NO ASIAN CENTURY WITHOUT A PAN-ASIAN INSTITUTION

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For over a decade, many of the relevant academic journals have been full of articles prophesising the 21st century as the Asian century. The argument is usually based on the impressive economic growth, increased production and trade volumes as well as the booming foreign currency reserves and exports of the many populous Asian nations (with nearly 1/3 of the total world population inhabiting just two countries of the world's largest continent). However, history serves as a powerful reminder, warning us that economically or/and demographically mighty gravity centers tend to expand into their peripheries, especially when the periphery is weaker in either category. This means that any (absolute or relative) shift in economic and demographic strength of one subject of international relations will inevitably put additional stress on the existing power equilibriums and constellations that support this balance in the particular theater (implicit or explicit structure).

Thus, what is the state of the art of Asia's security structures? What is the existing capacity of preventive diplomacy, and what instruments are at disposal when it comes to early warning/ prevention, fact-finding, exchange mechanisms, reconciliation, capacity, and confidence-building measures in the Asian theater?

While all other major theaters have had their pan-continental settings in place for many decades already, such as the Organisation of American States (OAS, the American continent), the African Union (AU, Africa), the Council of Europe and the Organisation for Security and Cooperation in Europe (OSCE, Europe), the state of the art of the world's largest continent is rather different. What becomes apparent nearly at first glance is the absence of any pan-Asian security/multilateral structure. The prevailing security structures are bilateral and mostly asymmetric. They range from clearly defined and enduring non-aggression

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security treaties, through less formal arrangements, to ad hoc cooperation accords on specific issues. The presence of the multilateral regional settings is limited to but a few spots in the largest continent, and even then, these are rarely mandated with security issues in their declared scope of work. Another striking feature is that most of the existing bilateral structures have an Asian state on one side, and either a peripheral or external protégé country on the other side (which makes them, almost by definition, asymmetric). The examples are numerous: the US–Japan, the US–S. Korea, the US–Singapore, Russia–India, Australia–East Timor, Russia–North Korea, Japan –Malaysia, China–Pakistan, the US–Pakistan, China–Cambodia, the US–Saudi Arabia, Russia–Iran, China–Burma, India–Maldives, Iran–Syria, N. Korea–Pakistan, etc.

Indeed, today Asia resonates a mixed echo of the European past. It combines features of the pre-Napoleonic, post-Napoleonic, and the League-of-Nations Europe. What are the useful lessons from the European past? Well, there are quite a few, for sure. Bismarck accommodated the exponential economic, demographic and military growth as well as the territorial expansion of Prussia by skillfully architecturing and calibrating the complex networks of bilateral security arrangements of the 19th century Europe. Like Asia today, it was not an institutionalised security structure of Europe, but rather a talented leadership exercising restraint and wisdom in combination with quick assertiveness and fast military absorptions, concluded by the lasting endurance. However, as soon as the new Kaiser removed the Iron Chancellor (Bismarck), the provincial and backward–minded, insecure and militant Prussian establishment contested (by their own interpretations of the German's *machtpolitik* and *weltpolitik* policies) Europe and the world in two devastating world wars. That, as well as Hitler's establishment afterwards, simply did not know what to do with a powerful Germany.

The aspirations and constellations of some of Asia's powers today remind us also of the pre-Napoleonic Europe, in which a unified, universalistic block of the Holy Roman Empire was contested by the impatient challengers of the status quo. Such serious centripetal and centrifugal oscillations of Europe were not without grave deviations: as much as Cardinal Richelieu's and Jacobin's France successfully emancipated itself, the Napoleon III and pre-WWII France encircled, isolated itself, implicitly laying the foundation for the German attack.

Finally, the existing Asian regional settings also resemble the picture of the post-Napoleonic Europe: first and foremost, of Europe between the Vienna Congress of 1815 and the revolutionary year of 1848. At any rate, let us take a quick look at the most relevant regional settings in Asia.

By far, the largest Asian participation is with the Asia-Pacific Economic Cooperation – APEC, an organisation engulfing both sides of the Pacific Rim. Nevertheless, this is a forum for member economies (not of sovereign nations), a sort of a prep-com or waiting room for the World Trade Organisation (WTO). As one senior Singapore diplomat recently told me the following in Geneva: "What is your option here? ...to sign the Free Trade Agreement (FTA), side up with the US, login to FaceBook, and keep shopping on the internet happily ever after…"

Two other crosscutting settings, the Organisation of Islamic Cooperation (OIC) and Non-Aligned Movement (NAM) (the former with and the latter without a permanent secretariat) represent well-established multilateral political bodies. However, they are inadequate forums as neither of the two is (strictly) mandated with security issues. Although both trans-continental entities do have large memberships (being respectively the 2nd and 3rd largest multilateral systems, right after the UN), neither covers the entire Asian political landscape, having important Asian countries outside the system, or opposing it.

Further on, one should mention the Korean Peninsula Energy Development Organisation – KEDO (Nuclear) and the Iran-related Contact (Quartet/P-5+1) Group. In both cases, the issues dealt with are indeed security-related, but they are more an asymmetric approach to deter and contain a single country by the larger front of peripheral states that are opposing a particular security policy, in this case, that of North Korea and that of Iran. The same is true of the short-lived SEATO Pact, a defense treaty organisation for SEA, which was essentially dissolved as soon as the imminent threat from communism has been slowed down and successfully contained within French Indochina.

If some of the settings are reminiscent of pre-Napoleonic Europe, the Shanghai Cooperation Organisation (SCO) and Cooperation Council for the Arab states of the Gulf (GCC) remind us of post-Napoleonic Europe and its Alliance of the Eastern Conservative Courts of Metternich. Both arrangements were created under the pretext of a common external (ideological and geopolitical) threat, under a shared status quo security consideration. The

asymmetric GCC was an externally induced setting whereby Saudi Arabia, American key Middle East ally, gathered the grouping of the Arabian Peninsula monarchies. It served a dual purpose: originally, to contain the leftist Nasseristic pan-Arabism, which was introducing a republican type of egalitarian government in the Middle Eastern theater. It was also (after the 1979 Revolution) an instrument to counter-balance the Iranian influence in the Gulf and wider Middle East. The response to the spring 2011 turmoil in the Middle East (including the deployment of the Saudi troops in Bahrain as well as the analysis of the role of the influential Qatar-based and GCC-backed Al Jazeera TV network) is the best proof of the very nature of the GCC mandate.

