addressed the issues in the article “European democracy imperiled”. Internet site: http://yanisvaroufakis.eu/euro-crisis/european-democracy-imperilled/
It opened questions regarding the efficiency of the service and the communication deficit in the field of public speaking in the EU. Public Communication is the reflection of the values of the organization and the immediate respond of the organization to the circumstances and events. Not to react is also a communication strategy.

In order to see what were the circumstances that fostered this type of communication within the EC, we have to look at so called “European public sphere”, which according to many authors is fragmented and still developing. (Shore (2006); Eriksen (2005); Basinée (2007); Gerhards (1993); Koopmans and Erbe (2003); Schlesinger (1999); Grimm (1995); Brüggemann (2005); Habermas (2006) v Zagajšek 2013,43)

DEBATES ON DEMOCRACY

In various European platforms, the debates on democracy in the EU have become obsolete.

The questions of democracy and identity of the EU as part of the public agenda are long gone. The burning issues of the recession and migration are leaving no time to settle down and deepen the integration process. Globalization is an outside agent. Nevertheless, can Europe continue to integrate in a less democratic way?

The EU is not a democratic entity but it is not undemocratic either. It is not a state and it is not only an international organization. It is affected by the uncompleted integration and globalization. The democratic deficit and the lack of a European public sphere became problematic for the executive actors not earlier than at the beginning of the 1990s of the previous century, when tendencies towards a closer political integration began to emerge.5

5 At the empirical level, democratic deficit is reflected in a low turnout at the EP elections, a lack of knowledge about the activities in the EU institutions, lack of confidence in the European institutions and their laws, perception of the Brussels’ administration as remote and a lack of transparency. In the national media, the democratic deficit is reflected in a shift in primary focus to national issues, neglecting at the same time the European topics (Zagajsek 2013,p.12)
If bridging the democratic gap was still an issue before the enlargement, which reached its peak in 2004 with the “big bang”, the democratic processes took a downturn after that, regarding public discussions.

Debates on the future EU until 2008 were mostly concerned with the state of democracy in the EU, integration theories, EU identity and how to further develop the EU as a political union. After that they faded away just to briefly reappear in June 2014, about the low turnout at the European elections of 2014. Nowadays, the debates are replaced by much more vital questions, e.g. if Schengen rules are still respected, which countries breached the Dublin agreement and other EU agreements and about the German policy moves. Brexit issue and the demands for the referendum seemed not to have not surprised anyone (Barker et al 2015; Zagajšek 2013).

The Great Recession in the EU (2008 – 2012) did also not help develop democracy. The Dahl’s theory (1971), that in time of high unemployment or inflation, the tendency towards a central guidance of the political systems is generated, seems adequate. Another theory of Follesdal and Hix (2005) that in less democratic or undemocratic regimes, citizens transfer the blame for the crisis to the system and in democratic systems to the current government (Follesdal and Hix 2005, 154), shows a grim picture of public trust in the EU (Zagajsek 2013, 63). According to Habermas (Jeffries, 2010), the Greek monetary crisis had a positive political side effect. “At one of its weakest moments, the European Union has been plunged into a discussion concerning the central problem of its future development” (Jeffries, Stuart. Financial Times. 2010).

Just coming out of recession, the EU was faced with another flow of events, which exposed its fragility. There is no theory which would be able to predict the outcome of the migration cri-

---

6 In March 2009, 45% (51% in October, November 2008) of respondents answered that they trusted the European Parliament, 36% (51% in October, November 2008) the European Commission and 39% (48% in October, November 2008) the European Central Bank.
sis which reached one of its peaks in autumn 2015 and it is still not over.

If the first crisis had perhaps contributed towards developing the European public sphere by discussing the same issues at the same time, the European discussions on the migration crisis were much less favorable for the development of the European integration process.

Habermas’ normative model of the “post-national identity”, based on solidarity between strangers and mutual respect (Habermas, 1996), when tested against the present EU circumstances, seems unrealistic.

The migration crisis has brought the EU to the verge of collapse (The Guardian, The Telegraph, 20 January 2016). President Juncker’s statement that euro would “make no sense” without open borders provided by the Schengen agreement (Peat and O’Brien, 2016), is not really helping improve the situation. It has torn apart the EU and the Member States which are unable to find a common solution.

Though the European topics are daily covered by all national media and vivid discussions are currently being held among the Europeans, the European Union is deeply divided over how to share the refugee burden among the Member States and how to solve the migration problem in a “European way”. The integration process is declining despite vivid public debates and an “emerging” Public Sphere.

Habermas’ theory, that an enhanced debate on the same topic will enhance the integration processes, is not working yet, but on the other hand, the time distance is not long enough for an objective assessment. Will we find a solution in time?

The lack of transparency, lack of trust in the activities of the EU is growing and demands for improvement of the leadership

---

7 Thus, “/.../ modern collective identity should not come from the primordial identification, but the practice of identifying common ground and develop collective self-understanding.”
and for structural reforms are being put forward. The debates if the European states will be worse or better off without the EU are going on in the media.

The UK is going to have a referendum on its future in the EU, Germany is not happy about the lack of support, and many countries do not respect the EU directive on “Implementing the European Agenda on Migration” (EC, 2016). Intergovernmentalism, bilateral agreements and increased national security measures have prevailed. During the crisis, there is enhanced need for the efficient and clear communication. Is the European communication policy up to the task?

A NEW COMMUNICATION PLAN

Communication Policy is an information instrument that has the potential to enhance or hamper the integration processes. It has a crucial effect on the outcome of the crisis and presently there is a strong need for a clear, two–way communication with all the stakeholders, especially with the media and the broad public.

EU learned in a hard way, that the media relations have to be transparent. On the 15 of March 1999, when Santier’s Commission resigned, the European Commission tried to resolve the scandal by intimidation of the critical journalists. Anderson and Price (2008) and others believed that resignation could be avoided with a different approach towards the media and the public. “They believed that they (EC) will survive by denying the facts and with minimal informing.” (Anderson and Price, 2008, 35). Changing of the European communication policy towards a more transparent one was introduced after it, but the changes were only incremental.

Communication policy reflects the vision of the elite and the nature of the EU decision making. The policy is ill fit and it has never managed to reach its goals. Due to a lack of democratic processes, communication strategies are dominated by persu-
sive models. (Zagajšek, 2013). These models can provide one-way communication. In the present political structure, two-way communication is rather difficult due to unfinished integration processes and globalization. European communication policy applies marketing and persuasive models of communication. The voters are treated as consumers of the political institutions and policies. This type of approach diminishes the seriousness of the subject and is therefore treated as a banal and cheap product. (McNair, 2003).

Juncker’s Commission (2014–2019) has recognized a need for an enhanced communication and has introduced various documents to increase the efficiency of DGCOM.

“Management plan 2015” (EC 2015) defines its stakeholders:

“DG Communication is in charge of informing and communicating about the policies of the European Union with the public at large. It works through the media, opinion leaders, Commission Representations and information networks in the Member States. It is responsible for informing the Commission on trends in public opinion and in the media landscape and on political developments, as well as for coordinating communication actions within the Commission. DG Communication works under the responsibility of European Commission President Jean-Claude Juncker.”

The communication approach has not changed, and marketing, persuasive and arcane (Brüggemann, Michael, 2005) models dominate in the communication with the EU public.

Another example from the official website confirms the marketing strategy:

“Listen. Advise. Engage. DG Communication, as a corporate communication service, brings Europe closer to its citizens.” (2016)
In the year 2014 they also changed the internal organization of DGCOM and its services. Regarding the cacophony of information streaming out of the Commission since the 80s, it is a step forward towards the initiative that the EC should be “speaking with one voice”. The aim of the measure is to centralize the services and reduce the number of information channels.

The number of spokespersons was reduced from 38 to 17. The spokespersons speak on behalf of the European Commission as a whole and not the Commissioners (Collowald, 1015), as it was the case before 2014.

The main daily event in the Spokesperson’s Service is the Midday Press Briefing, scheduled for 12.00 o’clock from the European Commission. It is live-streamed by EbS and attended by journalists accredited at the EC. The journalist’s questions are usually answered by a head or a deputy of the Spokesperson’s Service or by the spokespersons covering various policies according to the portfolio they cover.

As a live event, it is a tool of communication/information that follows the same principles as the theatre or any other live event where no one can predict what exactly will happen. There is a certain scenario and setting, but many other factors influence the outcome of the event.

In this situation, the spokespersons are actors that have to respond sincerely and put up a credible performance. Their response should induce trust in the EC activities and credibility of the actions taken by the EC. Their performance and the conveyed information, verbal and non-verbal⁹, have a crucial effect on the information flow in the EU.

---

⁹ Definition of language from the anthropological point of view is: “A language is a system of communication using sounds and symbols put together in a meaningful way according to a set of rules”. A symbol is a sound and gesture that holds a meaning within a group of people.(William A. Haviland et al. 2010)
Avoiding to share information or/and sending non-verbal messages which dilute or contradict the verbal messages induces doubts and hampers credibility of the institution.

On the other hand, there are journalists who ask questions or comment on certain events. They approach the spokespersons with journalistic questions that vary from clarifications, comments, opinions, to clear doubts about the credibility of the information, sometimes even openly state that the information is incorrect.

These are mainly national correspondents who follow the agenda of their editors. From their questions the national/local stand towards certain issues is made clear.

A few journalists frequently ask questions at these briefings and “lead” the way. Those main protagonists are frank and brave in their “search for truth” in the EU.

Often they would receive “advice” from the spokespersons on what is appropriate to ask and what not. Even mocking, verbal aggression etc. can occur. However, they do not get discouraged easily.

During the research, the Slovenian journalists from the National RTV, asked only a few questions on the national issues. They did not engage in the European discussions or try to clarify questions for the others. This is a lost opportunity to communicate the burning issues regarding EU and Slovenia to the international community\textsuperscript{10}.

The camera work and directing are quite basic. The 7 seconds delay in transmission is applied in case of severe problems or unexpected events. Political actors, journalists and the visitors are in the limelight, and all the people who want to experience the second biggest democracy in the world (EP, 2014) are invited by participating or watching the show.

\textsuperscript{10} When speaking on the migration crisis and so called “Balkan route”, Slovenia is rarely or not even mentioned (Midday briefing, February 2016).
As a communication tool, the Midday Briefing has a great potential to influence and affect decision making in the EU. It reaches thousands of people, journalists and experts and often the national TV stations use the recordings of the statements when they convey the breaking news or/and contradict the information in the national media.

It is also a unique communication tool in the world. I am not aware of any international institution to use this type of live events daily and expose itself to the information sharing so openly. It shows the positive intentions and attitude of some of the key actors to enhance transparency and communication in the EU.

In an ideal setting, the spokespersons should have highly developed communication and performing skills to properly communicate and induce trust and credibility in the EU law-making. He/she is the face of the institution. We identify the information through his/her performance. I believe the heads are aware of that, since all the spokespersons look well and presentable. Many of them are quite young for the political actors. Their role is to run the show for someone else, to ensure a smooth passage of the bumps on the EU road and to enhance the image of the institutions by offering credible and timely information in a neutral way. That is the ideal picture. The research, however, has shown some discrepancies.

The communication and messages conveyed are only about 10% about the content and all the rest are impressions, sounds, clothes, gestures, tone of the voices, associations, camera work… on the basis of which, we the public form the attitudes and opinions towards the EU. It is a live show and it works according to specific media principles.

The speakers, according to the research, are not efficient and have some deficiencies in the field of public speaking, especially in the control of the body language, the verbal and the non-verbal messages and the attitudes.

Public speaking skills have been, on the other hand, thoroughly studied across the Atlantic. There the top politicians have to
have some basic acting skills too, because otherwise they would not succeed in the political game.

OBJECTIVES OF THE PUBLIC SPEAKER

The founder of the acting technique shortly called “The Method”, the American acting pedagogue Lee Strasberg, said that for politicians it is important to learn “…not to hide what is going on in them. When anyone is trying to hide what she/he thinks or feels, it creates a split within themselves and that makes her/him uneasy. I recommend finding the way to express what is going on inside her/him” (Steiner, 2002.).

In other words, a person is in communication with the public when adequately expressing the inner feeling and responding to the feelings of the other(s).

The Method is primarily an acting technique, but part of it has been successfully applied in teaching public speaking skills. This type of training is often called “the psychology of public speaking”, since it is based on behaviorism. Learning public speaking means learning new skills by attending a workshop and receiving help by experienced teachers/instructors.

Public speaking skills can be learned and trained. The myth that the quality of the performing skill depends on the individual’s talent or good luck only, can be easily refuted by a number of people who successfully improved their presentation skills. When looking at the speakers, we are not aware what truly makes them great, but there are certain principles, which can be found in all quality performances.

One of the main principles of a high quality performance is that the speaker is “relaxed” in a special (stage like) sense. To be

---

11 Lee Strasberg (1901 -1982) was an American actor, director and acting teacher, founder of the Actor’s Studio and coach for actors such as James Dean, Ellen Burstyn, Al Pacino, Alec Baldwin, Marilyn Monroe, Julie Harris, Paul Newman, and Dustin Hoffman were all his students. His technique boasts many famous alumni as well, including Angelina Jolie, Scarlett Johansson, and Steve Buscemi. (internet source: http://www.backstage.com/advice-for-actors/resources/8-acting-techniques-and-stars-who-swear-them/)
relaxed on the stage is not a natural state, it has to be created. It requires control of physical, mental and psychical resources. His/her body and mind are an instrument that one has to “tune” to play on. “Relaxation” and “awareness” can be trained to a large extent, but usually students train relaxation until they feel comfortable and able to overcome the usual problems such as “stage fright”, lack of voice volume and non-animated speaking.

A good public speaker is also able to control his/her voice. If a speaker is able to speak with the diaphragm, which is possible if she/he has relaxed certain muscles, then the voice “fills up” the space and has a volume. It takes some time for the voice to “open”, from so called “social voice” to shift to a lower, more natural voice. An “open” voice is the carrier of non-verbal messages, which are 95% of the whole message.

The disturbing element in the performances of the speakers are mannerisms, which can change or completely contradict the messages. The performer should be aware of it (e.g. waving his/her hands, pacing, etc…) and if the mannerism is present, they should be part of non-verbal communication and not an act of discomfort or “escape”. The ability to control the body movements and thoughts is connected to the ability to “concentrate”. “Concentration” does not mean focusing on one point or object, but rather “to pull oneself together”. Strasberg has designed an exercise which has been further developed by Janez and Andrej Vajevec in their Actors Studio in Ljubljana and it is called “to be or not to be”.

The more the performer manages to accept the given circumstances and be “here and now”, the more control he/she has of the situation. The interesting part of this process is that it cannot be achieved by analytical thinking, but through senses. A set of exercises to develop the actors’ senses, perception and imagination has been developed and can be useful for public speaking as well. These are just a few of the basic principles applied when making

---

an assessment based on the technique called “The Method”. Following this technique, public speakers do not have to rely only on inspiration (which should arrive exactly on time for the performance), but can use the technique which will help them give a decent if not the best performance. Strasberg’s teaching had a profound influence on the standardization of acting in the United States. Many of his students started their own schools and developed their own “Methods”.

THE RESEARCH

Evaluating the performances of the spokespersons in the EC we applied the criteria based on the principles of the Method. The indicators for the performance are grouped into three categories:

Non-verbal Communication, Verbal Communication, and Impression.

**Indicators of non-verbal communication**

- tone of voice (open/closed)
- facial expression (relaxed face/grimaces)
- body expressions (relaxed/tension in the muscles we do not use)

These physical indicators are connected with the awareness of the speaker of his/her body.