The SCO is internally induced and is a more symmetric setting. Essentially, it came into existence through a strategic Sino-Russian rapprochement[1] (based, for the first time in modern history, on parity) to deter external aspirants (the US, Japan, Korea, India, Turkey, and Saudi Arabia) and to keep the resources, territory, present socio-political culture, and political regime in Central Asia, Tibet heights, and the Xinjiang Uighur province in line.

[1] An analysis of the Sino-Soviet and post-Soviet-Sino relations tempts me to compare them with the Antic Roman Empire. The monolithic block has entered its fragmentation on a seemingly rhetoric, clerical question of who would give the exclusive interpretation of the holy text: Rome or Constantinople. Clearly, the one who holds the monopoly on the interpretation has the ideological grip, which can easily be translated into a strategic advantage. It was Moscow insisting that the Soviet type of communism was the only true and authentic communism. A great schism put to an end the lasting theological (but also geopolitical) conflict in the antique Roman theatre. The Sino-Soviet schism culminated with the ideological and geopolitical emancipation of China (especially after the Nixon recognition of Beijing China). Besides the ideological cleavages, the socio-economic and political model of the Roman Empire has been heavily contested from the 3rd century onwards. The Western Roman Empire rigidly persisted to any structural change, unable to adapt. It eroded and soon thereafter vanished from the political map. The Eastern Empire successfully reformed and Byzantium endured (as a viable socio-economic and political model) for another 1,000 years. Feeling the need for an urgent reshape of the declining communist system, both leaders Gorbachev and Deng Xiaoping contemplated reforms. Gorbachev eventually fractured the Soviet Union with glasnost and perestroika. Deng managed China successfully. Brave, accurate, and important argumentation comes from diplomat and prolific author Kishore Mahbubani (The New Asian Hemisphere, 2008, page 44-45). Mahbubani claims that Gorbachev handed over the Soviet empire and got nothing in return, while Deng understood "the real success of Western strength and power … China did not allow the students protesting in Tiananmen Square". Consequently, Deng drew a sharp and decisive line to avoid the fate of Russia, and allowed only perestroika. China has survived, even scoring the unprecedented prosperity in only the last two decades. Russia has suffered a steep decline in the aftermath of the loss of its historic empire (including the high suicide and crime rates as well as the severe alcohol problems). Gorbachev himself moved to the US, and one vodka brand labels his name.

The next to consider is the grouping of the Indian sub-continent, the South Asian Association for Regional Cooperation – SAARC. This organisation has a well-established mandate, a well-staffed and versed Secretariat. However, the Organisation is strikingly reminiscent of the League of Nations. The League is remembered as an altruistic setup which repeatedly failed to adequately respond to the security quests of its members as well as to the challenges and pressures of the parties that were kept out of the system (e.g., Russia until well into the 1930s and the US remaining completely outside the system; and, in the case of the SAARC surrounding, China, Saudi Arabia, and the US). The SAARC is practically a hostage of the mega confrontation of its two largest members - both confirmed nuclear powers, India and Pakistan. These two challenge each other geopolitically and ideologically (the existence of one is a negation of the existence of the other; the religiously determined nationhood of Pakistan is a negation of multi-ethnic India and vice versa). In addition, although internally induced, the SAARC is an asymmetric organisation. It is not only the size of India, but also its position: the centrality of that country makes the SAARC practically unable to operate in any field without the direct consent of India (be it commerce, communication, politics, or security).

For a serious advancement of multilateralism, mutual trust, a will to compromise and achieve a common denominator through active co-existence is the key. It is hard to build a common course of action around a disproportionately big and centrally positioned member (which would escape the interpretation as containment by the big or assertiveness of its center by the smaller, peripheral members).

Finally, there is the ASEAN – a grouping of 10 Southeast Asian nations[2], exercising the balanced multi-vector policy (based on the principle of non-interference) internally and externally. This Jakarta/Indonesia headquartered[3] organisation has a dynamic past and an ambitious current charter. It is an internally induced and relatively symmetric arrangement with the strongest members placed around its geographic centre (like in case of the EU equilibrium with Germany, France/Britain-Italy/Poland-Spain geographically balance each

[2] The membership might be extended in the future to East Timor and Papua New Guinea.

[3] Symbolically or not, the ASEAN HQ is located less than 80 miles away from the place of the historical, the NAM–precursor, the Asian–African Conference of Bandung 1955.

other). Situated on the geographic axis of the southern flank of the Asian landmass, the so-called growth triangle of Thailand-Malaysia-Indonesia represents the core of the ASEAN not only in economic and communication terms, but also by its political leverage. The EU-like ASEAN Community Road Map (for 2015) will absorb most of the Organisation's energy[4]. However, the ASEAN has managed to open its forums for the 3+3 group/s, and in the long run, could be seen as a cumulus setting towards the wider pan-Asian forum in the future.

Before closing this brief overview, let us mention two recently inaugurated informal forums, both based on the external calls for burden sharing. One, with a jingoistic-coined name by the Wall Street bankers[5] - BRI(I)C/S - so far includes two important Asian economic, demographic, and political powerhouses (India and China), and one peripheral (Russia). Indonesia, Turkey, Saudi Arabia, Pakistan, Kazakhstan, and Iran are a few additional Asian countries whose national pride and pragmatic interests are advocating BRIC membership. The G–20, the other informal forum, is also assembled on the ad hoc (pro bono) basis following the need of the G–7 to achieve a larger approval and support for its monetary (currency exchange accord) and financial (austerity) actions introduced in the aftermath of the (still unsettled) financial crisis. Nevertheless, the BRIC and G-20 have not provided the Asian participating states with the more leverage in the Bretton Woods institutions (besides burden sharing). Nor have they helped to tackle the indigenous Asian security problems. Appealing to national pride, however, both informal gatherings may divert the necessary resources and attention from their pressing domestic, pan-continental issues to the Asian states.