They also indicate if the person is in communication with the environment.

Observing physical expressions and listening to the tone of the voice, a professional can hear her/his attitude towards the public, to the spoken text and towards the subject or message.

We can also notice if he/she is at ease or not. If the voice is open, it can carry emotions (which a trained speaker is able to
control), and if it is not, then the sound/voice is likely to be too high (or strained in the throat, or quiet….)

A relaxed (stage relaxed) face is without grimaces, false smiles, or any other indicators of emotions. The body is in neutral position, which means that hands and legs are not crossed. Gestures are controlled. These indicators also show if the performer has been trained to speak in public. This type of skills is mostly learned or developed in professional workshops. Any type of performing or dance training can also positively influence body expressions. Occasionally the speakers can use the singing technique when postulating their voice.

**Indicators of the verbal communication**

Consist of Indicators That Show the Quality of Content and Wording.

- Precise answer/ general answer

  General answer means that the answer given by a spokesperson did not meet the expectations of the journalist(s). They continue stating the same or similar questions. Precise answer means that the journalists were happy with the answer or possibly asked for additional short information in the same direction.

- Clichés/ avoiding /neutral

  A cliché means that the speaker used phrases such as: “No comment”, “Will get to you back later bilaterally”, ”I do not know”, “As we can expect”, ”As you remember”, “I have nothing to add”, “You know” …etc.

  Avoidance is when a speaker clearly avoided to reply to the question for various reasons, or even turned off the microphone, or gave irrelevant reply: ”We shall refrain from making statements”, “We do not have competence”, “I am not aware of it”, “This is not an issue”… Under “avoidance“ there are also statements discrediting journalists or naming their questions “gossips” . The line between clichés and avoidance is thin. However,
in the evaluation of the results we have taken into account “neutral” responses, which means the wording was adequate and clear.

**Indicators of impressions**

- Credible/not credible performance

  A speaker is credible when he/she appears sincere, open, and spontaneous. He/she is in a two-way communication and adequately responds to given circumstances.

  The message conveyed is clear and consistent. It does not leave space for speculations.

  “Not credible” means that the speaker has made one or more mistakes that contradict the message. It leaves the feeling that something is missing, that he/she is hiding something, not willing to share, is hostile or arrogant. Often the speaker gives an impression that he/she does not want to be there. Alternatively, he/she gives an impression that it is his/her private matter and takes the questions personally or is personally happy, sad, offended, or angry by the message that he/she is conveying.

- Neutral/not neutral dress

  This indicator shows the visual communication of the speaker with his/her physical appearance and clothes. The objects that can divert focus or change the meaning of the message are often accessories, especially big jewelry or a big scarf. Neutral means that men wore suits with appropriate ties and women’s clothes were in accordance with the business protocol and there were no outstanding details to divert attention.

**RESULTS OF THE RESEARCH**

**Quantitative results**

In Table 1, the indicators are grouped by months and the number of performances vary from 11 to 17 per month. The sample
of performances is 140. The number and the percentages of neutral messages (N), precise (P) answers, credible (Cr) performances and the messages that are not disturbed by the clothing (N), are marked in the last row.

According to the results, only in 14.2 % of performances the speakers did not comment, 17% with the face and 16% with the body. Unfortunately, within these neutral speakers we did not eliminate those who had “stone faces” or were “stiff” due to severe “stage fright”.

Table 1: The results of the observation of performances of the spokespersons (January-October 2015). Sample 140.

<table>
<thead>
<tr>
<th>Month 2015/ No of assessments</th>
<th>Commenting / neutral voice tone</th>
<th>Commenting / neutral facial expression</th>
<th>Defensive/ aggressive / neutral body ang.</th>
<th>Precise/ general answer</th>
<th>Clichés/ avoiding/ neutral</th>
<th>Credible/ not credible performance</th>
<th>Neutral/ not neutral dress</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 11 11</td>
<td>11C</td>
<td>8C/3N</td>
<td>7D/3Ag/1N</td>
<td>7G/4P</td>
<td>2A/7Cl/2N</td>
<td>9NOT/2Cr</td>
<td>4NOT/7N</td>
</tr>
<tr>
<td>February 16 12</td>
<td>12C/4N</td>
<td>10C/6N</td>
<td>6D/3Ag/7N</td>
<td>14G/2P</td>
<td>9A/5Cl/2N</td>
<td>12NOT/4Cr</td>
<td>8NOT/8N</td>
</tr>
<tr>
<td>March 10 10</td>
<td>10C</td>
<td>10C</td>
<td>6D/3Ag/1N</td>
<td>9G/1P</td>
<td>9A/1N</td>
<td>10NOT</td>
<td>5NOT/5N</td>
</tr>
<tr>
<td>April 14 13</td>
<td>13C/1N</td>
<td>12C/2N</td>
<td>9D/3Ag/2N</td>
<td>13G/1P</td>
<td>11A/2Cl/1N</td>
<td>13NOT/1Cr</td>
<td>10NOT/4N</td>
</tr>
<tr>
<td>May 12 12</td>
<td>12C</td>
<td>11C/1N</td>
<td>10D/1Ag/1N</td>
<td>11G/1P</td>
<td>7A/5Cl</td>
<td>11NOT/1Cr</td>
<td>7NOT/5N</td>
</tr>
<tr>
<td>June 13 12</td>
<td>12C/1N</td>
<td>13C</td>
<td>12D/1Ag</td>
<td>10G/3P</td>
<td>8A/3Cl</td>
<td>11NOT/2Cr</td>
<td>8NOT/5N</td>
</tr>
<tr>
<td>July 15 14</td>
<td>9C/6N</td>
<td>12C/3N</td>
<td>13D/2N</td>
<td>12G/3P</td>
<td>9A/2Cl/4N</td>
<td>9NOT/6Cr</td>
<td>8NOT/7N</td>
</tr>
<tr>
<td>August 16 15</td>
<td>15C/1N</td>
<td>14C/2N</td>
<td>14D/1Ag/1N</td>
<td>14G/2P</td>
<td>10A/4Cl/2N</td>
<td>15NOT/1Cr</td>
<td>7NOT/9N</td>
</tr>
<tr>
<td>Sep. 16 13</td>
<td>13C/3N</td>
<td>13C/3N</td>
<td>13D/3N</td>
<td>13G/3P</td>
<td>10A/2Cl/4N</td>
<td>15NOT/1Cr</td>
<td>8NOT/8N</td>
</tr>
<tr>
<td>October 17 17</td>
<td>13C/4N</td>
<td>13C/4N</td>
<td>12D/1Ag/4N</td>
<td>14G/3P</td>
<td>11A/3Cl/3N</td>
<td>14NOT/3Cr</td>
<td>11NOT/6N</td>
</tr>
<tr>
<td>Total 140</td>
<td>20N</td>
<td>24N</td>
<td>22N</td>
<td>21P</td>
<td>19N</td>
<td>21Cr</td>
<td>64 N</td>
</tr>
</tbody>
</table>

Source: Own research.
Only in 15% of all performances, the speakers gave precise answers. The “not credible” response amounts to 85%. Usually those speakers give an impression that something is missing, or that he/she is hiding something, or is not willing to share, is hostile or arrogant. Often the speaker gives an impression that he/she does not want to be there.

The assessment of content and wording of the messages showed that 15% gave precise answers, and 13.5% gave word- and content-neutral answers. Only about 14% of messages are content- and-words-appropriate.

“Avoiding” is the most common strategy and a “defensive” body language. Commenting with the tone of the voice is the most common (86%). Only about 19% of the performances convey a message as it is intended (without the dress “impression” 10%), and 90% of the messages convey other messages or “mixed”, ambiguous messages. In the area of “impression”, 85% of performances are not credible (believable, trustworthy) and more than half of the performances have their message messed up by clothes.

In Table 2 we have assessed 100 performances. The number of the evaluated performances is 10 each month, so the results could be compared. The fewest speakers commented with the voice and were the least aggressive in their body language in October 2015. They were the most defensive in July 2015. Dresses were the most neutral in January 2015. The most precise answers were given in August 2015.
Table 2: Evaluation of performances during the period of January – October 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>10C</td>
<td>9C/1N</td>
<td>6D/3Ag/1N</td>
<td>7G/3P</td>
<td>7Cl/1A/2N</td>
<td>8NOT/2Cr</td>
<td>3NOT/7N</td>
</tr>
<tr>
<td>Feb.</td>
<td>9C/1N</td>
<td>7C/3N</td>
<td>5D/3Ag/2N</td>
<td>8G/2P</td>
<td>4Cl/5A/1N</td>
<td>9NOT/1Cr</td>
<td>7NOT/3N</td>
</tr>
<tr>
<td>Mar.</td>
<td>10C</td>
<td>10</td>
<td>6/3Ag/1N</td>
<td>9G/1P</td>
<td>9A/1N</td>
<td>10NOT</td>
<td>5NOT/5N</td>
</tr>
<tr>
<td>Apr.</td>
<td>10C</td>
<td>10C/1N</td>
<td>7D/2Ag/1N</td>
<td>10G</td>
<td>7A/2Cl/1N</td>
<td>9NOT/1Cr</td>
<td>6NOT/4N</td>
</tr>
<tr>
<td>May</td>
<td>10C</td>
<td>9C/1N</td>
<td>9D/1N</td>
<td>10G</td>
<td>5A/5Cl</td>
<td>10NOT</td>
<td>6NOT/4N</td>
</tr>
<tr>
<td>Jun.</td>
<td>9C/1N</td>
<td>10</td>
<td>9D/1Ag</td>
<td>8G/2P</td>
<td>6A/3Cl/1N</td>
<td>9NOT/1Cr</td>
<td>6NOT/4N</td>
</tr>
<tr>
<td>Jul.</td>
<td>7C/3N</td>
<td>9C/1N</td>
<td>8D/2N</td>
<td>9G/1P</td>
<td>8A/1Cl/1N</td>
<td>7NOT/3Cr</td>
<td>6NOT/4N</td>
</tr>
<tr>
<td>Aug.</td>
<td>7C/3N</td>
<td>8C/2N</td>
<td>8D/2N</td>
<td>7G/3P</td>
<td>6A/4N</td>
<td>9NOT/1Cr</td>
<td>5NOT/5N</td>
</tr>
<tr>
<td>Sep.</td>
<td>8C/2N</td>
<td>8C/2N</td>
<td>7D/3N</td>
<td>9G/1P</td>
<td>8A/2N</td>
<td>9NOT/1Cr</td>
<td>4NOT/6N</td>
</tr>
<tr>
<td>Oct.</td>
<td>6C/4N</td>
<td>7C/3N</td>
<td>7D/1Ag/2N</td>
<td>9G/1P</td>
<td>6A/2Cl/2N</td>
<td>8NOT/2Cr</td>
<td>5NOT/5N</td>
</tr>
<tr>
<td>Total 100</td>
<td>86C/14N</td>
<td>87C/13N</td>
<td>12D/13Ag/15N</td>
<td>86G/14P</td>
<td>61A/24Cl/15N</td>
<td>88NOT/12Cr</td>
<td>53NOT/47N</td>
</tr>
</tbody>
</table>

Source: Own research.
To establish if the migration crisis had any effect on the performance of speakers, we compared the results combined in the months of January, February and March with the combined results in August, September and October 2015. They are presented in the Table 3. The comparison between the indicators at the beginning and at the end of the research period aimed at researching if the outside pressure (migration crisis) had an effect on the indicators of the performances. The three months during the migration crisis showed an increase by 23 % in the area of defensive responses, a slight decrease in giving precise answers, but there were less avoiding strategies, less grimaces and a 90 % decrease in the use of the clichés. Avoidance went down for a quarter. Overall, avoiding and commenting went down by 22 %.

Table 3: The comparison between the indicators at the beginning and at the end of the research period (before and during the migration crisis). Sample 100.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>January, February, March</th>
<th>August, September, October</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defensive response</td>
<td>17</td>
<td>22</td>
<td>5 +</td>
</tr>
<tr>
<td>Precise answer</td>
<td>6</td>
<td>4</td>
<td>2 -</td>
</tr>
<tr>
<td>Credible</td>
<td>3</td>
<td>4</td>
<td>1 +</td>
</tr>
<tr>
<td>Clichés</td>
<td>20</td>
<td>2</td>
<td>18 -</td>
</tr>
<tr>
<td>Avoiding</td>
<td>20</td>
<td>15</td>
<td>5 -</td>
</tr>
<tr>
<td>Grimaces</td>
<td>2</td>
<td>23</td>
<td>3 -</td>
</tr>
<tr>
<td>Voice commenting + face + defense + avoiding</td>
<td>25</td>
<td>22</td>
<td>3 -</td>
</tr>
<tr>
<td>TOTAL</td>
<td>117</td>
<td>92</td>
<td>25 -</td>
</tr>
</tbody>
</table>

Source: Own research. January – October 2015
QUALITATIVE INTERPRETATION OF RESULTS

In the qualitative part of the research, we have presented case studies. We observed the spokespersons and their behavior. The Spokesperson’s Service at the time of research employed 16 people. They were backed up by the assistants and technical staff and worked closely with the Cabinet.

The Chief (official name) is Mr. Margaritis Schinas. He is a Greek politician who served as a member of the European Parliament (2007 - 2009). He studied public administration (Wikipedia, 2016.). The information on the other spokespersons is much less available.

The evaluation of the performances is not usual, said Ms Antje Collowald, Head of the Policy Department and the spokesperson in the interview (Interview European Commission, 2015). Regarding the public speaking education and skills of the speakers, she said that they have in house “media training”. The production company Mostra conducts the “media trainings” for the service.

The possibility that the spokespersons will receive training before they step in front of the audience is slim since their educational background is mostly in political analysis or social studies, according to Ms Collowald.

Lack of an adequate training in the field of public speaking has many negative effects.

One often mentioned is an unintentional disclosure of sensitive information, because the person gives in to the external pressure.

Nevertheless, an unintentional disclosure of information can also happen when a trained (forensic) eye could, by studying the spokesperson performances, identify a wealth of various messages, even if the spokesperson is not willing to share. Though Ms Collowald pointed out that the Service and the Cabinet cherish
transparency, there are certain matters that are not meant to become public.

On the other hand, the appearance that the spokesperson “hides” something could be connected to the fact that he/she feels uncomfortable, sad, happy… or whatever emotions /atmosphere he/she brings to the podium. These personal emotions could “color” messages and can raise suspicion among the journalists.

A lifted chin, tilted head (common with women), leaning forward, looking away from audience, holding tight to the sides of the speaker’s stand or hiding behind, were signs indicating that the speakers were not comfortable on the podium or were in defensive mood. Grimaces such as false smiles, worried faces, angry face expressions, compressed mouth, scared look etc. expressed discomfort, which is then connected to the message.

The tone of the voice is the most reliable indicator to establish the state that the person is in.

It can sound as a commentary to the message, but that is not always the case. Sometimes it comes from a completely different source, such as personal emotion or one that the speaker is not aware of.

One of the most common mistakes in the performances of the spokespersons was that they often did not or could not draw a line between private and official. The announcements became their personal messages and they reacted according to their attitudes towards them and not in a neutral way. So-called “cold reading” is more appropriate and it means that the message is read without the reader commenting. This type of “faux pas” is the most frequent and it is called “privatization”.

Another example of it is the “trademark tie color” of the head of the Spokesperson’s Service who took pride in often showing off and he has even disclosed the information that his wife is in charge of the choice of the color (9 April 2015). The announce-
ment of Mina Andreeva, on the podium, that it was Mr. Schinas’ birthday (27 July 2015), made most of the journalists speechless. Ms Andreeva confused the fact that she was there on behalf of the EC, not as a friend or a host.