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[4] Comparisons pose inaccuracy risks, as history often finds a way to repeat itself, but optimism ultimately prevails. Tentatively, we can situate ASEAN today, where the pre-Maastricht EU was between the Merge Treaty and the Single European Act.

[5] The acronym was originally coined by Jim O'Neill, a chief global economist of Goldman Sachs, in his 2001 document report: "Building Better Global Economic BRICs". This document elaborated on countries which may provide the West with the socially, economically, and politically cheap primary commodities and undemanding labor force, finally suggesting to the West to balance such trade by exporting its high-prized final products in return. The paper did not foresee either the creation of any BRIC grouping; nor did it account for the nomadic change of venue places of its periodic meetings. O'Neill initially tipped Brazil, Russia, India, and China, although at recent meetings South Africa was invited (BRICS) with Indonesia pending (BRIICS).

Yet, besides the UN system machinery of the Geneva-based Disarmament committee, the UN Security Council, the Organisation for the Prohibition of Chemical Weapons (OPCW), the International Atomic Energy Agency (IAEA), and even the ASEAN Asians (as the most multilateralised Asians) have no suitable standing forum to tackle and solve their security issues. An organisation similar to the Council of Europe or the OSCE is still far from emerging on Asian soil.

Our history warns. Nevertheless, it also provides a hope: the pre-CSCE (pre-Helsinki) Europe was indeed a dangerous place to live in. The sharp geopolitical and ideological default line was passing through the very heart of Europe, cutting it into halves. Southern Europe was virtually sealed off by notorious dictatorships in Greece (Colonel Junta), Spain (Franco), and Portugal (Salazar), with Turkey witnessing several of its governments toppled by the secular and omnipotent military establishment, with inverted Albania, and a (non-Europe minded) non-allied Tito's Yugoslavia. Two powerful instruments in Europe, the US military presence (NATO) on the one hand, and the Soviets (the Warsaw Pact) on the other, were keeping huge standing armies, enormous stockpiles of conventional as well as the ABC weaponry and delivery systems, practically next to each other. By and large, European borders were not mutually recognised. Essentially, the West refused to even recognise many of the Eastern European (Soviet dominated/installed) governments.

Currently there is hardly a single state in Asia which has no territorial dispute within its neighborhood. Across Middle East, Caspian and Central Asia, Indian sub-continent, mainland Indochina or Archipelago SEA, Tibet, the South China Sea, and the Far East, many countries are suffering numerous green and blue border disputes. The South China Sea alone accounts for over a dozen territorial disputes – in which (mostly) China presses peripheries to break free from the long-lasting encirclement. These moves are often interpreted by the neighbors as dangerous assertiveness. On the top of that Sea resides Taiwan, a huge economy and insular territory in a legal limbo, which waits for the time when the pan-Asian and international agreement on how many Chinas Asia should have gains a wide and lasting consensus.

Unsolved territorial issues, sporadic irredentism, conventional armament, nuclear ambitions, conflicts over exploitation of and access to the marine biota as well as other natural resources, including fresh water access and supply, are

posing enormous stress on external security, safety, and stability in Asia. Additional stress comes from the newly emerging environmental concerns representing nearly absolute security threats (not only to the tiny Pacific nation of Tuvalu[6], but also) to the Maldives, Bangladesh, Cambodia, parts of Thailand, of Indonesia, of Kazakhstan and of the Philippines, etc[7]. All this combined with uneven economic and demographic dynamics[8] of the continent portrays Asia as a real powder keg.

It is absolutely inappropriate to compare the size of Asia and Europe (the latter being rather an extension of a huge Asian continental landmass, a sort of western Asian peninsula), but the interstate maneuvering space is comparable. Yet, the space between the major powers of post-Napoleonic Europe was as equally narrow for any maneuver as is the space today for any security maneuver of Japan, China, India, Pakistan, Iran, and the like.

Let us also take a brief look at the peculiarities of the nuclear constellations in Asia. Following the historic analogies, it echoes the age of the American nuclear monopoly and the years of Russia's desperation to achieve parity.

Besides holding huge stockpiles of conventional weaponry and numerous standing armies, Asia is a home of four (plus peripheral Russia and Israel) of the nine known nuclear powers (declared and undeclared). Only China and Russia are parties to the Non-Proliferation Treaty (NPT). North Korea walked

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[6] Tuvalu, a country composed of low-laying atoll islands, faces an imminent complete loss of state territory. This event would mark a precedent in the theory of intl. law, viz., the fact that one country suffers a complete geographic loss of its territory.

[7] Detailed environmental impact risk assessments (including the no-go zones) are available in the CRESTA reports. The CRESTA Organisation is powered by the Swiss RE as a consortium of the leading insurance and reinsurance companies.

[8] The intriguing intellectual debate is currently heating up the western world. The issues are fundamental: why is science turned into religion? (Practiced economy is based on the over 200-years old liberal theory of Adam Smith and over 300-years old philosophy of Hobbes and Locke – basically, frozen and rigidly canonised into a dogmatic exegesis. Scientific debate is replaced by a blind obedience.) Why is religion turned into political ideology (religious texts are misinterpreted and ideologically misused in Europe, ME, Asia, Americas and Africa)? Why is the (secular or religious) ethics turned from the bio-centric comprehension into the anthropocentric environmental ignorance? The resonance of these vital debates is gradually reaching Asian elites. No one can yet predict the range and scope of their responses, internally or externally. One is certain: Asia has understood that the global (economic) integration cannot be a substitute for any viable development strategy. Globalisation, as experienced in Asia and observed elsewhere, did not offer a shortcut to development, even less to social cohesion, environmental needs, domestic employment, educational uplift of the middle class, and general public health.

away in 2003, whereas India and Pakistan both confirmed nuclear powers declined to sign the Treaty. In addition, Asia is the only continent on which nuclear weaponry has been deployed.

As is well known, the peak of the Cold War was marked by the mega geopolitical and ideological confrontation of the two nuclear superpowers (whose stockpiles by far outnumbered the stockpiles of all the other nuclear powers combined). However enigmatic, mysterious, and incalculable to each other[9], the Americans and the Soviets were on the opposite sides of the globe; they had no territorial disputes, and no record of direct armed conflicts.

Insofar, the Asian nuclear constellation is additionally specific, as each of the holders has a history of hostilities – armed frictions and confrontations over unsolved territorial disputes along the shared borders, all combined with the intensive and lasting ideological rivalries. The Soviet Union had bitter transborder armed frictions with China over the demarcation of its long land border. China has fought a war with India and has acquired a significant territorial gain. India has fought four mutually extortive wars with Pakistan over Kashmir and other disputed bordering regions. Finally, the Korean peninsula has witnessed direct military confrontation from Japan, USSR, China, and the US on its own soil, and remains a split nation under a sharp ideological divide.

[9] The Soviet Union was enveloped in secrecy (a political culture, eminent in many large countries, which the Soviets inherited from the Tsarist Russia and further enhanced), a feature that puzzled Americans. It was the US cacophony of open, nearly exhibitionistic policy debates that puzzled Russians – and made both sides unable to predict the moves of the other one. The Soviets were confused by the omnipresence of overt political debate in the US, and the Americans were confused by the absence of any political debate in the USSR. Americans knew well that the real power resided outside the government, in the Soviet Politburo. Still, it was like a black-box (to use a vivid Kissinger allegory), things were coming in and getting out, but nobody figured out what was happening inside. Once the particular decision had been taken, the Soviets implemented it persistently in a heavy-handed and rigid way. Usually policy alternation/adjustment was not coming before personal changes at the top of the SU Politburo – events happening so seldom. On the other hand, the Soviets were confused by the equidistant constellation of the US executive, legislative, and judicial branches (for the Soviet taste, changed too often), the chaotic setup of dozens of intelligence and other enforcement agencies, the role of the media and the public, and the influential lobby groups that crosscut the US bipartisanism – which all participated in the decision prep and making process. Even when brokered, the US actions were often altered or replaced in zigzagging turns. The US was unable to grasp where the Communist Party ended and the USSR government started. By the same token, the Soviets were unable to figure out where the corporate America ended and the US government started. Paradoxically enough, the political culture of one prevented it from comprehending and predicting the actions of the other. What was the logical way for one was absolutely unthinkable and illogical for the other.

On the western edge of the Eurasian continent, neither France, Britain, Russia, nor the US have had a (recent) history of direct armed conflicts. They do not even share land borders.

Finally, only India and now post-Soviet Russia have a strict and full civilian control over their military and the nuclear deployment authorisation. In the case of North Korea and China, it is in the hands of an unpredictable and non-transparent communist leadership – meaning, it resides outside democratic and governmental decision-making. In Pakistan, it is completely in the hands of a politically omnipresent military establishment. Pakistan has lived under a direct military rule for over half of its existence as an independent state.

What eventually kept the US and the USSR from deploying nuclear weapons was the dangerous and costly struggle called "mutual assured destruction". Already by the late 1950s, both sides had achieved parity on the number and type of nuclear warheads as well as on the number and precision of their delivery systems. Both sides produced enough warheads, delivery systems' secret depots, and launching sites to amply survive the first impact and to maintain a strong second-strike capability[10]. Once comprehending that neither the preventive, nor preemptive nuclear strike would bring a decisive victory, but would actually trigger the final global nuclear holocaust and ensure total mutual destruction, the Americans and the Soviets ultimately achieved a fear–equilibrium through the hazardous deterrence. Thus, it was not an intended parity, but the non-intended Mutual Assured Destruction, MAD (with its tranquilising effect of nuclear weaponry, if possessed in sufficient quantities and impenetrable configurations), that brought a bizarre sort of pacifying stability between the two confronting superpowers. Hence, MAD prevented nuclear war, but did not disarm the superpowers.

As noted, the nuclear stockpiles in Asia are considerably modest[11]. The number of warheads, launching sites, and delivery systems is not sufficient and sophisticated enough to offer the second strike capability. This fact seriously compromises both stability and security: a preventive or preemptive N–strike

[10] As Waltz rightfully concludes, "Conventional weapons put a premium on striking first to gain the initial advantage and set the course of the war. Nuclear weapons eliminate this premium. The initial advantage is insignificant…"… due to the second strike capability of both belligerents. ('The Spread of Nuclear Weapons: A Debate Renewed' by Scott D. Sagan and Kenneth N Waltz, 2003, p. 112).

[11] It is assumed that Pakistan has as few as 20 combat/launching ready fission warheads, India is believed to have some 60, and Korea (if any, but not more than) only 2-3. Even China, considered as the senior nuclear state, has not more than 20 ICBM.

against a nuclear or non-nuclear state could be contemplated as decisive, especially in South Asia and on the Korean peninsula, not to mention the Middle East[12].

General wisdom of geopolitics assumes the potentiality of threat by examining the degree of intensions and capability of belligerents. However, in Asia, this theory does not necessarily hold the complete truth: close geographic proximities of Asian nuclear powers mean shorter flight time of warheads, which ultimately gives a very brief decision-making period to adversaries engaged. Besides a deliberate danger, a serious danger of an accidental nuclear war is therefore evident.

Erich Fromm, one of the greatest thinkers and humanists of the 20th century, wrote: "…man can only go forward by developing (his) reason, by finding a new harmony…"[13]

There is certainly a long road from vision and wisdom to a clear political commitment and accorded action. However, once these have been achieved, the operational tools are readily at disposal. The case of Helsinki Europe is very instructive. To be frank, it was the over-extension of the superpowers who contested one another all over the globe, which eventually brought them to the negotiation table. Importantly, it was also a constant, resolute call of the European public that alerted governments on both sides of the default line. Once the political considerations had been settled, the technicalities gained momentum: there was – at first – mutual pan-European recognition of borders which tranquilised tensions literally overnight. Politico-military cooperation was situated in the so-called first Helsinki basket, which included joint military inspections, exchange mechanisms, constant information flow, early warning instruments, a mechanism of confidence–building measures, and the standing panel of state representatives (the so-called Permanent Council). Further on, an important clearing house was situated in the so-called

[12] Israel (as a non-declared nuclear power) is believed to have as many as 200 low-powered fission nuclear bombs. Half of them are deliverable by the mid-range missile Jericho II, planes, and mobile (hide and relocate) launchers. Iran has successfully tested the precision of its mid-range missile and keeps ambitiously working on the generation of long-range missiles. At the same time, Iran may well have acquired some vital dual-use (so far, peaceful purpose) nuclear technologies. There is a seed of nuclear ambition all over the Middle East (with Saudi Arabia and Turkey being the least shy ones).