It seems that an “easy-going” and friendly attitude is the desirable atmosphere in the pressroom. However, such an atmosphere has to be created. It cannot be the result of telling jokes or smiling.

Often the effect is just the opposite. A politician who feels uneasy will try to joke, but that will rarely make him/her feel better or break the ice with the audience. The well-known principle in the theatre is that if the person on the stage feels something, that feeling is conveyed to the audience.

Clothes express visual identity of the speakers. The result shows that about half of the time the spokespersons convey messages, which are confused due to improper clothes. Men (except for the Chief) are doing quite well, since a suit and a tie are the most common among them. Neutral colors are used and rarely an improper contrast or a loud tie disturbs the messages. Women wore many various styles, according to the fashion trends. They were extravagant with the accessories, but less with the hairstyles.

A variety of colors, accessories, and combinations of styles were present. They appeared dressed in sloppy clothes, bright or contrasting colors, all in one color (white, black), high heels, high boots, tights, big scarves, sleeveless or transparent blouses, short skirts, colorful dresses... etc. Assessment of the appearance of women shows a grim picture in the field of neutral clothes. 50 % of neutral clothes worn are the result of the mostly male speaker’s suits.

The content and wording results brought up the question of relationship with different journalists. It is quite clear who is who in this setting and what the relationships are. The attitudes show that there are “good” and “bad” journalists and the “important” and “not so important” ones. I cannot confirm if such distinctions
are not intentional or intentional, but this is the impression they give.

Occasionally there are wordings which include arrogance and even hostility. Some journalists’ questions were mocked, dismissed with sentences: “We do not comment”, “We do not know”, “We do not have a crystal ball“(Bertraud, 2015), “I have nothing to add”, or are qualified as “gossips” or “speculations”. Speakers were patronized or instructed with phrases such as: “You are jumping at conclusions”, “Please avoid being repetitive” or the spokespersons simply refused to come to the podium. Lack of proper trainings of the speakers is the main reason for poor results. Only 15 % of performances are credible. The feedback of the service is monitored only in one field, which is the number of hits on the official EC website. According to Ms Collowald, it has considerably increased since the service has been reorganized. Eurostat does not have any of the direct indicators or studies measuring the impact of the Spokesperson’s Service performances on the public or the media.

CONCLUSION

Daily Midday press conferences from the European Commission are a unique communication tool and the reflection of the intentions of the elite to enhance the communication and particularly the transparency in the EU. In the research of the Spokesperson’s Service we evaluated 140 performances in the period of January to October 2015. We applied the criteria based on the principles of the technique called “The Method”. According to the research, about 15 % of messages were clear and reached the stated goals. Out of 95 % of messages that were not clear, 79 % lacked an information value, 87 % avoided responding to questions, or use various tactics not to respond. 73 % of messages were defensive, 15 % neutral, and 11 % aggressive. 21 % of responses were perceived as credible. Visual communication reached less than half of the population. The performances of the speakers sent out mixed and/or confused messages and did not, most of the time, enhance two – way communication. The research has shown that spokespersons should be chosen accord-
ing to different criteria and/or should receive proper training to appear credible and trustworthy in front of the European public.

However, a seemingly naïve and obscure topic have surprisingly opened new insights. Despite the good intentions of some key players, the EU communication services are sending out signals that the European project is lacking credibility, is unclear, and has a lack of information, competences and consistency. It is trying to avoid facing problems or it is dismissing them by using clichés. It is defensive and not willing to take a leading part. When challenged, it becomes arrogant and defensive. European Union is often perceived as elitist organization. This is not a favorable impression, especially under the present circumstances.

Much the same as a credible spokesperson has to accept the given circumstances and adequately respond to them, it is the responsibility of the key EU actors to face the situation and react in the best European interest. To establish a dialogue, the speaker has to be aware of who he/she is and what is his/her position in the given setting. Trust in the project and sincerity are reflected in the communication.

The EU is weak in its identity search and it is not performing well, and neither is the Spokesperson's Service in the EC. The actors are confused, the protagonists desperate. They favor some and neglect others for no apparent reasons. Communication is defensive and does not cherish trust.

Should perhaps the Spokesperson's Service apply different criteria when choosing the staff, and isn't it the same for the EU leaders? In difficult times when the very existence of the European Union is at stake, is EU willing to respond to new circumstances? Is it willing to change its paradigm from the persuasive, marketing models and the unclear messages to the clearer, credible, two-way communication? The persuasive models did not reach the stated goals of the communication policy. It seems that in the field of public speaking and media relation there is a lack of understanding of the communication principles, as well.
The research has opened new, even crucial questions on the future of Europe. The changes seem inevitable. The question remains – in which direction? The results in Table 3 are somehow encouraging. It seems that the EU elite have the ability and strength to “pull itself together” after all, and reduce sending out unclear messages. This will have a positive effect on the EU and on the international relations.

REFERENCES


Barker, Alex and Brunsden, Jim. 2015. Migrant flows put EU’s Schengen under pressure. FT.September 1. http://www.ft.com/cms/s/0/858d8d24-50bd-11e5-b029-b9d50a74fd14.html#axzz44lgxnWw7


Davis, Nick: 2008.“Flat Earth News”, Chatto &Windus, UK.


European Commission.DG Communication. Available at: http://ec.europa.eu/dgs/communication/about/what_we_do/index_en.htm (22.5.2016)


Available at : https://books.google.si/books?id=yP6TrXRpPd-MC&pg=PA106&lpg=PA106&dq=+A+language+is+a+system+of+communication+using+sounds+and+symbols+put+together+in+a+meaningful+way+accord-ing+to+a+set+of+rules.&source=bl&ots=7g_ (23.2.2016)


Studio bratov Vajevec. Available at http://actorstudio.si/o-nas/ (22.5.2016)
Diplomacy and Colour Psychology: the Tie Case Study

Katerina V. Malshina

ABSTRACT

High policy and diplomacy as its part have the common the history with sign systems. Colours are anchored in historical and political context associated with the traditional colour symbolism of the European Old World. Psychologists prove that colours do evoke certain emotional responses in people. So it is nothing new for politicians to be paying attention to what colours they choose for a public appearance. The point of concentration of attention upon men’s suit is a necktie. The George W. Bush’s and Tony Abbott’s examples demonstrate the crucial importance of their neckties color choice for their political carriers. The blue-white-red triad, as well as in the United States and the British Commonwealth, has been adopted in some other countries, so the general rules of the political etiquette of colour work for them. The national colours of other countries offer plenty of opportunities to express yourself in the protocol of national events.

KEY WORDS: Color psychology, diplomacy, dress code, necktie, sky-blue

POVZETEK

Visoka politika in diplomacija delita skupno zgodovino znakovnega sistema. Barve, kot del znakovnega sistema, pa so zasidrane v zgodovinski in politični kontekst, povezane so pa s tradicionalno barvno simboliko evropskega starega sveta. Psihologi pa dokazujejo, da barve vzbujajo določene čustvene odzive.
The main purpose of the paper is to show the influence of the color psychology on the public perception of a high politician and the color scheme of the modern politician’s suit, in particular, the color of the necktie as a detail of the politic dress code. For this it is important to examine the history of sign systems, their ‘atavisms’ and their role in political life, to look over the history of the emergence and development of the color psychology, to give examples of connotations of different colors, to explore the role of necktie colours in public opinion about politicians through examples of US presidents and the Prime Minister of Australia.

Diplomacy has a very long history. It emerged with the appearance of tribal society, the first exchange of products and the settlement of borders of tribal areas for hunting and gathering. Even primitive people came to the conclusion that differences are better addressed through agreements. So here were the germs of initial, primitive diplomacy, based on universal principles of common sense, with diplomats being either senior members of the community whose voices were listened to or their chosen emissaries.

Here the part played by signs in the business of negotiation was particularly important. How could a negotiator recognize
that the person talking to him was someone of appropriate rank? Messengers negotiating on behalf of chiefs and priests would use various signifiers to indicate and verify their powers - clothing, signs, badges, gifts, etc. For this purpose primitive society had its own sign system of removable and non-removable decorations, which at a glance gave a clear indication of the person's age, position in the kinship system, the events in this person's life and achievements.

A colour sign system played not a small role in this. The symbolism of colour in the cultures of the peoples of the world is very diverse and varies from period to period, depending on the technical capabilities of a particular society to reproduce colours in clothes and other attributes of the human image. In European culture (when viewed as a whole from Antiquity onwards) there have been several changes in the socio-cultural perception of colour; among the latter it is worth mentioning the appearance of iconographic symbolism, heraldry, the language of flowers (floriography), and the language of the fan (fanology).

Floriography has long historical roots. Plants and flowers were used as symbols in the Bible - in the Song of Songs, and some other texts. In Western culture, William Shakespeare ascribed emblematic meanings to flowers, especially in *Hamlet, Prince of Denmark*.

The wider interest in the language of flowers finds its roots in Ottoman Turkey, specifically the court in Constantinople and obsession with tulips during the first half of the 18th century. In 1717 the floriography craze was introduced to Europe by Mary Wortley Montagu (1689–1762), the wife of the British ambassador in Istanbul. She described the secret language of love correspondence *selam* (village) - 'language of objects and colors', elaborated in Asia Minor.2

Aubry de La Mottraye (1674–1743) introduced it to the Swedish court in 1727 in his *Voyages en Europe, Asie & Afrique*. Joseph Hammer-Purgstall's *Dictionnaire du language des

---

2 Montagu (1763)
fleurs (1809) appears to be the first published list associating flowers with symbolic definitions, while the first dictionary of floriography appears in 1819 when Louise Cortambert, writing under the pen name ‘Madame Charlotte de la Tour’, wrote Le langage des Fleurs. In 1830, in St. Petersburg, Russian poet Dmitry Oznobishin published Selam, or Language of Flowers, which describes about 400 meanings of plants. Floriography was popularized in Europe during 17-19th centuries, and in the United States about 1830–1850.

Fanology - Fan language was the secret code of ladies and gentlemen in Europe. Beginning in the 1500s a common fan ‘sign language’, known to both women and men, arose behind what seemed to be innocent fan fluttering. Fan movements became a way to convey messages about emotions and love based on well-known rules of etiquette, and ultimately these flutterings formed a fan language. This fan language was especially popular in France in the second half of 17-19th centuries and was published occasionally in various magazines and books of etiquette and tutorials. At the end of the 17th century, Huguenot immigrants travelled to England, bringing the craft of the fan with them. By 1711, the craze for expensive fans had become such that Joseph Addison felt the need to mock it roundly in his coffee house publication, The Spectator. His article, ‘advertising’ his Academy for the Instruction of the Use of the Fan explains how he drills young ladies in fan etiquette in a military fashion. In 1757 in Paris marquis Caraccioli Duchesne, published The book of four colors with a separate chapter describing the language of the fan.

A fan became an essential attribute of the highlife in Western Europe, and in Russia with the Petrine era. In England, the first tutorial on fanology was created by Charles Francis Badini in 1797. In France, they said: “Fan dans les mains d’une beauté - un sceptre de posséder le monde” (The fan in the hands of a beauty - a sceptre to own the world). Many examples show that, if it was impossible to reproduce a colour, people used fresh flowers

---

3 La Motraye (1727); Hammer-Purgstall (1809), vol. 1, pp.36-42.; Latour (1819); Ознобишин, Дмитрий П. (1830).
4 Addison (1711); Badini (1797); Caraccioli Duchesne (1760).
of permanent colours, and even their black-and-white images carried information about the implicit colour. These customs are unknowingly preserved right up to the present in our dress code - in the habit of wearing live flowers in buttonholes and female hairstyles as decorations during special events of high political significance.

Polychrome state and family heraldry, as it was established in the Middle Ages in the circles of the feudal aristocracy, still influences our perception of the mandatory dress code and gamut of colours appropriate to diplomatic negotiations, receptions and other events of a political nature.

**Color Psychology**

Modern globalization, despite the tendency to mix all kinds of eastern and western traditions, has brought no significant changes in the traditional perception of colour in cultures around the world. Colour archetypes are one of the fundamental factors of human perception of Nature with millennia-old roots. In the ancient cultures of many peoples of different regions particular importance was attached to three basic colours: white, black, red.

Such an identity of colour symbolism and the similarity of symbolic meanings of colours among archaic peoples allows one to treat this triad as the colour archetype of human culture. In most traditional aspects of human life colour triads continue to function right up to the present. It is no coincidence that the colour dyad or triad (certainly of more varied range) is the basis of heraldry; a sign of good taste in the colours of clothing is considered to be a combination of no more than two (rarely three) colours.

According to L. Shalimova, colour symbolism, which permeates ancient mythology throughout the history of human civilization, facilitates a complex of cultural and semantic systems. These systems have played and continue to play a vital role in the organization and administration of social relations. Such col-

---

5 Шалимова (2007а), стр.59, 61.
our-symbolic systems are an integral, vivid and pleasurable part of everyday life of modern civilized society. The centuries-old creation of a social and cultural color sense developed from the primary colour systems – produced by the natural cycles of day and night, the natural landscape, materials and dyes – to colour schemes focused on symbolic meaning and those devoted to the artificially created human cultural environment.6

The response of human beings to certain colours and shapes of objects and phenomena was noticed in deep antiquity. To the Enlightenment can be attributed the appearance of colour psychology which takes as its subject the relationship of colour to the mind, and the influence of colour on human mental activity.7 J.W. Goethe is considered the founder of this science. In his ‘colour theory’, he argues that colour has a direct impact on the human psyche, attributing certain psychological states to the influence of a certain colour. As ‘positive’ colours he identifies yellow, orange, ochre and vermilion, which create a cheerful, lively, active mood. His group of ‘negative’ colours are blue, lilac and violet, inducing the hectic, soft and melancholic mood.

However, the systematic study of the effects of colour on the human psyche began only in the second half of the 20th century. Swiss psychologist Max Lüscher started work in this field in 1947. He came to the conclusion that each colour is specifically perceived by systems of the body, affecting not only the psyche, but also the work of the individual organs of the body.

More recent scientific and practical studies have shown interesting results. For example, red has long been associated with love. And there’s some science to that, too: a study of 2008 found red clothes on women made men feel more amorous towards them.8

Results of scientists are briefly published in magazines New Scientist, Psychological Science. The effect of color impact of the

---

6 Шалимова (2007b), стр.12.
7 Goethe (1840), p.85.
8 Roy Britt (2009).
red sportsmen’s uniform was first demonstrated in 2005 by evolutionary biologists at the University of Durham in Great Britain. In 2009, German scientists, through a series of psychological tests, established that the color of a sportsman’s uniform affected the decisions of judges. Researchers discovered that sportsmen wearing red were likely to outperform their opponents, in part because referees felt the red-clad competitors some slack. 9

At the request of Hewlett Packard the possibility of influencing people’s relation to statements printed in different colors was analyzed. The results of the study in Europe showed that different social and ethnic groups reacted equally to the same colour and, in turn, that colour affected internal and external group communication. For example, the colour of the printed text could influence decision-making. Study samples in 9 countries shown questionnaires printed in red, resulted in three times more negative replies (30%) compared with questionnaires printed in black (10%).10

Later, specialized scientific studies found that it was not just colour that had the strongest emotional impact on the person, but the combination of colours and shapes. For example, the form of a screen on which an object is displayed can determine the process of discerning its particular signals. Similarly, the form of a pictorial surface (square, rectangular, round, oval, triangular) can exercise an organizing influence. Simple geometric shapes are perceived by the viewer faster and remembered better than complicated irregular ones.

Colour is always combined with the geometrical shape. For example, choosing one or other form for his sheet of paper, the artist can pre-focus the viewer on specific areas. It is no accident that tradition favours the drawing of portraits within ovals, where angles do not distract attention from the main thing - the image of the face. “Psychologists do know some of the techniques to attract people by the form given to the object of perception. In particular, an effective way to attract attention is to allocate one ele-

---

10 Циферов (2009).
ment among others by some criterion. Thus, the most prominent corner of the quadrangle becomes the point of concentration of attention, regardless of the spatial position of a focus spot. 

Linear shapes have a certain impact on the perception of information as well. It is believed that vertical or horizontal straight lines are associated with calmness, clarity, and even solidarity and oneness, and curved ones with grace and ease.

If we consider the modern sign system in high politics and diplomacy, we can see that the official costume is the canvas on which the diplomat creates its image, and a necktie is thus a point of concentration. And in terms of the psychology of color, common colors costume details seriously affect his perception by the public.

**COLORS AND TIES**

If we look at the modern sign system as deployed in high politics and diplomacy, we can see that the official suit is the canvas on which a politician or diplomat creates his image, and a tie is the point of focus. And in terms of the psychology of colour, colour gamut of costume details seriously affects the perception of politics by the public.

For example, in the USA public attention is always focused not only on high politicians and diplomats, but also their appearance. Some important observations of American psychologist Ann Cooper Reedy help us to understand the great role played by suit colour and tie in the general perception of a politician in the United States. In her book *Off the Cuff* she makes recommendations about the etiquette of political behaviour, and a special section “Color Me Appropriate” is addressed to policy makers and provides some examples of US presidents’ clothing and brief advice on the details of clothing and its colours. In the first lines she cites Coco Chanel: “Never is it more apparent that you don’t get a second chance to make a first impression than with your choice of wardrobe.”

---

“Before getting dressed for television, squint your eyes at your wardrobe choice. If the small dots or stripes ‘dance’ before your eyes, avoid them for they will strobe on camera and distract from everything you are saying. Large pictures or patterns, as well as prominent plaids or stripes, which will overpower you, should also be avoided.

“To stand out from the background in media and personal appearances, or even show up in color photography, a woman should wear color. Clear, bright, solid color. At the next State of the Union address, notice which senators and congresswomen stand out from the crowd on television. You’ll see them in suit jackets of solid red, peacock, turquoise or cobalt blue, Kelly green, or purple”.

President Reagan was fond of wearing brown suits, which many believed was a subtle way of reducing the intimidating power of the office for a would-be folksy president. “A navy blue suit is thought to radiate sincerity while gray is the power color. The darker the gray suit, the more power. Black is usually saved for funerals and Las Vegas. The key to giving an impression of environmental consciousness is khaki or breen (brown-green)”.

What do you feel about this appearance of Mr. Putin?

According to A. Cooper Reedy, “a business attire, as compared to business casual, is still very much a uniform, a man’s tie is his signature statement. For a woman – it is her jewelry”.

---

Politicians, of course, love to gain advantages. Neckties are one way they try to do that.\textsuperscript{14}

We can agree with this statement – in a crowd of people during any political event, the men at first glance stand out primarily for their ties. Observing American presidents over the last 20 years gives us a lot of interesting food for thought. Particularly outstanding in this regard was George W. Bush. In 2003, journalist Roger Mudd for the first time spoke of ‘the blue tie phenomenon of the George W. Bush administration’.

\textbf{USA Case}

As Mudd noticed, not since George Schultz, Ronald Reagan’s secretary of state, wore the same necktie four days in a row back in 1983, had there been anything quite like such a scandal – until the occurrence of ‘the blue tie phenomenon of the George W. Bush administration’.\textsuperscript{15}

Mudd devoted an interesting telecast to Bush’s neckties, and it has opened a stream of articles and telecasts on this subject. Journalists have created blogs about presidents’ ties and their colours; on forums and social networks there is lively discussion about ties during television appearances and debates. In 2009, psychologist Leatrice Eiseman organized The Pantone Color Institute.\textsuperscript{16}

In the United States, increased interest in the psychology of colour even overtook Feng Shui, very popular since the late 1990s.

The phenomenon began soon after the President’s inauguration, when America’s chief executive would show up from time to time wearing a tie whose colour was unknown in Washington, D.C. - not the familiar power red or the Ivy Leaguer’s stripe or the diplomat’s polka dot or even the bureaucrat’s

\textsuperscript{14} Shales (2004).
\textsuperscript{15} Mudd (2003).
\textsuperscript{16} Pantone Color Institute (2009).
standard silk foulard, but a blue that seemed more at home on a teenage girl’s bedroom wall than on a necktie.

It was a blue that sent a signal: “I, George Bush, am from Texas. I wear cowboy boots. I wear blue jeans. I talk with a twang. But that doesn’t mean I can’t be sensitive once in a while”.

As Washington has discovered about this administration, once a signal goes out from the Oval Office, it’s heard and heeded from the west wing “all the way to fish and wildlife”. Quietly but without hesitation, the men of this administration began to add to their tie racks those blue cravats that branded them as George Bush men (the President’s press secretary, his political guru, Karl Rove, the attorney-general, other cabinet secretaries, their Secret Service escorts, even deputy secretaries...) “The blue buzz naturally reached California”17.

When the president gave his State of the Union speech in January, he could look down on a bevy of blue-tied Republicans. The gallery was awash with blue neckties. The blue tie had become, it seemed, a badge of loyalty. Only a very few have dared to hold out. Among them was Sen. Barack Obama, it is worth mentioning, who wore what appeared to be a black suit and coal gray necktie. Since we’re seeking meaning in colour choices, his ensemble could be construed as a sombre statement on the tough economic times.

(Images are taken from sources 18)

“Power red turned to powder blue”. For five of his State of the Union addresses, the President wore a blue tie with a dark suit. He also favoured the colour for news conferences and state ap-

---

17 Mudd (2003).
18 Бульвар Гордона (2013); Blog.nola (2008); Leblogdjetliberte (2016).
pearances over the years. When he picked a vibrant royal blue, on both sides of the political aisle many others followed suit.

Mudd and other journalists and critics’ sarcasm was quite clear – his blue tie marked the beginning of the end of a fashion era.

Fashion critics and political pundits over the years have read all sorts of connotations into Bush’s penchant for shades ranging from robin’s egg to sky. “Could it be a tribute to the Texas bluebell or a sly reminder that he’s a ranch owner who favors blue jeans and cowboy boots rather than pinstripes and lace-ups?” Blue brought out a resistance in the South. The fashion consultant in Rubensteins in the centre of New Orleans David Rubenstein said: “Bush’s blue tie never caught on as a fashion signal in New Orleans. Down here, there are two colors that curry much more favor. The political power tie in Louisiana has always been purple and gold”.¹⁹

Notes and anecdotes on the subject appeared in social networks: “I Will Never Ever Buy A Light Blue, Sky Blue or Baby Blue Necktie Again... thanks to Bush. Is that the ONLY color tie he ever wears? I’m sick of looking at it and I don’t even want to see it on myself or on my partner. What’s 15 inches long and hangs beneath an asshole? - Bush’s tie”.²⁰

It was predicted that, regardless of its meaning, the blue tie trend would expire on Election Day. «It runs its course as a fashion statement. It was a powerful signal, but as Bush’s time in office wanes, his fashion influence wanes”.²¹

However, the predictions appear to have been wrong. The blue colour range continues to figure strongly in the ties of politicians.

Even then, in the early 2000s Ann Cooper Reedy drew attention to Bush’s tie in a positive way: “Notice the president’s tie. Although solid red or very small patterned red ties with white

¹⁹ Langenhennig (2008)
²⁰ DU Lounge (Archives) (2004).
²¹ Langenhennig (2008).
shirts and navy suits are very popular in Congress for their obvious theme of red, white, and blue, did you notice President George W. Bush’s choice of ties after 9/11 and throughout the war with Iraq? He chose a series of sky-blue ties that seemed to be an antidote for the fear and hatred of war. A red tie would have merely inflamed the situation, although red is thought to be persuasive in other situations.²²

Leatrice Eiseman, author of the book *Color: Messages and Meanings*²³, said the shade of the blue is important when seeking symbology. “If it’s sky blue or deep blue, it has a meditative quality,” she said. « The more vibrant blues have much more excitement. Maybe the choice of the brightness of the tie was chosen to generate excitement... From a psychology standpoint, it was a very good choice... Overall, blue is America’s favorite color... For the most part, people associate it with (being) steadfast and constant, always there, dependable”.

Why, in fact, was there such a problem? The fact is - in the United States since the mid-1940s, the colour red and its various shades has been considered as the main symbol of force, power, nobility; it is one of the colours of the American tricolor and the colour of the Republicans. What do politicians’ red ties really mean?

Red, the more traditional power colour in Washington, connotes a dynamic, powerful feeling, Eiseman said. ”It’s all of those great things a politician wants to embrace”²⁴. In both business and political spheres, the crisp white shirt/red necktie combo has been adopted as some kind of ultimate American power aesthetic.²⁵ Candidates are constantly under the microscope, obviously, and strength is of the essence.

While red has come to have this significance, thanks to everyone from Reagan to Trump, it wasn’t always the case. As with

---

²⁴ Langenhennig (2008).
²⁵ Esquire (2010).
politicians, coloured accessories can have a convoluted past that many would consider best kept under wraps.

Colour psychologists, studying the history of socio-cultural perception of colour in the United States, found that British physician and psychologist Havelock Ellis wrote in 1915 of a very different symbolism: ”It is red, that has become almost a synonym for sexual inversion, not only in the minds of inverts themselves, but in the popular mind. To wear a red necktie on the street is to invite remarks from newsboys and others... Male prostitutes who walk the streets of Philadelphia and New York almost invariably wear red neckties. It is the badge of all their tribe. Among my classmates, at the medical school, few ever had the courage to wear a red tie; those who did never repeated the experiment”.26

By the 1960s, this connotation had rapidly started to fade fast. Soon TV anchors and politicians were adopting a ruby-red to add splashes of colour to the rather stiff figures they cut on TV. During the Nixon/Kennedy debate, Tricky Dick opted for a famously miserable brown ensemble, while Kennedy sported the classic combo for perhaps its breakout moment: black suit, red necktie, perfect hair. And we all know what happened there, Nixon’s sweating and all.27 Later, in 2004, George W. Bush stuck to red for every major speech in the beginning of his second term. In 2010, it was the Obama uniform: crisp white dress shirt / perfect ruby necktie.

However, colour psychologists believe that in high-stakes politics and business, there are only two colours for ties: red and blue. According to Roy Britt, sure, you might spot purple or yellow now and then, but those are clear statements of aloofness, be they calculated or careless. Few world leaders or CEOs want to be seen as aloof.28

26 Ellis (1915), vol. 2, pp.122-125.
27 Esquire (2010).
What would the Ukrainian President’s choice of purple and stripes tell us?  

But does it matter whether one wears red or blue? Yes, suggest several studies, including a new one out in 2009 in the journal Science. More on that in a moment. First, something on colour.

Now scientists say, red improves our attention to detail. Blue (the other preferred tie colour of choice for business and politics) is thought to boost creativity.

The study leader Juliet Zhu of the University of British Columbia and colleagues tracked the performance of more than 600 people on cognitive tasks that required either creativity or attention to detail. Most experiments were conducted on computers with a screen that was red, blue or white. It appeared that blue and red enhance cognitive performance, but in different ways.

Red boosted performance on detail-oriented tasks such as memory retrieval and proofreading up to 31% more than blue. For brainstorming and other creative tasks, blue cues prompted participants to produce twice as many creative outputs compared to red cues. This brings us back to the fact that humans relate colours to nature, and in moments of stress or a need to choose they act in accordance with their primitive instincts. For millennia red was known primarily as the colour of fire and danger. Zhu therefore considers that “thanks to stop signs, emergency vehicles and teachers’ red pens, we associate red with danger, mistakes and caution. The avoidance motivation, or heightened state, that red activates makes us vigilant and thus helps us perform tasks

---

29 Image s are taken from: F112.ua (2015); MK-London (2015); Politika (2016); File.liga (2014).
where careful attention is required to produce a right or wrong answer”\(^{30}\).

At the same time, Eisenman says, "the sky is blue and radiates over the water, which people perceive to be blue, so there is a consistency to it"\(^{31}\). "Through associations with the sky, the ocean and water, most people associate blue with openness, peace and tranquility... The benign cues make people feel safe about being creative and exploratory. Not surprisingly it is people’s favorite color"\(^{32}\).

In 2012 the news website *Centives* went through all of the 22 Presidential debates that were broadcast in colour to see if there was any relationship between tie colour and ultimate victor\(^{33}\).

*The blue-red hybrid that Clinton wore during most of his debates.*\(^{34}\)

During American presidential debates the most minute moments of the candidates’ performance are analyzed in excruciating detail – from the way the candidates shake hands to the size of the flag pin that they wear. There is however one other

---

\(^{30}\) Roy Britt (2009).

\(^{31}\) Langenhennig (2008).

\(^{32}\) Roy Britt (2009).

\(^{33}\) *Centives* (2012).

\(^{34}\) Image is taken from: *Centives* (2012).
important decision that a candidate has to make on the day of the debate: which colour tie they should wear.

Overall candidates have worn a tie with a red base colour 68% of the time, while blue has only been worn 16% of the time. The other 16% of the time candidates have worn a third colour, or a combination of colours.35

Reagan was the only candidate who could be successful in a black tie. He wore one in his only debate against Carter, and for one of the debates against Mondale, four years later. Both Dole and McCain tried to follow in his footsteps by trying out black ties, and both went on to lose the election.

Americans were asked why in recent years they have only seen red and blue ties on presidential candidates? Some might argue that candidates will choose those ties that best reflect their party’s identity, meaning red ties for Republicans, and blue ties for Democrats, but this is only partially true.

Democrats don’t seem to think as highly of their own colours and have only worn a blue tie 16% of the time. This might be because aside from Obama, Democratic candidates who have tried wearing a blue tie have always lost the election. Carter was the first to bring out a blue tie against Reagan in 1980. Carter’s defeat was so traumatic for Democrats, that it took 20 years before another Democrat, Al Gore, was willing to try a blue tie… only to lose against Bush.

Republican candidates have worn blue, the colour of the Democrats, 18% of the time. For example, in debates with Barack Obama, Mitt Romney had a bright blue tie – a colour associated with calmness, maturity, and elegance. 36

---

35 Centives (2012).
In addition to being America’s first black President, Obama has the distinction of being America’s first Democratic President who can pull off blue ties, having worn one in a debate against McCain. And here we see the strong influence it had on American public opinion, ‘the President of the Blue Tie’.37

Americans were asked for votes for 10 different ties for each candidate: what tie colors would each party’s supporters choose. The statistics (400 people voted) showed 3 things:

Democrats Like Blue Ties (54% of all votes were for a blue tie on Obama, followed by red taking 29% of the vote. Bright blue ties were preferred over dark and more conservative navy blue neckties).

The Most Popular Ties for Each Candidate were even voted:

The light blue textured (on the left) tie was the most popular choice among Democratic voters receiving 29% of all votes, while the bright red “power tie” (on the right) was the top choice among Republican voters (31% of all votes).38

(Images are taken from sources 39)
Republicans Like Red Ties (Republican voters picked out a red tie over 80% of the time. Blue only received 10% of the votes). Republicans are more conservative. While Democrats could picture Obama wearing purple, turquoise, teal, and other trendy coloured ties, Republicans only voted for blues and reds – other tie colours appeared to be unimaginable choices for a President in the eye of the Republicans.