[13] "The Art of Loving", Erich Fromm, 1956, page 76. Fromm wrote it at about the time of the Bandung conference.

second basket – the forum that links economic and environmental issues, items so pressing in Asia at the moment.

Admittedly, the III OSCE Basket has been a source of many controversies in the past years, mostly over the interpretation of mandates. However, the new wave of nationalism (often replacing the fading communism), the emotional charges and residual fears of the past, the huge ongoing formation of the middle class in Asia (whose passions and affiliations will inevitably challenge the established elites domestically and question their policies internationally), and a related search for a new social consensus – all that could be successfully tackled by some sort of an Asian III basket. Clearly, further socio-economic growth in Asia is impossible without the creation and mobilisation of a strong middle class – a segment of society which, when appearing anew on the socio-political horizon, is traditionally very exposed and vulnerable to political misdeeds and disruptive shifts. At any rate, there are several OSCE observing nations from Asia[14]; from Thailand to Korea and Japan (with Indonesia, a nation that currently considers joining the forum). They are clearly benefiting from the participation[15].

Consequently, the largest continent should consider the creation of its own comprehensive pan-Asian multilateral mechanism. In doing so, it can surely rest on the vision and spirit of Helsinki. As regards the very institutional setup, Asia can closely revisit the well-envisioned SAARC and the ambitiously empowered ASEAN[16] forums. By examining these two regional bodies, Asia

[14] The so-called OSCE–Asian Partners for Cooperation are: Japan (1992), Korea (1994), Thailand (2000), Afghanistan (2003), Mongolia (2004) and Australia (2009). Within the OSCE quarters, particularly Thailand and Japan enjoy a reputation of being very active.

[15] It is likely to expect that five other ASEAN countries, residentially represented in Vienna, may formalise their relation with OSCE in due time. The same move could be followed by the Secretariats of both SAARC and ASEAN.

[16] In Europe and in Asia (even when being at the HQ in Jakarta), I am often asked to clarify my (overly) optimistic views on the ASEAN future prospects. The ASEAN, as well as the EU, simply have no alternative, but to survive and turn successful (although currently suffering many deficiencies and being far from optimised multilateral mechanisms). Any alternative to the EU is a grand accommodation of either France or Germany with Russia – meaning a return to Europe of the 18th, 19th, and early 20th centuries – namely, perpetual wars and destructions. Any alternative to the ASEAN would be an absorptive accommodation of particular ASEAN member states to either Japan, or China, or India – meaning fewer large blocks on a dangerous collision course. Thus, paradoxically enough, in the cases of both the EU and ASEAN, it is not (only) the inner capacitation, but the external constellations that make me optimistic about their respective success.

can find and skillfully calibrate the appropriate balance between widening and deepening the (security) mandate of such future multilateral organisation, given the number of states as well as the gravity of the pressing socio-political, environmental and politico-military challenges.

In the age of unprecedented success and unparalleled prosperity of Asia, an indigenous multilateral pan-Asian arrangement presents itself as an opportunity. Contextualising Hegel's famous saying that "freedom is…an insight into necessity" let me close by stating that a need for the domesticated pan-Asian organisation warns by its urgency, too.

Clearly, there is no emancipation of the continent; there is no Asian century without a pan-Asian multilateral setting.

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THE POSSIBILITY OF RECONCILIATION IN POLISH-RUSSIAN RELATIONS

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Abstract

The article provides an overview of public debates on Polish-Russian reconciliation after the 70th anniversary of the Katyn crime. It is argued that, in practice, at the core of the issue is the development of a certain *modus vivendi* which could make it possible to move beyond historical disputes and begin a pragmatic normalisation of bilateral relations. The author states that Poland is making significant reassessments of its policy towards Russia. However, getting rid of the historical trauma does not have to mean that mutual relations will become less problematic instantaneously. As the author argues, the process of reconciliation in Polish-Russian relations requires a systematic dialogue and normalisation. The main features of this dialogue are flexibility of thinking and awareness of a common goal. The dialogue fosters the development of situational partnership and informational ties. These in turn translate into normalisation of mutual relations. Normalisation implies a levelling of mutual relations, or bringing them back to the state commonly called normality. Therefore, the issue is centred on the introduction of transparent rules of the game, unification of criteria for the assessment of the interests of the parties, and stabilisation of contacts, making them routine and as frequent as mutually acceptable. The author argues that the reconciliation process requires at least three complementary undertakings: 1) accommodation and mutual restraint; 2) rapprochement on the level of societies; 3) development of a community of interests and values.

1. Psychological and geopolitical determinants

In the context of the 70th anniversary of the Katyn crime, the notion of Polish-Russian reconciliation has appeared, somewhat prematurely, in the public debate. The Smolensk disaster has accelerated the process of rhetorical fine-tuning of the goal on both sides. In practice, it has more to do with the development of a certain *modus vivendi* which could make it possible to move beyond historical disputes and begin a pragmatic normalisation of bilateral

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relations[1]. The essence of the process would be the establishment by the states and nations of principles of living together (cooperation and coexistence) - close to each other, yet differing significantly, with diverse preferences and systems of values, but at the same time allowing for a peaceful resolution of fundamental disputes.

The Katyn crime, due to its circumstances, premeditation and involvement of the Stalinist authorities, is counted among the most atrocious war crimes. However, it is not a one-of-a-kind, unique crime, either in the World War II period, or ever since. Its special character consists of a sustained and intensive influence on Polish policy and relations with Russia, which is a phenomenon difficult to understand in the West. There, such war disasters have long been forgotten and reconciliation achieved. In Poland, all the political forces see the Katyn crime as an inexhaustible source of inspiration to build the identity of a victim and a never relieved suffering[2].

The topic of Katyn as a Stalinist mass murder concealed for decades puts the complexity of historical Polish-Russian relations in focus. Russia and its citizens have never passed through a phase of such historical reassessments that would allow them to look at the sins of the past from the perspective of their own political responsibility. Russia has lacked politicians and moral authorities who could make a heroic and clear-cut assessment of the past, pointing, above all, to the communist crimes perpetrated on their own people. Then it would be easier to recognise the crimes of the Stalinist regime against the Polish people.

The Russian collective identity supplants Katyn also because there were such monstrous repressions in the Stalinist period in the USSR that in comparison to them the Katyn crime is perceived as a relatively insignificant episode. A crucial mistake here – in the view of sociologist Lev Gudkov – is a failure to take the Polish perspective into consideration, or a refusal to acknowledge the huge importance of Katyn for Polish national identity[3].

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[1] L. Mażewski, *Polsko-rosyjski modus vivendi*, "Arcana" 2010, nr 4, p. 57 and further.

[2] R.J. Hunter, *Katyn: Old Issues Threaten Polish-Russian Economic and Political Relations*, "European Journal of Social Sciences" 2010, nr 2, p. 288-297.

[3] *Polska przestała interesować Rosjan. Rozmowa z Lwem Gudkowem*, "Europa. Magazyn Idei Newsweeka", April 2010, nr 4 (289)/2010.

1.1. Psychological determinants

The mutual relations between Poland and Russia are still conditioned by a certain aberration in the perception of the latter. Poles clearly overrate Russia. They do it often – aside from other determinants – because of their irrational fear. It has become the main factor determining the definition of Poland's security. In the case of Poles, the sources of fear undoubtedly lie in the geopolitical position; but they also extend to history and psychology. It appears that the essence of the phenomenon of fear is well-conveyed by a description from Paul Tillich, a German-born American theologian, who defined it as a "painful feeling of being unable to deal with a threat to a specific situation"[4].

Experts on security issues perceive one type of relationship between the reality and psychology which translates into security and is adequate to Poland's situation. It is a state of obsession, when a relatively minor threat is perceived as big. As a result, it produces alarmist tones in security policy[5]. The example of political elites (as it is hard to say whether the society as a whole) makes it clear that security is a consequence of the perception of threats coming from the external environment, but through the prism of their emotional reception. Some negatively evaluated phenomena have the character of challenges rather than threats. They express events or processes that have occurred or could occur in the future and are marked by a lack of clarity regarding their content, including likely effects. Their proper assessment makes it possible to interpret them as either opportunities or threats. It seems that, in the case of Polish decision makers, the distinction between these categories is missing. Threats from Russia are demonised, including the military one, which was supposed to be demonstrated by the 2008 Georgian War[6].

In the sphere of psychological and emotional determinants, complexes attesting to Polish feelings of inferiority, even a peculiar provincialism, come to the fore. Fomenting them has become a speciality of various political groups and mass media. That is not to say that the complex of Russia is held by the whole of Poland. Watching the growing interest in scientific cooperation and

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[4] Quoted from: F. Ryszka, *Nauka o polityce. Rozważania metodologiczne*, Warszawa 1984, p. 112.

[5] R. Zięba, *Pozimnowojenny paradygmat bezpieczeństwa międzynarodowego*, in: R. Zięba (ed.), *Bezpieczeństwo międzynarodowe po zimnej wojnie*, Wydawnictwa Akademickie i Profesjonalne, Warszawa 2008, p. 15-39.

[6] C. Ochmann, *Geopolityka a Europa Wschodnia*, "Nowa Europa Wschodnia" 2009, nr 5, p. 22.

student exchange with Russia, it can be said that through establishing contacts, the young generation of Poles is getting increasingly attracted to Russia and Russians. Young Poles neither hold any particular grudges against young Russians, nor demonstrate any special complexes – be they of estrangement or superiority. And this is the most important change that is occurring at the social level, which augurs well for the future of mutual relations.

The complex of Russia is part of the so-called Polish complex, which Poles have grappled with for ages[7]. It is a question of the geopolitical position at the junction of East and West, of the defense of national and religious identity. The complex has its sources stretching as far back as the Jagiellonian era. It comes from the geopolitical rivalry of two great empires of the time – Poland and Russia. Rzeczpospolita (Commonwealth) lost that rivalry, particularly from the end of the Great Northern War (1700-1721) onwards, falling into dependence from Russia. Then the complex started growing and was aggravated by the partitions and the successive, failed insurgent uprisings in the 19th century. The 20th century brought about a long series of tragic experiences – the war against the Bolsheviks, the Ribbentrop-Molotov Pact, the Katyn crime and the extermination of Polish population from Poland's territories seized by the USSR in 1939, the Soviet Army's failure to act in the light of the Warsaw Uprising, and finally, the 40-year-long domination and subjugation which completed the sources of animosities and grievances. At the level of societies, however, quite a bit of mutual, well-wishing interest, even sympathy, has remained[8]. The popularity of Polish culture in the USSR was a phenomenon that merely cannot be erased or subjected to any corrective revision stemming from present-day ideological assumptions. Poles and Russians share Slavic

[7] As a result of the division between Rome and Byzantium, a line of religious and cultural division emerged that has been recognised as the most enduring civilisational border of the European continent. "Poland found itself in a western-eastern location; as Sławomir Mrożek describes it ironically: to the east from the West and to the west from the East. However, it mostly sought – through the thoughts of its intellectuals and popular representation – to tip the scales in favour of the ››West‹‹ and dissociate itself from the ››East‹‹". M. Janion, *Niesamowita Słowiańszczyzna. Fantazmaty literatury*, Wydawnictwo Literackie, Kraków 2006, p. 11.

[8] "Some in the Polish elite speak Russian, value Russian culture, but fear the Muscovite state and its imperialism. Representatives of the Russian intelligentsia admire Polish art and desire for freedom – but they complain about their hubris". J. Voswinkel, *Zwei Vettern brauchen einen Therapeuten*, "Die Zeit" from 7 April 2011.

origins, likings and converging characters (for example, attachment to tradition, hospitality, sensitivity and emotionality, sentimentality, following instincts, pride and honour). Our historical connotations are similar, though the historical memory is different; our desires for peace, love, and the good are similar, though the reasons are different; the cultural and civilisational bonds are similar, though different religions prevail[9].

Poland and Poles now face a historical opportunity to endure reorientation and become embedded in Western structures. Getting rid of anti-Russian phobias will certainly take quite some time, but there is no other way than a return to normality - if not close cooperation, then at least sympathetic indifference.