**THE AUSTRALIAN SKY-BLUE TIE CASE**

In Australia, the sky-blue tie has found a very different meaning.

*Tony Abbott - Australian politician, leader of the Liberal Party (and automatically opposition leader from December 1, 2009), Prime Minister of Australia from September 2013 to September 2015. Tony Abbott’s blue ties represent a strange act of defiance. (AAP Image: Quentin Jones 40)*

In Australia, a difficult situation prevailed before the election in 2013. At the time, the 2010 elections had led to the formation of a parliament without a majority (the first time since 1940). Prime Minister

---

40 Image is taken from: Green (2014).
Julia Gillard - the first woman in the history of Australia to be prime minister - and the head of the Labor Party retained power by combining with a single deputy from the Green Party and three non-party members of parliament.

She changed her fellow party member Kevin Rudd in 2010, but lost in the intra-party elections in June 2013, and again gave way as leader of the party - and, accordingly, as Australian Prime Minister – to Kevin Rudd.

On October 8th, 2012, Ms. Gillard appealed to the parliament with a speech on ”Women for Gillard” – what is now referred to as ”Gillard’s misogyny speech”41 – slamming Mr Abbott for being sexist. Ms Gillard’s speech put gender at the centre of the campaign for the September 14 2013 poll. In June 2013, the opposition leader Tony Abbott decided to wear pale blue ties to soften his image. “The ones he has worn since June 2013. Without exception. Every day. With an almost obsessive discipline. Tony Abbott’s blue ties aren’t just shiny swathes of silk - they are crafted and premeditated reminders of all that he replaced”.42

Journalist Jonathan Green, considering the situation in his article «When the blue tie - is more than just a blue tie» says: “To me it marks him as a politician compulsively obsessed by the finest detail of political messaging, and more than that, a man prepared to sacrifice himself utterly to the rigor of that discipline, to surrender even something as small, simple and silly as the choice of a tie in the morning to the necessities of political craft. And that in turn erodes confidence in almost everything else he does. What else can be trusted?... What is heartfelt, when even this small detail of dress is designed as a subconscious supplement to the daily message? That degree of calculation must be all pervasive”.

New elections to the parliament were scheduled on September 14, 2013, which the opposition could potentially win (and indeed won) with Tony Abbott then taking the position of -Prime

41 Sydney Morning Gerald (2012).
42 Green (2014).
Minister as the leader of the leading party. Julia Gillard warned in that famous speech of the prospect of an incoming Abbott government:

"On that day, the 14th of September, we are going to make a big decision as a nation, it’s a decision about whether once again we will banish women’s voices from the core of our nation’s political life. I invite you to imagine it. A prime minister – a man in a blue tie – who goes on holidays to be replaced by a man in a blue tie. A treasurer, who delivers a budget wearing a blue tie, to be supported by a finance minister – another man in a blue tie. Women once again banished from the centre of Australia’s political life".43

The day after winning the election, not only liberals, but most of the Labor Party appeared in parliament in blue neckties of different shades. Since then, the majority of the Australian public opinion have taken it to have offensive connotations, “as a permanent sign that he, Tony Abbott, would prove that he could govern for all of us regardless of the colour of his tie or the sex of his cabinet”. From this moment a bright sky-blue tie has appeared to be associated with the conservatism of Tony Abbott’s gender politics and sexism: “No longer a tie, now a permanent reminder in a swathe of silk of all that he replaced. Because that’s what Tony Abbott is wearing round his neck, day in, day out, in every public appearance: a small strip of cloth that says «Julia Gillard». Trophy, albatross or just a nuanced uniform, part of a calculated suit designed to indicate stylised power”. 44

Tony Abbott wore blue ties for two years - from September 2013 to September 2015, when he lost the intra-party elections and had to cede the position of Prime Minister to the Labourists.

CONCLUSION

Thus, as we see from these examples, senior politicians in the US and in Australia are very serious about their personal and party image, and well aware of how much they can influence

43 Sydney Morning Gerald (2012).
44 Green (2014).
the situation in the country not only by their actions, but also by their appearance, and by the way they reveal their overt and covert political intentions.

Tony Abbott’s sky-blue colour scheme, as we see, has led to a similar result as the tie worn by George W. Bush. At some point, the stability of the blue begins to exert a negative pressure on the public consciousness. It should be noted that colours are firmly anchored in a specific historical context associated with the traditional colour symbolism of the European Old World and the state symbols of the United States and Australia. Both examples are from countries with a common British past. In modern times blue was once associated with the blue blood of British nobility (‘blue blood’ pointing to the blue veins that show through the skin of the well-groomed aristocrat, unlike the calloused and tanned hands of the labourer), while red represented the red blood of the Guards (‘Red Coat’ - the ubiquitous nickname of a British soldier).45

Guidelines regarding colour options for formal occasions, of course, are directly dependent on the national colours. The blue-white-red triad, as well as in the United States and the British Commonwealth, has been adopted in some other countries, so we can say that the general rules of the political etiquette of colour work for them. The national colours of other countries offer plenty

45 Никитина, Демьяненко (2012).
of opportunities to express yourself in the protocol of national events. For example, the colours of Ukraine - a sky-blue and yellow – occur naturally in the dress code of Ukrainian politicians. However, this is true only if they are used in combination. Used individually, a sky-blue or yellow tie carries with it only its own socio-cultural connotations.

The psychological and emotional effects of colours are definitely nothing new. In fact, psychologists have been researching the meaning of colours for decades, if not centuries, and evidence does indeed prove that certain colours do evoke certain emotional responses in people. So it is nothing new for presidential candidates to be paying attention to what colours they choose for a public appearance.47

At a certain level high politics and diplomacy converge, in that any president, prime minister, king, or church potentate will find themselves having to perform the functions and tasks of foreign policy. Taking a broad definition of diplomacy, every leader in high politics or global business is a diplomat; diplomacy penetrates all levels of society, and every person travelling abroad is also acting as a diplomat at his own particular level of communication.

However, on psychological level of the general impact, high-level policy-making and diplomacy diverge. Any foreign policy action or political message is essentially a form of advertising 48 - self-promotion or state advertising, you might say. In diplomacy, this element should not be present. Diplomacy has its own tasks, also associated with the need to convey the message to the other side. But for a diplomat it is very important to make his interlocutor 'advertise himself', to create the right mood or flow of his thought that forces him to open up and reveal his intentions. Colour psychology plays an important role in this.

---

47 Tie-a-tie (2012).
So the daily choice of a necktie is not as simple as it looks, and should not be made without thought.⁴⁹

Like the Presidents, use colour to subtly accomplish your goals.⁵⁰

(Image is taken from a source⁵¹)

REFERENCES


⁴⁹ Roy Britt (2009).
⁵¹ Atlantic (2013).
Diplomacy and Colour Psychology: the Tie Case Study


La Motraye, Aubry de (1727): Voyages du S.r A. de La Motraye, en Europe, Asie & Afrique. Où l'on trouve une grande variété de Recherches géographiques, historiques & politiques..., 2 t., The Hague, T. Johnson & J. van Duren.


Ознобишин, Дмитрий П. (1830): Селам, или Язык цветов, Санкт-Петербург, «Деп. нар. просвещения».


Mission London: A Mini Handbook of Diplomatic Practice

Milan Jazbec

ABSTRACT

This contribution presents, analyzes and comments one of the best recent European novels on diplomacy Mission London by Alek Popov. The author sets in the fable diplomatic life at the Bulgarian Embassy in London in the mid-nineties of the previous century. In his interesting, satirical and dynamic novel he merges aspects of comedy, novel and criminal story, and offers a representative picture of diplomatic life in the receiving state. The novel includes the majority of most important diplomatic elements like: the arrival and beginning of the work of the new Ambassador, daily working rhythm, habits and psychology of diplomatic work, relations between diplomats and administrative-technical staff as well as with colleagues in the foreign ministry at home, international conferences, contacts with diaspora, and intrigues and connections with politicians at home. Hence we claim in this paper that the book presents a mini handbook of diplomatic practice. The novel is important, comprehensive and substantial contribution to understanding diplomacy, diplomats and their work, although some parts of the text contain certain exaggerations for the sake of the attractive style.

KEY WORDS: diplomacy, novels, mission, psychology

1 CORRESPONDENCE ADDRESS: Milan Jazbec, PhD, former Ambassador of Slovenia to Turkey, accredited also to Azerbaijan, Iran, Iraq, Lebanon and Syria (201-2015) and Professor of Diplomacy at the University of Ljubljana. Employed at the Ministry of Foreign Affairs of Slovenia and teaches diplomacy at the Graduate School of Governmental and European Studies, Predoslie 39, SI – 4000 Kranj. Email: milan.jazbec@fds.si.
ISSN 1855-7694 © 2016, European Perspectives, UDK: 327 (4)
POVZETEK


KLJUČNE BESEDE: diplomacija, romani, poslanstvo, psihologija

INTRODUCTION

Among many ways to learn diplomacy studying novels that deal with diplomacy comes out as an useful example and practice. Hence we present, analyze and comment in this paper one of the recently most popular European novels from this area, namely Alek Popov's Mission London. Additionally, we compare diplomatic approach, experiences and lessons learned from that book with some of the classical handbook on diplomacy, like Berridge's Diplomacy (2015), Feltham's Diplomatic Handbook (1994), Nicolson's Diplomacy (1998) and Satow's Guide to Diplomatic Practice (1994). This means that we would try to understand Mission London as a mini handbook of diplomatic practice and will try to prove that point of view during the course of this paper. For this reason and since the author of this contribution²

² Further on: this author.
is also a career diplomat, we rely extensively on the method of observing with one’s own participation, especially when commenting issues from his three decades long diplomatic practice. One should also mention that this paper is not an extended book review but presents a diplomatic analysis of the novel that deals with diplomacy.

With this in mind we add in this journal to a series of articles that deal with broadly known books on international relations and that significantly influence this field. In the case of the Popov’s book it also goes well along with the main mission of this journal, namely to present and promote topics connected with the European perspective of the Balkan countries in general as well as with an aim to present and promote authors from this region.

MISSION LONDON AND ITS DIPLOMATIC UNDERSTANDING

GENERAL OBSERVATIONS

Diplomacy, “the most important institution of our society of states” (Berridge, 2015, 1), but also “that funny old trade” (Roberts, 2014, ix) is portrayed in Popov’s book exactly between these two opposite, nevertheless complementary understandings, though the author includes in his novel many its additional nuances as well.

Since diplomatic frame is defined by pursuing relations among states (also between states and international organizations) diplomats deal with elites and are also part of elites by themselves. At the same time, exercising protection of bodies of private and corporate law, what would mean dealing with consular protection of their citizens and their companies, diplomats also keep in touch with everyday lives of ordinary citizens, to say so. One could continue presenting the extension of diplomatic frame, what would only add to the complexity of diplomatic life and work. They,

---

3 In the Foreign and Commonwealth Office they call it Cinderella’s work since it never stops and with each consular case, whatever the nature, the consul starts again from the scratch (comp. Edwards, 1994).
diplomats of all sorts (ambassadors, political diplomats, special attachés like military, commercial and others, consuls etc.) are in the midst of this complicated matrix of political and social relations. Hence, they have to be well educated and skilled, familiar with all possible kinds of political interests as well as with silly small troubles that people face while travelling abroad.  

Generally speaking, diplomats are not saved from anything that people face in their lives. This includes also crime, corruption, scandals, love and other intrigues as well as affaires. They have to deal with them, but are also part of some of these activities, since at the end of the day they are people and citizens like everybody else. But with the difference to the latter, a diplomat’s stand is tense: “In his line of work, healthy nerves were like ropes for a mountaineer.” (Popov, 2014,15)

Without going into the fable of Mission London, the book includes and deals with all these aspects of human life. However, for our analysis the most important is that this novel deals with diplomatic life as such – the episode starts with the arrival of Varadin Dimitrov, the new Bulgarian Ambassador to London in the middle of the 90s of the previous century and develops then accordingly along the path of his mission. One should also point out that – in spite of having the Bulgarian Embassy as the central focus – the story could be applicable to any Embassy as such. The profession has its own rules and ways of functioning and their nuances could be found everywhere in the diplomatic corps; they are universal. This fact adds to the importance of the novel and brings it to the level of the de facto mini diplomatic handbook as well.

There are many guides through the diplomatic work like Barston (2006), Berridge and James (2003), Petrič (2013), Sen (1988) and Watson (1991). Practically all of them include basic diplomatic topics like diplomacy, ministry of foreign affairs, diplomatic mission, protocol, bilateral and multilateral diplomacy and conferences. These are all areas that each diplomat has to be familiar with, regardless of the fact where he or she is employed

---

5 Alek Popov served during that time at the Bulgarian Embassy in London as cultural attaché.
within the ministry and posted abroad. We will analyze and comment Mission London and compare or back up with primarily four in the Introduction pointed out handbooks (but also with other references) through the following areas of diplomatic work: protocol and diplomatic events; professional atmosphere and diplomatic psychology; international conferences; connections and their settlement. We do not comment relations of diplomats with their diaspora; nevertheless they are an important part of diplomatic work and life as well as a part of the novels’ story. With each comment we will try to find out if and how facts, descriptions and findings in the book go along with rules from basic diplomatic references.

**PROTOCOL AND DIPLOMATIC EVENTS**

The text starts already with an unusual breach of the diplomatic protocol.

The new Ambassador arrives to his posting two days before the announced arrival. So we do not learn how he was expected by the Foreign and Commonwealth Office (FCO) Protocol at the Airport. But we learn that he arrived to the Embassy with a taxi that was just leaving when the Embassy’s cook opened the door to the newcomer: “Behind him, a black-cab was executing complicated manoeuvres to get out of the narrow little street.” (Popov, 2014, 8). The description of the street tells us i.a. that the Embassy was not on a particularly prominent location. Of course, it’s location that counts in diplomatic business, in diplomatic center like London in particular.

The person who was a “tall, gloomy gentleman, wearing a greenish raincoat, suitcase in hand, jutted from the doorstep” (*ibid*) and was received by the cook’s question in Bulgarian when opening the door: “Who are you looking for?” (*ibid*) The stranger didn’t allow himself to be disturbed: “I am the new Ambassador,” he said, gazing at the bare feet (of the cook – M.J.). “And who are you?” (*ibid*) One could rather easily imagine what everything that fact meant and caused for the easygoing, uninterested at-
mosphere at the Residence and at the Embassy, where everybody was sure that the new boss is arriving not before than in two days.

Diplomatic rules foresee the notification of arrival of not only the new Ambassador: “The head of the mission should, where possible, advise the Protocol Department of the Ministry of Foreign Affairs well in advance of the date, place and time of the intended arrival or final departure of any member of the staff of the mission or of their families.” (Feltham, 1994, 24). Why? The FCO (and any other Foreign Ministry) has to be informed with these facts to have the knowledge of the diplomats that serve in the receiving state. And this info is of special importance regarding the arrival of a new Ambassador: “On arrival at his post to take up his duties, a head of mission will be met by the Chief of Protocol (or his deputy).” (ibid)6 We do not know why H.E. Dimitrov skipped these honours, but in any case for a novel that is a good start that offers a joyful reading.

The most important duty of the new Ambassador is the presentation of credentials to the Head of State (Veljić, 2008,139-141). After this ceremony the Ambassador is enabled to carry out his/her duties in full terms. However nowadays the act of presenting the copies practically provides the Ambassador with the de facto full authority to represent the sending state: “Because a new head of mission has entered fully on his functions by presenting to the FCO, on his arrival, the working copies of his credentials, his call on the Queen to present the credentials themselves is in the nature of a symbolic last act of the arrival procedure rather than (as in many other countries) an essential first act.” (Feltham, 1994, 25)

For H.E. Ambassador Dimitrov and his staff the day of presentation of credentials was, however, a highly important act. But it also confirmed that the ceremony is purely symbolical and does not have much of practical influence, as already quoted above. The fact that he took part at huge international conference in London before presenting credentials, with his Prime Minister as a head of delegation proved the above explained.