1.2. Geopolitical determinants

The past 20 years have been full of political transformations – first and foremost, Polish foreign policy has undergone a reorientation from an imposed subordination to a full integration within Western structures. But regardless of the deep geopolitical changes, Russia has not lost its significance in Polish foreign policy. It remains in a sustained system of complex geopolitical dependencies[10]. For this reason, any decision maker must have courage, intuition, but also draw on relevant knowledge to cope with challenges. In fact, it is not geopolitics, but rather the balance of power (or more precisely, its asymmetry and imbalance) that determines Poland's relations with the two biggest neighbours to the east and west – Russia and Germany[11]. Russian neo-imperialism and German ambitions to politically, economically and culturally influence the

[9] See. M. Dobroczyński (ed.), *Polacy i Rosjanie. Czynniki zbliżenia*, Centrum Badań Wschodnich UW-Wydawnictwo Adam Marszałek, Warszawa-Toruń 1998; A. de Lazari, T. Rongińska (ed.), *Polacy i Rosjanie. Przezwyciężanie uprzedzeń*, Ibidem, Łódź 2006.

[10] T. Orłowski, *Geopolityka polska*, in: C. Jean, *Geopolityka*, Wrocław 2003, p. 361-390.

[11] Lech Wałęsa once used a funny metaphor, comparing himself and Yeltsin to two drivers approaching from the opposite directions on an unfamiliar road at night, without any road markings. The difference between them, however, was in the class of the vehicles – Wałęsa was driving a small Fiat while Yeltsin – a powerful truck. The metaphor encapsulates the essential problem that lies at the foundation of all the Polish complexes about Russia – it is a problem of scale, or, to put it more precisely, the balance of power. J.A. Gorska, *Dealing with a Juggernaut. Analyzing Poland's Policy towards Russia, 1989-2009*, Rowman, Lanham 2010, p. XIX.

affairs of Central and Eastern Europe lead to Poland's decreasing importance as an independent participant in international processes, and in the longer term – to the role of a protégé of one of the sides. Of course, it is possible to wage ideological disputes about the possibility of choice in the policy towards the two most powerful neighbours, for example, through the prism of the EU policy or the American "security umbrella". It turns out, however, that without Germany's acquiescence, it is impossible to pursue any reasonable policy within the European Union; while without taking Russia's interests into account, it is difficult to achieve anything in either the East or West[12].

It is likely for these reasons that Rzeczpospolita's foreign policy has adopted assumptions (in fact, it is difficult to trace their origins) whereby foreign policy is perceived as inherently competitive and confrontational. Following this approach, it is advisable to demonstrate distrust and hostility towards the closest neighbours to the west and east, while friends should be "sought far away", preferably across the "great water". The traditional obsessions over the two stronger neighbours – Germany and Russia – come, first of all, from the real disparity of power, but also from the elites' disbelief that the policy of these powers can ever stop threatening the existence of the Polish state. In this sense, we are still dealing with geopolitical determinism resulting from Poland's location between Germany and Russia[13].

Poland has made an ambitious attempt to break free from the geopolitical constraints, which has not, however, brought disengagement from the pressure of the neighbourly factor. According to a well-known statement, it is closer from Warsaw to both Berlin and Moscow than from Moscow to Berlin. It follows that Poland's relations with Russia and Germany could and should be better than the mutual relations between the latter two countries. A specific Germany-Poland-Russia triangle could emerge, whereby Poland and Germany

[12] The asymmetrical balance of power will obviously always play to the disadvantage of Poland's position against Russia. This is why Poland is unable to neutralise or weaken Russia's position. No cordon of countries from Georgia through Ukraine to the Baltic republics is able to restrict Russia's activity in the post-Soviet space. Efforts to build energy corridors that would help some European countries lessen their dependence on Russian supplies of energy resources have also ended in failure. Poland is unable to weaken the traditional sentiments of Paris, Rome, or Berlin towards Moscow.

[13] More: S. Bieleń, *Polska między Niemcami a Rosją – determinizm czy pluralizm geopolityczny?*, in: S. Bieleń (ed.), *Polityka zagraniczna Polski po wstąpieniu do NATO i do Unii Europejskiej. Problemy tożsamości i adaptacji*, Difin, Warszawa 2010, p. 268-287.

would counterbalance Russia's influence and play an important role in shaping the EU's policy towards the East. However, this has not happened. It is not clear to what extent the human factor is to blame, nor to what extent is it a consequence of certain objective determinants. For Germans clearly seek to include Russia in the European security system, or at least to make it so dependent on Europe's economy that any destabilisation of the Old Continent would not pay off for Russia[14]. Russians, meanwhile, are looking to the West in pursuit of resources to modernise their state, and in this endeavour, Germans are perceived as an excellent partner[15]. But every German-Russian rapprochement causes atavistic fear on the Polish side. Aside from the dread, Poles should therefore proceed as quickly as possible to an analysis of the changing system of "geopolitical games" and look for rational safeguards. Geopolitical thinking, particularly when dealing with a "middle-sized" country like Poland, requires realism, taking into account the international balance of power, and "vital" interests of powers[16].

Considering the overall record of Poland in the past two decades, one may notice a lack of a mature and coherent vision of foreign policy. It appears that it reacts to current events without reflection or conceptualisation. Calls for the reinterpretation of the "Jagiellonian tradition" have nothing to do with realism. True realism means "taking into account the realities"[17], the balance of power, rather than constant harking back to the mythical concept of *prometheism* (the formation of an alliance of smaller states in the east against Russia) which has always ended in failure[18]. Any alliances covering

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[14] R. Götz, *Germany and Russia – Strategic Partners?*, "Geopolitical Affairs" 2007, nr 4.

[15] *Jak Rosja chce wrócić z peryferii do centrum globalizacji. Rozmowa z rosyjskim politologiem Dmitrijem Treninem*, "Europa. Miesięcznik Idei" 2011, nr 6, p. 40-44.

[16] See: S. Bieleń, *Geopolityczne myślenie o ładzie międzynarodowym*, "Przegląd Geopolityczny" 2009, t. 1, p. 27-28.