---

6 Comp. also Veljić, 2008: 135-138.
However, “Today was a big day.” (Popov, 2014, 103) Of course: “The ceremony of the Presentation of the Letters of Accreditation. (…) Now Varadin incarnated the National ideal.” (ibid) Diplomatic rules and practice tell that a certain number of diplomats are allowed to accompany the Ambassador at the ceremony. For them this presents a highly ceremonial and important insight into heights of diplomatic life. But also a highly valuable opportunity to make contacts in high offices. Contacts provide diplomacy. In spite of everything H.E. Dimitrov did not allow anybody to accompany him: “There was no longer any doubt that they had been cut out of the ceremony, like an unwanted and embarrassing appendix.” (Popov, 2014, 105) The open carriage took their boss to the Buckingham Palace. When he was back after two hours, the Military Attaché, who was deeply disappointed and ashamed that even he was not allowed to accompany H.E. to the ceremony, noted the difference: “The instant he saw the Ambassador, Stanoicho said to himself: This is no longer the same man!” (Popov, 2014, 107) The reception that followed to celebrate the respected event, was chatty and colourfully mixed: “In the grand hall (of the Embassy – M.J.) , there were some twenty people gathered, chatting casually, glasses in hands – Foreign Offices clerks, diplomats from former allied states, representatives of the Bulgarian community and a few strange birds who had flown in somehow or other.” (Ibid.) Such reception is called “Vin d’honneur” and is an usual event organized immediately after the presentation for a smaller, carefully selected group of invitees (Veljić, 2008, 141).

Diplomats and ambassadors in particular, have to use each occasion to deepen friendly relations between the two concerned countries. For this they have to move around, they have to attend events. This is where glamour is housing and where ambassadors stand out. The whole outside world is full of envy because of this.

Soon after his arrival, Dimitrov had to participate at his first diplomatic event: “Are you going to attend the banquet tonight?” asked the secretary (Popov, 2014, 41). The question was a routine, formal one – how could he not? But she needed the exact answer to be able to reply to the invitation. By the rule, an invitation has
to be replied: most usual by confirmation or excuse (R.S.V.P.) or only in a case of not accepting (Regrets Only).7

And in addition comes also a personal feeling of importance and pride: “... he was eager to do a quick round of High Society.” (Popov, 2014, 42) Quite natural, logic and human, isn’t it. The impression got stronger and the expectation was confirmed when he noticed his name: “…‘Ambassador, Bulgaria’ – that gave him a pleasant tingling sensation.” (Popov, 2014, 44) But soon these feelings started to disappear: “The invitation was enigmatically laconic.” (Popov, 2014, 43) and hardly told him anything. The title of the lecture was even less telling: “The new challenges facing the steady development of Europe.” *(ibid)* The diplomatic jargon? Absences of content? Pure routine? He was also new and didn’t know anybody: “Down the whole length of that long table, he could not see a single familiar face, not a single familiar voice rang in his ear. He was completely alone.” (Popov, 2014, 44) So no wonder the following question soon emerged in his brain: “What on earth am I doing here?”8 *(ibid)* But with an instinct of a routine guy he adapted himself rather quickly to the situation: “Despite the helpless condition of his mind, he made sure the look on his face remained that of an attentive listener until the end, when he enthusiastically joined the chorus applause.” (Popov, 2014, 46) Yet, how to make a contact?9 Sometimes it goes by itself: “… at which point a gentleman flumped his large body down in the empty seat next to his (…) ‘Mr. Varadin Dimitrov!? Nice to meet you!’ Dean Carver, M.P. ‘ He offered his hand.” (Popov, 2014, 45) Towards the end of a day, as the evening develops, H.E. is already in fully professional routine: “Varadin’s brain was feverishly trying to process all this information and was struggling to put it into a report format.” (Popov, 2014, 47) Reporting is the essential part of diplomat’s work: diplomats observe and report, if we simplify functions of the diplomatic mission (Feltham, 1994, 3).

---

7 Comp. any basic handbook on protocol, like Jazbec (2009), Mikolić (1995) and Trajkovski (1990).
8 Here the German translation sounds much more persuasively: “Was, zum Teufel, habe ich hier verloren?” (Popov, 2008, 57)
10 It’s worth noticing that the guest did not addressed him as Ambassador, Excellency or similar, but only with the surname.
And so he found himself in the middle of the diplomatic marry go round: “His events for this day: ”A lunch in the French Embassy awaited him and he expected it to be formal and cold because of the well-known dislike of the French for anyone who did not speak their language. In the afternoon he had to see a line clerks in the Foreign Office. In the evening he had to attend a reception at the Carlton for some occasion his brain categorically refused to retain” (Popov, 2014, 72) At the same time that much about the well-known diplomatic leisure and glamour.

Among such regular hum drum, though important one, some special tasks stand out. To improve his country’s image in the eyes of the highest officials as well as of public opinion of the receiving state was his utmost duty: “The Embassy is not actively engaged in building Bulgaria’s new image. We are lacking contacts at a high level.” (Popov, 2014, 25). According to the spirit of time, he gets in contact with a PR Agency, which director pays him a visit at the Embassy. Dimitrov points out immediately the importance of contacts, in particular of those not so formal ones: “The possibility of less formal ways of communicating has always interested me,’ the Ambassador added. ‘Sometimes such connections turn out to be far more fruitful than official ones.” (Popov, 2014, 79) What is important for our analysis is the fact how fast H.E. is adapting to communication style of his business: “I assume that is not cheap?” Varadin narrowed his eyes, amazed at his own audacity.” (Popov, 2014, 80) The discussion continues well and results throughout the story in a project that however fails completely as far as better image of the sending state is concerned, what nobody notices, since that home country is far away and reporting is not always accurate.

**Professional atmosphere and diplomatic psychology**

General picture of diplomatic life is that they enjoy being outside, on the posting, and that they hate to come back, although they all know very well the limitation of their terms and what follows necessarily.
As a matter of fact one could make a diplomatic matrix that would clearly show these relations, hesitations and challenges. Its elements would be: a) posting abroad as a reward, deserved goal or routine issue, but in any case a highly aspired one; b) leaving home after finished term, definitely known, but highly undesirable act, that the majority tries to avoid or at least postpone; c) relation between diplomats and administrative-technical staff at the embassy as a pretty much tricky and subordinated one; d) relations among diplomats according to strict hierarchy as a steel rule of diplomatic service;\textsuperscript{11} e) relation between the team abroad on the posting and in the foreign ministry at home; f) the exclusive top role of H.E. the Ambassador that has so called absolute power and rule within the Embassy (practically everybody dislikes him/her, but cooperates for targeted interests, basically always calculating). So the matrix is a highly dynamic one, full of ever changing alliances and connections.

Varadin learned a great impression of that fuzz already at his arrival and after the encounter with the cook: “The Ambassador looked on with a poisoned face.” (Popov, 2014, 9) It looked like as if this would be an indication of the first and right impression that followed the next day when the newly arrived had his first day in office. It started with the morning meeting with the whole staff: “It was soon after 10 p.m. The presidential chair was still empty. At a reasonable distance of a few empty chairs, the diplomats were sat with open pads, pens at the ready. The technical staff had crammed themselves at the other end of the table – the driver, the accountant, the radioman, the cook and the housekeeper.” (Popov, 2014, 23) H.E. took his time: “Let them wait, let them tremble!” (Popov, 2014, 24) His opening speech though confirmed extremely reserved approach of diplomats: “The diplomats were so frightened and overburdened by the system, that they dared not make any independent decision.” (Popov, 2014, 25) And since “[P]anic appeared on the faces of the diplomats.” (Popov, 2014, 26), it was natural that “[T]he technical staff observed the inquisition maliciously.” (\textit{ibid}) So it was only the sec-

\textsuperscript{11} There are the following diplomatic ranks within the diplomatic mission: Minister Plenipotentiary, Minister Counsellor, Counsellor, First Secretary, Second Secretary, Third Secretary. Service and special attachés are usually placed immediately after Counsellors. (Feltham, 1994, 31.)
retary Tania Vandova that provided the answer. But why? For this reason: “Her mandate was coming to an end during the summer, so she did not have much to lose.” (ibid) The meeting continued in such somber mood, what H.E. interpreted it as a good management sign for him: “His gaze slid across the faces of the staff, but it only found downcast eyes. A good sign. He was doing well. A guilty employee was a good employee.” (Popov, 2014, 28) Towards the end, however the guiltiness shifted to the other end of the table: “After a while he said, “The windows are not clean,” with a deep sigh. The faces of the diplomats showed some relief at the expense of those of the technical staff.” (ibid)

There was somebody who was missing at the meeting: second secretary Kishev. That fact hardly paid off for him. He was name-ly doing with the case of Mrs. Pezantova. Varadin, of course, was not informed about this till the due moment during the course of the meeting (which solemn atmosphere is already quite known to the reader): “Who is dealing with this?” he enquired coldly. “Kishev!” they all chorused.” (Popov, 2014, 26) It’s always, by the rule, better to be there, at least to be able to defend oneself, if not in any other way then just with physical presence. In spite of risking to be called to the Ambassador’s office (what goes in particular for the administrative and technical staff): “The cook sat in front of the office for a few minutes, then he stood up, paced a little and stopped next to the window. He was nervous. He had no idea as to why the Ambassador wanted to see him, but from long experience could guess that it would not be nice.” (Popov, 2014, 153) Well, there is at least one of the very few points that homogenizes the whole Embassy staff in the relation towards H.E.: “Does anyone else know what is she doing?” he asked quickly, then thought to himself, in answer, of course they know! I’m always the last to be told!” (Popov, 2014, 183)

Kishev’s case also illustrates the relation with the foreign ministry back home: “And what was waiting for him back home? That, no one could say. Much water had passed under many bridges during those two years. The government had changed; people he had done favours for and who had supported him had been thrown out of the Ministry; new and hungry people had re-
placed them and were certain to be making their own arrange-
ments for him. “ (Popov, 2014, 16) Change is the only firm aspect
of this profession and demands much energy and skill from its
holders. What could illustrate the relation: one can not get away
from issues back home; normally. They haunt you for four years
and then you are there where you started: in the Foreign Minis-
try, beginning everything again. Time and again.

Also H.E. was very well aware of all this: “Here was some crafty
and cunning clerk, scrabbling to get out. That sensation was well
known to him. He himself had scrabbled like mad to get out of
his disconsolate office in the Ministry and knew that the result
was worth the effort, and the very last drop of humiliation.12 He
had known that sweet stupor of victory, when the posting sleeps
snugly in a pocket next to the passport and plane ticket.13 Then
you stop caring all of a sudden, you relax and only move things
from one side to another for an entire three years.”14 (Popov, 2014,
140) Nothing that would remember a diplomat about things back
home was not appreciated: “They were sat fidgeting around the
long empty table in the meeting room beneath the map of Bul-
garia, with its cold pink and yellow colouring. Malicious tongues
had it that the map had been put there not so much to arouse
patriotic spasms in the employers, but to serve as a reminder of

12 A good colleague and friend told once to this author that relations within hierarchy in their
huge ministry rest on “humiliation and mistreatment”.

13 The plane ticket is a magic word and a diplomatic magic stick at the same time. This author
remembers from the beginning of his career how one colleague was posted to Zimbabwe. She
finished all the necessary procedures, picked up her plane ticket and after two days, while on
the way to the airport, made a stop in the personnel department of the Foreign Ministry to take
the diplomatic bag with her. When she appeared at the relevant personnel officer and told him
why she dropped in, he responded to her that she will not leave anyway, because the decision
was cancelled and that they are sending another one. She got furious, told him, don’t you dare
stop me and left. Since she already was in the possession of the flight ticket, nobody tried to
stop her and she landed the next day in Harare and served her term. Another colleague of
this author was even sent back when he was de facto boarding the plane. Such things happen
because of the nature of this profession and its, often false image: serving abroad in world
capitols, dealing with elites, attending cocktails, receptions and dinners, and enjoying life. That
is why being posted abroad is sometimes interpreted almost like struggling for survival. But
this author knows also a former ambassador in London who received that position through
high connection, but resigned and returned home after two years since he did not want to wait
on and on for delegations at airport.

14 From this philosophy stems the saying, which defines diplomacy as the activity of moving from
empty to vacant.
where they came from and where they could be returning if they were not sufficiently careful.” (Popov, 2014, 22)

**INTERNATIONAL CONFERENCES**

Diplomats either participate at the conferences on behalf of their states or support high political representatives of their states at conferences. In both cases they have to be very well informed about all the necessary details, procedures, objectives and aims; in the latter, however, they have to offer all possible support to their superiors from the capitol. So they follow a common goal that lays at the core understanding of the conference diplomacy: “The object of conferences is to discuss problems and find solutions that are so far as possible acceptable to all participants, and this process is carried on by the traditional methods of diplomacy.” (Feltham, 1994, 147)

Each conference brings together a huge number of people, either because of a big number of participating delegations or because delegations are big. In either cases diplomats that have to serve those delegations have to be well informed about the event, have to know all the details, organizational and substantial as well as they have to be well coordinated among them. For a small diplomatic team on the posting such event is always very stressful and demanding. In addition, the ambassador has to keep close to the head of delegation (in our case the Prime Minister), but again not to close. Ambassador Dimitrov “had cause to believe (he had half-heard it from somewhere) that this man was far from happy about his ambassadorial nomination.” (Popov, 2014, 85) But at the same time this was an opportunity: “On the other hand, like all true careerists, he felt a pathological attraction to people on position of power.” (ibid) Top politicians are very powerful and very sensitive and both aspects go along well. Also their staffers are the same. And one shall not forget his own team that is by definition envy because the ambassador is so close to the top person: “He also strained to keep an eye on his staff, who circled like hyenas around those currently in power, and were only waiting for the right moment to discredit him.” (Popov, 2014, 86).

---

15 Comp. also Berridge, 2015: 168-197.
Having in mind this complex matrix of political, diplomatic and social relations one could agree with H.E.: “The task was daunting.” (ibid) No wonder he took the only possible approach in such situations: “Throughout these three days that were filled with general commotion, long speeches, exultation and not very well hidden disappointment, Varadin struggled merely to survive.” (Popov, 2014, 85) Since so many different persons attend them, conferences provide the venue and a social atmosphere to get in touch: “For Varadin, the Conference was an excuse to make official contacts at every possible level.” (Popov, 2014, 87) But of course, human memory (and diplomatic usefulness) has its limits: “Their names slipped out of his mind as easily as their visiting cards into his pocket.” (ibid) Next, since conferences are such huge and complex machinery, one must improvise from time to time to be able to survive: “At that exact moment, the Premier inclined his head towards Varadin and whispered, “Is my speech ready?” The Ambassador nodded instinctively.” (Popov, 2014, 89) Of course, it was not.16 Nevertheless, the speech was found, nobody from the delegation noticed anything and Ambassador survived: “He puffed out his chest and brushed off last traces of ill-humour and re-joined the delegation with the grace of a well-groomed lion.” (Popov, 2014, 93)

**Connections and their settlement**

Career diplomats, if they don’t have bad luck or lack of ambition, are on the good way to become an ambassador sooner or later. For the sooner option connections do well, in particular those from politics or public figures. Dimitrov was not an exemption from the rule.

But as they say, there is no free lunch. It happened pretty soon after his arrival to the posting: “He was almost feeling at home (‘behind the big boss’ desk, in his armchair’ – M.J) when the red phone rang. He stared fearfully at it and picked up the receiver.” (Popov, 2014, 29). It was Mrs. Pezantova, an artist, whom he owed a big favour (“Devorina Pezantova was the wife of an influ-

---

16 “I gave it to someone to give to you, just a minute ago.” explains the Embassy’s intern to the Counsellor when he asks for the speech (Popov, 2014: 89).
ential Bulgarian politician.” – Popov, 2014, 27). And she started to issue the bill: she expected an echoed charitable event with folk music for her publicity in the midst of London with jet set attending it. Her question was a straightforward one: “You haven’t forgotten about me, have you?” He sensed an edge of suspicion.” (Popov, 2014, 30) The answer from the newly arrived Ambassador is reassuring: “Leave it to me,” said Varadin authoritatively.” (Popov, 2014, 30) During the later course of events he manages to fulfill his debt and promise to her; however the story is full of complications, improvisations and luck. For the interested reader it makes an opportunity to get acquainted with many aspects of diplomats’ daily work, though presented in a satirical manner.

When she arrives to London, with her escort, half of the Embassy is at the Airport. But she goes directly to the Ambassador, practically ignoring the rest: “Devorina Pezantova coldly shook hand with the diplomats, decisively ignoring Kishev’s attempt to engage her in conversation.” (Popov, 2014, 175) She was highly pleased with the forthcoming event, in particular because of her competitors back home: “Christ! Kututcheva and Moustacheva will be so full of envy, they’ll explode!” she exclaimed.” (Popov, 2014, 176) On the very eve of the artistic event H.E. time and again shows how he mastered pragmatism. Faced with a strange installation that was to be – and indeed was – part of the event, he, without knowing what’s up, easily concludes: “The aesthetic side of the whole thing was of little interest to him. If Mrs. Pezantova said it was interesting, that was good for him.” (Popov, 2014, 181) With this he demonstrates his approach to work and pragmatism. One should get things over his shoulder, since there are always new on the way. A diplomat’s work is never done; it is almost like the assembly line in the Ford’s company. One should not lose much time on anything.

The visit of Mrs. Pezantova and her gala event, connected with crime, fake marketing and lots of improvisations, full of luck, clumsiness and caricature, present the peak of the whole story. But for H.E. it is important that everything ends well. That is the ambition of each Ambassador, him included. The final episode of her visit, at the departure at the airport tells everything from her
side: “Varadin and Pezantova were having a tête-à-tête, standing near the plate-glass wall overlooking the runway.” (Popov, 2014, 234) And next: “Good luck,” said Varadin and squeezed her hand lightly. “Thank you anyway, for everything you did for me. I won’t forget it,” she said instinctively replying to his gesture.” (Popov, 2014, 236) The departure, actually the very take off of the guest, is always a huge relaxation for the host, i.e. H.E.: “A wave of relief entered his chest, and his heart beat happily like a cat in front of a mousetrap. (...) He saw his whole four year mandate rolling in front of him like a golden silk carpet covering the mud of life underneath. I’ll buy myself a new car! The thought crossed his mind. Maybe a Saab or a Mercedes …? He had not decided yet.”17 (Popov, 2014, 238)

Not that her visit and the event was after all so complicated and a heavy task as an important state business. But it happened at the very beginning of his first ambassador’s term – not just everywhere, but in London. That is the diplomatic posting. Next, she came to settle the bill from her favour that enabled him to become the ambassador and he knew it: “She had played a more than significant role in his appointment. He owed her.” (Popov, 2014, 28) Additionally, her topic was not much of an artistic event. And from these points of view it was a challenge. And with them, diplomatic challenges, it is always like that: when you go through successfully, your reputation is built and carries you on, practically whatever happens later on. And the other way around: if you fail for whatever reason with your first important challenge as a new ambassador your reputation is also done – but a negative one. And you can hardly get rid of it, whatever your results later on. Varadin managed to succeed and that was it. So he did what a proper ambassador does: “He turned it (his mobile – M.J.) off. (...) He swallowed his lager in one go and ordered another one. “I’ll survive!” he said. “Whatever happens…” (Popov, 2014, 239). And he did: “Varadin Dimitrov finished his mandate without any particular accidents. (...) And when four years later they offered him the vacant diplomatic post (of an Ambassador – M.J.) in sunny Nigeria, he accepted it without any fuss.” (Popov, 2014, 296)

17 Interestingly enough, this author drove a Saab 9000 CD American version for some years during his diplomatic career.
A real, routine professional. But one has also to add: stress management provides the Ambassador.

CONCLUSION

An average diplomatic reader would say that this fable exaggerates. Perhaps yes. And would ask himself if it is either based on any true background at all or is it more or less a description of real story, of real events at the concerned Embassy of the referred country. However, neither of these two facts are important for this author. Perhaps they are important and above all interesting for the Bulgarian reader, who is eager and intrigued enough to guess the real facts behind it and to compare them with his political and diplomatic circumstances.

But the importance and the usefulness of this book rest in the fact that it brings diplomatic life closer to an interested reader. Its messages are important and add significantly to the process of uncovering diplomacy and diplomats a well as what they do, how and why. For this purpose this book is a real mini handbook of selected aspects of diplomatic practice. It offers a variety of insights, but also manages to present a rather rounded up general picture of diplomacy. One can learn form it useful hints, approaches and methods. From this point of view it is a useful and complementary contribution to the fond of novels that try to teach us diplomacy.

Diplomacy is, of course, much more and also much serious business, not only random chain of events that would at the end of the day do well for those involved. But spectacular elements and moments are part of the novel’s attractiveness, and also not always absent from the diplomatic business. There is as well lots of coincidence in the life of diplomats, both for god and for bad. Mostly they go by unnoticed; if otherwise, they are soon forgotten in the heavy dynamics of daily work. Diplomats work a lot, since their working rhythm is defined primarily by outside events, like conferences, visits, meetings etc., what mostly they neither plan nor foresee. They have to adapt to and sometimes improvise, too. Mostly they manage to go along; sometimes they
need sarcasm and cynicism to survive, also humor is good to get rid of stress. But basic relations remain as they are and as they are commented here.

With the regard to the novel concerned, one should also point out various meanings and possible interpretations of its core word “Mission”.

Diplomats have their mission, of course, each of them; some of them known, some of them hidden. Referring to the diplomatic practice and stemming from the Vienna Convention on Diplomatic Relations, mission is commonly used term for the diplomatic mission, i.e. Embassy or Permanent Mission to an international organization. Head of the mission is nowadays most commonly Ambassador. Each Ambassador has his/her own mission, too. Also Varadin did have it: her name was Mrs. Pezantova. Last but not least, also the author Popov had it.

REFERENCES


Vienna Convention on Consular Relations.

Vienna Convention on Diplomatic Relations.

How Turkish Immigrants in Europe Respond to ISLAMOPHOBIA & SECURITIZATION

Eşref Ertürk

Petra Trkov
Since the summer of 2015 immigration has become one of the most contentious issues at political fora, in the news, and consequently in everyday life of many Europeans. We have witnessed people from war-torn countries traveling great distances to reach a place where they feel safe and can prosper. TV broadcasts and newspapers have been filled with images of people walking through muddy fields, sometimes traveling on overcrowded trains; at times sleeping in the accommodation centers but often also in tents. We have also noticed fences being built and soldiers being sent to borders, we forgot existed. Somehow the migration of men, women, and children has become the issue threatening state security as well as societal norms and stability.

The book How Turkish Immigrants in Europe Respond to ISLAMOPHOBIA & SECURITIZATION explores a narrative similar to today’s – a narrative of Turkish immigrants coming to Germany and the Netherlands and their relationship with the native societies in the host countries. The book represents a good theoretical framework for the subject of intergroup relations, as well as provides its reader with the historical overview of Turkish immigration to Germany and the Netherlands and the integration of immigrants into the respective societies; however, its greatest value is in the presentation of author’s qualitative research. Ertürk analyzed a considerable amount of data and conducted in-depth interviews with representatives of Turkish minority who were members of political parties or minority organizations, or had prominent roles in their communities. From 27 research participants, 13 were living in Germany and 14 in the Netherlands. The research examines whether there has been any change in the mobilization of Turkish immigrants in Germany and the Netherlands as a response to securitization of integration.

The mass immigration of Turkish citizens, mainly less qual-
ified workers from rural parts of the country, to Germany and the Netherlands has begun in the 1960s when bilateral recruitment agreements were signed. While both Germany and the Netherlands expected the majority of Turkish workers would return to Turkey after their work contracts expired, the immigration from Turkey continued through family reunification, political immigration, and illegal labor immigration.

The growing presence of Muslims in Europe – the number of Muslims almost doubled between 1970 and 2010 to 17 million – caused discomfort among the natives. The 9/11 terror attack, the terror attacks in Madrid (2004) and London (2005), and the murder of Theo Van Gogh in the Netherlands (2004) further fueled Islamophobic sentiments in the European societies. Also the media has been portraying Muslims as “backward and frightening mass” (p. 27). Such circumstances facilitated the process of securitization of integration. Although the securitization process had occurred also in the past, this time the migration-security link has become more institutionalized. New legislation on citizenship, immigration, integration, and counter terrorism was enacted: while obtaining residence permit has become more difficult, deportation has become easier, new tests for naturalization and new restrictions for family reunification have been introduced, bans on headscarves and loudspeakers in mosques have been imposed, and the Netherlands has introduced the concept of integration, which begins in the immigrant sending country. The opinion prevalent among the research participants was these legislative measures have targeted Muslims specifically and have negatively affected them, and consequently, led to feelings of “otherness”, “disappointment” and “resentment” (p. 87).

The deteriorated image of Muslims gave way also to broader discrimination. There has been a rise in anti-Muslim statements expressed on internet forums, verbal attacks on minority members, and violent attacks targeting visible identifiers of Islam. Various surveys revealed that the discrimination on the grounds of ethnic origin and religion was widespread. In Germany, 60.3% of Turkish respondents who had experienced discrimination has been decreasing (from 79.9% in 2003 to 67% in 2010), the perceived discrimination has increased in the workplace, the courts, in dealings with the police, and in the neighborhoods, where the segregation between Turks and Germans has
increased again since the 2008 economic crisis.

Likewise, in the Netherlands the perception of discrimination has been decreasing and, as in Germany, the fields in which the perceived level of discrimination was the highest were employment, education, and housing. Interviewees noted some degree of discrimination also in the governmental offices, police, banks, and nightclubs. While the participants did not have the feeling that the natives were overtly discriminating against Muslims, two of the participants did refer to “hidden discrimination”.

Turkish minorities noted that the securitization process has negatively affected the perception of their communities and their relationship with the natives. Ertürk’s study identified three potential disidentification ways as a result of the security concerns of the natives. The first two adjustments are to move away from a religious identity, or, alternatively, to begin to identify oneself with his ethnic and/or religious identity and to distance oneself from the host society. Interviewees from both countries stressed they have tried to approach the natives, but did not get positive feedback, and, as a consequence, they felt less attached to the superordinate national in-group. The religious radicalization presents the third modification and there is evidence of a small number of Turkish immigrants being radicalized in the respective countries. The interviewees emphasized the importance of social control with regard to this matter, and Ertürk highlights the role of mosques in preventing the radicalization, since mosques are not functioning merely as religious institutions, but have also an important role in the socialization of Turkish immigrants.

As a result of negative changes to immigrants’ environment after 9/11 and the uncertainty created by those changes, immigrants searched for the solution to reduce their uncertainty. They proactively addressed the intergroup relations through mobilization activities. The prevalent objectives for mobilization of Turkish immigrants in the respective countries were the following: to affect policy, to achieve or keep positive social identity, and to obtain equal rights. The findings of the research confirmed the increase in the number of mobilization activities after 9/11. The great majority of the research participants noted that “Turkish immigrants became more active, more organized and more mobilized after 9/11” (p. 149).

The book How Turkish Immigrants in Europe Respond to ISLAMOPHOBIA & SECURITIZATION contributes to the field of study of Islamophobia and immi-
grant mobilization and is unique in its presentation of research findings of responses of Turkish immigrants to securitization. While the amount of data and excerpts from the relevant literature presented is commendable, some of it lacks the proper placement in the broader context. This does not, however, diminish the significance of the overall content of the book, which warrants serious consideration in the time of, on the one hand, increased immigration to Europe, and, on the other hand, what seems to be periodic terror attacks (Paris in January 2015 and November 2015, Brussels in March 2016). The findings of Ertürk’s research clearly demonstrates that securitization of integration does not translate into more secure society, neither does it contribute to improving the life of all – or even some – members of society.
Plitvice Lakes National Park is the name which connects Slovene and Croatian people, at least as much as the holidays on sea-coast of Adriatic Sea or alpine resorts of Kranjska gora. Namely, many Slovenes when travelling to Dalmatia, make a stop at Plitvice Lakes National Park (in short: Plitvice), to have a rest, enjoy a snack and to relax in chilly area during hot summer. Feel the nature.

Plitvice is a wonderful area, covered with flowing waters over the limestone and chalk. In thousands of years, there have been deposited travertine barriers, creating natural dams, which in turn have created series of beautiful lakes, caves and waterfalls. The geological process is still continuing. The forests in the park are home to bears (app. 50), wolves and many rare bird species (more than 160).

Plitvice are listed on UNESCO World Heritage register (in 1979) and are one of the oldest national parks in Southeast Europe and the largest national park in Croatia. Park as such was founded in 1949 and is situated in the mountainous karst area of central Croatia, at the border to Bosnia and Herzegovina. Most of the area is part of Lika-Senj County. Plitvice are one of the most important touristic attractions, visited each year by more than 1,1 million visitors.

Most beautiful is the view of the lakes, arranged in cascades. 16 lakes can be seen from the surface. The lakes are all interconnected and follow the water flow. Very special is, that the lakes are renowned for their distinctive colours, ranging from azure to green, grey or blue. The colours change, depending on the quantity of minerals or organisms in the water and the angle of sunlight. The national park area is home to many endemic species.

The legend says that the “Black Queen” has established Plitvice, after a long and firmly pledge of Croatian people, to have
water in this dry area. And more, she has also assured that many
visitors will come to marvellous Plitvice from all over the world.

One another magical legend has taking place here. Plitvice
were chosen among many other locations around the world for
the shooting of the legendary Winnetou movies based on the
novels by German author Karl May. Between 1962 and 1968 films
were shot as a coproduction between Berlin's Rialto Film and
Zagreb's Jadran Film. In 2009 Winnetou museum was opened
(in Paklenica area, another national park of Croatia). Some out-
standing film actors form Croatia, Slovenia and Serbia, among
them the world known Slovene legend Demeter Bitenc, appeared
in the movie.

However, 1991 is marked by a grave turning point in the histo-
ry of Plitvice. In March 1991 there was a so called Plitvice Lakes
incident (“Plitvice Bloody Easter”), the first armed confrontation
of the Croatian War for Independence, which then led to hor-
rific events. Many buildings in the national park were destroyed
during the war, but shortly afterwards renovated and cleared of
mines.

Today Plitvice is a vivid area, not only one of the most fre-
quented touristic sites of Croatia, but also a place where many
scientific projects take place.

For many visitors from all over
the world Plitvice Lakes National
Park remains the fabulous area,
comparable to Niagara Falls or
Grand Canyon – “Wild West of
Europe”, divine and pure in its
wildness, no matter how history
tried to intervene into its unique
and magical character.

Anja Fabiani
Bosnia and Herzegovina, Its Development and Democracy

Mirko Pejanović
This contribution presents the state of Bosnia and Herzegovina (BiH) throughout its history, its development and current state of affairs. The main conclusion is that BiH is today a parliamentary republic, with all democratic credentials that enable its existence and functioning in the modern society of states. Its current political structure and functioning was designed by the Dayton Peace Accords that followed the brutal war after the dissolution of former Yugoslavia. It was, however, the latter country that first enabled people of BiH to become political independent citizens. The author pays special interest to the issue of local governmental authorities and the way of expressing and implementing that part of citizens’ rights.

Key Words: Bosnia and Herzegovina, democracy, parliamentarism, development, origins
The country of Bosnia has its own centuries-old history. As a land with its own population and organization in the Balkans and European area it established itself during the Middle Ages. In the time span between the IX. and XV. centuries Bosnia developed its medieval statehood and independence.

The penetration of the Ottoman Empire into Southeastern Europe led to the conquest of the territory of Bosnia, and the termination of its kingdom with the execution of King Stjepan Tomašević in Jajce in 1463. During four centuries of Ottoman administration in Bosnia its geographic and territorial integrity along with administrative peculiarities were preserved.

At the Berlin Congress in 1878 the Austro-Hungarian Empire was granted administrative rights over Bosnia and Herzegovina (according to the decision of the Berlin Congress Bosnia was from then on called Bosnia and Herzegovina). From 1878 to 1918 Bosnia and Herzegovina went through a socio-historical process of industrialization and Europeanization in the context of the civilizational achievements during the development of the great Austro-Hungarian Empire in Central Europe and parts of South-East Europe.

The existence of Bosnia and Herzegovina within the Kingdom of Yugoslavia from 1918 to 1941 has been characterized by pressures for its ethnic division between the two dominant state and national interests of the time: the interests of the Serbian and Croatian political and national elite. The outcome of this histor-

---

2 This contribution was first published as the Conclusion of the author’s book "Država Bosna i Hercegovina i demokratija", Sarajevo: University Press, 2015, pp. 231-238, on the occasion of the 25th anniversary of the Dayton Peace Accords.
ical process was the Cvetković-Maček agreement that led to the establishment of the Croatian Banovina in 1939. But as World War II soon began, the Cvetković-Maček agreement was never implemented.

During World War II, from 1941 to 1945, Bosnia and Herzegovina was occupied by Hitler’s and Mussolini’s fascist forces. Hitler executed his powers over Bosnia and Herzegovina through Pavelić’s regime of the Independent Croatian State.

At this same time a strong anti-fascist national liberation movement was formed in the territory of Bosnia and Herzegovina. Within this movement, which was part of the anti-fascist movement in Yugoslavia, an armed struggle against the occupiers began.

In the free territories of Bosnia and Herzegovina a broad network of National Liberation Committees was formed. From the beginning of the popular uprising against the fascist occupation in July of 1941 the National Liberation Committees became a tool of mobilization of the people for armed struggle and at the same time a form of exercising the people’s governmental powers in the free territories. Thus, the National Liberation Committees became the basis of a new people’s democratic government.

After the capitulation of Mussolini’s regime in September 1943 and the creation of a large liberated territory in the Bosnian Krajina, the idea of holding the first session of the National Anti-fascist Council of National Liberation of Bosnia and Herzegovina was formed. The session was held on 25 and 26 November 1943 in Mrkonjić Grad.

The Resolution adopted by the representatives at ZAVNOBiH in their first session became the political and constitutional foundation of statehood for Bosnia and Herzegovina. The representatives of the first Antifascist Council of National Liberation of Bosnia and Herzegovina established the restoration of statehood of Bosnia and Herzegovina through the form of proclaiming Bosnia and Herzegovina as a federal government unit with equal sta-
The restoration of Bosnia and Herzegovina’s statehood manifests itself as a turning point in terms of the historical rights of citizens and peoples to decide independently on the political and constitutional status and development of Bosnia and Herzegovina. The peoples of Bosnia and Herzegovina with their armed struggle and mass participation in the anti-fascist national liberation movement won the right to govern their land in brotherhood as equals.

The idea of ZAVNOBiH brought a historical turning point in the life of the citizens and peoples of Bosnia and Herzegovina. With their own anti-fascist forces the people of Bosnia and Herzegovina, as a demos, through the decisions of the First, Second and Third Sessions of the National Anti-Fascist Council of National Liberation of Bosnia and Herzegovina, completed the establishment of the structure of a Federal state of Bosnia and Herzegovina. At the Second session of ZAVNOBiH in Sanski Most in 1944, the organization of National Liberation Committees was formed, and then at the Third session of ZAVNOBiH in Sarajevo in 1945, the Federal Government of Bosnia and Herzegovina was formed. After the adoption of the first Constitution of 1946, Bosnia and Herzegovina received (was granted – če je ustava FLRJ) the status of the People’s Republic.

The beginning of contemporary statehood of Bosnia and Herzegovina lies in the anti-fascist national liberation movement during World War II.

During the four and a half decades from 1945 to 1990, Bosnia and Herzegovina developed within the socialist self-managing social order. During that time it achieved unprecedented economic and cultural development. For the first time in history university education for young people was established: first at the University of Sarajevo in 1949, and then in Banja Luka, Tuzla, and Mostar.
at the beginning of the 1970s. Large production-export companies were set up: Energoinvest, Šipad, Jelšingrad, Unis, Soda-so, the Mining-Metallurgical Combine and others. Up to a million inhabitants were employed. Self-governing communes (municipalities) became the stakeholders of local economic and infrastructural development. Stable inter-national relations between the Bosnian, Serbian and Croatian peoples were established and developed. The principle of national equality in the exercise of public governance became a kind of an ideal for all people and all citizens of Bosnia and Herzegovina. There was a lot of confidence amongst the citizens in the application of the model of national equality.

With the beginning of the 1990s there was a breakdown of the socialist order in Europe which manifested itself in socialist Yugoslavia and Bosnia and Herzegovina as well. The historical process of pluralization of Bosnia and Herzegovina’s society began in the context of the crisis and dissolution of the Yugoslav socialist federation. In relation to Slovenia and Croatia, Bosnia and Herzegovina lagged behind in the implementation of political pluralization.

In the beginning of 1990 Slovenia and Croatia already had a new, plural party structure. Bosnia and Herzegovina established such a structure in the second half of 1990. The process of plurality in 1990 was carried out in adverse historical circumstances. Armed conflicts in Slovenia and Croatia later on, combined with the dislocation of a majority of JNA military units in Bosnia and Herzegovina during 1990, produced a new psychological state amongst its citizens. Fear for the preservation of peace in Bosnia and Herzegovina grew. This fear favored the emergence of the phenomenon of ethnic homogenization in the multiparty and multiethnic BiH society. The political trust of the citizens narrowed down to their ethnic affiliations. This enabled the formation of political parties on the basis of mono-ethnicity. Three ethnic parties were formed: SDA - Party of the Bosnian people; SDS - party the Serbian people; and HDZBiH - Party of the Croatian people. These three parties cooperated and coalesced during the election campaign for the first multi-party elections in No-
November 1990. The elections were held peacefully, and ended with the absolute victory of mono-ethnic parties.

A pluralist parliament of Bosnia and Herzegovina was constituted, and began its work in January 1991. This multi-party government, instead of operating on the principle of a coalition agreement and a coalition program derived from it, established a parliamentary majority on the principle of partnership in the execution of governance. On the basis of this partnership the cooperation between the winning parties was reduced to the division of the spoils of victory in the form of controlling various departments of the Government of Bosnia and Herzegovina.

In 1991 a new historical turning point occurred. Bosnia and Herzegovina, as well as other Yugoslav republics, was facing a democratic decision-making process regarding its national sovereignty and independence within the new world order and community of free European nations and peoples. Such a course of development of Bosnia and Herzegovina was opposed in the Parliament of Bosnia and Herzegovina by the Serbian Democratic Party, which was a part of the parliamentary majority. The solution was found on a democratic basis through a referendum of citizens regarding the establishment of a sovereign and independent state of Bosnia and Herzegovina. With 99% of the participants in the referendum voting for an independent and sovereign Bosnia and Herzegovina (with a 64% turnout of all voters in the referendum) the international recognition of the state of Bosnia and Herzegovina (within its historical AVNOJ borders), and admission to the United Nations on the 22nd of May 1992, became possible.

The Serbian Democratic Party (SDS) refused to recognize the results of the referendum and with the support of Serbia (Milosević regime), left the Parliament of BiH and moved on to achieve its aims by military force of the former JNA. The war began with the siege of Sarajevo in the beginning of 1992. The aim of SDS was the destruction of the statehood of Bosnia and Herzegovina and its ethical division.
The defense of the integrity and sovereignty of Bosnia and Herzegovina was conducted by the political forces that consolidated themselves in the exercise of the constitutional functions of the wartime Presidency of the Republic of Bosnia and Herzegovina. The leading ideas for the actions of the multi-ethnic and multi-party Presidency of the Republic of Bosnia and Herzegovina in conditions of war were established in the political-constitutional document under the title: Platform for Actions of the Presidency of Bosnia and Herzegovina in conditions of war. These ideas were: defending the integrity and international subjectivity of Bosnia and Herzegovina through the forces of the multi-ethnic Army of Bosnia and Herzegovina with the support of the international community. The main goals established in the Platform for Actions of the Presidency of Bosnia and Herzegovina in conditions of war were, although not entirely, achieved in the framework of two international peace agreements: the Washington Accords of 1994, and the Dayton Agreement of 1995.

The United States of America played a leading role in the achievement of these two peace agreements.

With the Dayton peace agreement, signed in Paris in December of 1995, the war in Bosnia and Herzegovina ended, and the peace-building and institutional development of the state of Bosnia and Herzegovina began.

The Dayton Peace Agreement introduced the internationalization of the Bosnian issue. By this we imply the engagement of the international community and the European Union in the process of consolidation of peace and state-building in Bosnia and Herzegovina, with the aim of achieving its sustainability as a political community.

The historical project of the internationalization of the Bosnian issue will come to an end at the point in which the state of Bosnia and Herzegovina will become a member of NATO and the European Union. If the accession of Bosnia and Herzegovina to NATO were to be sped-up, the security umbrella provided by
that membership would incentivize the acceleration of economic development and lead to the obtaining of membership in the European Union.

The integration of Bosnia and Herzegovina into Euro-Atlantic institutions is the basis for a stable political development of Bosnia and Herzegovina in the future.

Democracy is the ideal of free citizens deciding for themselves about their life and the development of their political community. Ancient Greece has experienced a model of direct decision-making by the citizens regarding the public affairs of a city-state / polis. Man
Studia Diplomatica

Editors: Gorazd Justinek, Alen Novalija, Dubravka Šekoranja, Mitja Štrukelj

Spremenimo svet: Agenda za trajnostni razvoj do leta 2030 – Transforming our World: the 2030 Agenda for Sustainable Development

2015/156 pages
ISBN 978-961-92839-5-0

The goal of this publication is to promote orderly and balanced global development and international development cooperation. It is vital that we contribute to raising general awareness of global development challenges as well as the international and national efforts being made in order to respond to them adequately and effectively. The 2030 Agenda for Sustainable Development is a plan of action for people, planet and prosperity and it also seeks to strengthen universal peace and larger freedom.

Andrej Rahten, Janez Šumrada (editors)

Velikih pet in nastanek Kraljevine Srbov, Hrvatov in Slovencev
(Velikih pet in nastanek Kraljevine Srbov, Hrvatov in Slovencev)

2011/480 strani
ISBN 978-961-92839-3-6

Price: 35 €

Book is based on the research in the archives of the Great Powers for the period 1918–1920, with a focus on the Slovenian role in re-defining the borders of Europe at the Paris Peace Conference. For the first time in one place and on the basis of primary sour-
ces, the research describes the policy of the »Big Five« - the United States, France, Great Britain, Italy and Japan – towards the establishment of the Yugoslav state.

Ernest Petrič

Zunanja politika - Osnove teorije in praksa (Foreign Policy – Basic Theory and Practice)

2010/509 pages
Price: 45 €

„The book by Dr. Ernest Petrič on the theory and practice of foreign policy is a fitting opener to a new series in the collection Studia diplomatic Slovenia dedicated to monographs on international relations. It is the first work by a Slovenian author dealing systematically in monograph form with the dilemmas of foreign policy as a science. What gives Dr. Petrič an important edge is not only his painstaking theoretical analysis but also his extensive diplomatic experience. Starting his career in the former common state, he has capped it with key positions in Slovenia’s diplomatic network since independence, making his views on contemporary diplomatic practice invaluable.

This extensive work, which has been divided into five sections, presents both the author’s broader understanding of the theory behind international relations and foreign policy as well as an analysis of cases of actual conduct in the international community, primarily that concerning the policies of „small and new states“ such as the Republic of Slovenia. In his examination of this science, Dr. Petrič tackles with utmost precision definitions of numerous basic concepts of foreign policy, making this book particularly useful for the growing number of students of international relations in Slovenia. Fittingly, the author is currently active as a lecturer at three of the four faculties teaching the subject in Slovenia at the time of writing.
Ernest Petrič et al.

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

2010/472 pages
Price: € 40

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

Andrej Rahten

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

2009/420 pages
Price: € 40

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

Franc Rozman

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

2007/376 pages
ISBN 978-961-92173-0-6
Price: € 34

The book Baron Josef Schwegel – Memories and Letters contains an autobiography of Baron Josef Schwegel and his notes from the Congress of Berlin. The book sheds light on Schwegel’s work in diplomacy and foreign affairs based on his memoirs and the letters he wrote his wife when he was a member of the Austro-Hungarian delegation at the Congress of Berlin. The book was published as part of the Personae series of the Studia diplomatica Slovenica collection.

Ernest Petrič (Chief Editor)

Slovenci v očeh Imperija - Priročniki britanskih diplomatov na Pariški mirovni konferenci leta 1919 (Slovenes in the Eyes of an Empire – Handbooks of the British Diplomats Attending the Paris Peace Conference of 1919)

2007/524 pages
ISBN 978-961-92173-1-3
Price: € 35

The book Slovenes in the Eyes of an Empire – Handbooks of the British Diplomats Attending the Paris Peace Conference of 1919 includes a collection of handbooks prepared by the Historical Section at the British Foreign Office for the Versailles peace conference in 1919. Po-
political analyses, texts containing historical and general information (Slovenes, the Yugoslav movement, the Austrian Primorska (Littoral) and Kansan (Carniola) regions, Koroška (Carinthia), Štajerska (Styria)) that were intended to help shape British policy on Central and Southern Europe following World War I. The book was published as part of the *Fontes* series of the *Studia diplomatica Slovenica* collection.
articles

The Role of Rules of Origin in European Free Trade Agreements: Evidence from Croatian Manufacturing Trade
Vinko Zaninović, Katja Zajc Kejžar

Industry Wage Premium And Trade Patterns With European Union: Croatian Experience
Valerija Botrić

Social Policy Challenges and Strategic Priorities in the EU Candidate Countries
Maja Gerovska Mitev

The Euro-Atlantic Integration in the Whirlpool of Geopolitics: the Case of Montenegro
Srđan Orlandić

International Center for Promotion of Enterprises – honorable past, uncertain future
Sandra Pšeničny

What did you say? An Assessment of the EC Spokesperson’s Service Performances at Midday Briefings
Irena Zagajšek

Diplomacy and Colour Psychology: the Tie Case Study
Katerina V. Malshina

Mission London: A Mini Handbook of Diplomatic Practice
Milan Jazbec