[17] The view on Poland's policy towards the post-Soviet area is still dominated by a heroic-romantic vision of history, all the concepts and assessments are effects of political idealism, not realism. "Realism is a recognition of the limits of what can be achieved. It's not what your goals are, but what can you realistically do. The idealist starts from the other end – What do we want to be? What do we want to achieve? – and may neglect how feasible it is to try to get there and whether, in trying to get there, you do things which destroy your ability to get there and sacrifice the very ideals you were pursuing". Z. Brzeziński, B. Scowcroft, *Ameryka i świat. Rozmowy o globalnym przebudzeniu politycznym*, Łodź 2009, p. 264.

[18] Despite that, commentaries are not short of nostalgia for such a way of looking at the post-Soviet reality. See F. Memches, *Prometeusz wśród trumien*, "Rzeczpospolita" from 16-17 April 2011.

small states in the post-Soviet space do not have a chance for success due to Russia's strategic advantage. No issue in the CIS area can be solved without Russia's participation. In any case, Poland has to coexist with Russia, regardless of what Russia is like. During the coexistence – instructs Zbigniew Brzeziński – it is necessary to stay protected and create conditions for a greater geopolitical stability at the same time, because Poland benefits from this stability[19]. It is high time to understand this truth and make it the basis for new political quests.

It is beyond doubt that Poland still remains in the sphere of dependencies on Russia. Facts show that in the energy field, Russia supplies Poland with 100 percent of its gas imports and more than half of the gas it consumes, and also ca. 95% of the oil it consumes. The dependencies are a consequence of the ties from the Comecon period. Moreover, they affect the other Central and Eastern European countries, too; even Nordic Finland obtains 100 percent of its gas from Russia. Despite the strategy of reducing the dependence on Russia adopted many years ago, little success has been achieved in this regard. Instead of independencies, it is only the frustration of successive governing parties in Poland that is growing[20]. Therefore, it is time to do some sort of calculation – either to effectively seek alternative energy supplies, or to come to terms with the existing situation and cease "rhetorical wars" with the country which is the only source of Poland's energy resources supply. Otherwise, Poland will be stuck in some odd schizophrenia[21].

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[19] *Niemcy są ważniejsze dla USA niż Polska. Rozmowa ze Zbigniewem Brzezińskim*, "Wprost" from 27 September 2009.

[20] Polish minds are certainly not reassured by the views of the likes of Aleksandr Dugin, one of the main theoreticians of Russian imperialism. In his opinion, a strong determinism can be seen in the Eurasian area, which involves a clash of two geographical-civilisational elements – the Euro-Atlantic West and the Eurasianic Russia. In his opinion, "Russia will always seek to move its influence zone in the Western direction, just as the West will be moving it in the Eastern direction. The nations living between Russia and the West will always be located in a transitional zone, a frontier zone, a zone of competition and conflict of the two civilisations: the Western – Atlantic one, and the Eastern – Eurasianic one. The entry of Russian forces into Poland in the Stalin era or in the Catherine II era, just like the occupation of Moscow by Polish-Lithuanian troops in the XVII century, are just links in the same chain of history". *Polski na razie nie odzyskamy. Rozmowa z Aleksandrem Duginem*, "Europa. Magazyn Idei Newsweeka", 2009, nr 1 (282), September 2009.

[21] S. Bieleń, *Deficyt realizmu w polskiej polityce zagranicznej*, "Stosunki Międzynarodowe-International Relations" 2008, t. 38, nr 3-4, p. 9-29.

Juliusz Mieroszewski, one of the most outstanding publicists of the Parisian "Kultura", once remarked that it is difficult to imagine a situation in which Poland could dictate its terms to Russia. He stressed that the impotence of Polish policy towards Russia is caused by an inclination to sacrifice real slogans and programs "on the altar of legitimate yet unreal slogans". Such inclination stems from a typical Polish dislike for compromise policy. The word "settlement" has a negative character in the Polish dictionary. Poles are unwilling to compromise, and since they do not have an ability to force Russia into a compromise, they renounce any reasonable policy towards it[22].

Russians also view Poland through the prism of historical burdens, attributing to it imperialist impulses. Reminiscences of the past centuries returned in the context of Poland's support for the systemic transition in Ukraine referred to as the "Orange Revolution". A return in any form to the "Jagiellonian idea" evokes bad associations with Polish imperialism (paternalism and protectionism) in the East that Poles themselves either do not notice or do not want to notice. In Mieroszewski's view, any return to imperialist impulses, whether Polish or Russian, will cause threats to the stability of the whole continent in the Central and Eastern Europe area[23]. That is why Lech Mażewski is right when he calls for a definitive withdrawal from the East, understood as an inheritance from the Great Duchy of Lithuania[24].

Poland's geopolitical location is quite firm; nothing can be done about the fact that it is situated at the East-West frontier. Defying the facts, representatives of Polish ruling elites seemed to believe they had found a place among the most important Western players. What was missing was, first and foremost, a reliable diagnosis of the national interest in the changing geopolitical conditions. The old German-Russian determinism was supplemented by new challenges and circumstances, related to Poland's membership in Western integration structures. Thus, Poland's geopolitical position did not change,

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[22] R. Habielski, *Gra możliwości. O pisarstwie Juliusza Mieroszewskiego*, in: A. Friszke (ed.), *Myśl polityczna na wygnaniu. Publicyści i politycy polskiej emigracji powojennej*, Warszawa 1995, p. 139-162.

[23] J. Mieroszewski, *Finał klasycznej Europy*, (Wybór, opracowanie i wstęp: R. Habielski), Lublin 1997, p. 355.

[24] "Shouldn't it perhaps be clearly recognised that the days of the Polish-Lithuanian empire are gone forever and Poland's interest in the areas of the former Great Duchy of Lithuania is only to protect Polish national minority, monuments of national culture, cemeteries and to maintain good relations with all our Eastern neighbours?" L. Mażewski, *Polsko-rosyjski modus vivendi*…., s. 59.

only its structure did[25]. It seems utterly strange that the key role of Germany and Russia in Europe is currently being discovered in Polish foreign policy with such astonishment and undisguised reluctance. Yet these circumstances have existed for a long time, Polish elites did not want to or could not properly describe and understand them. In the 1990s, Polish foreign policy succumbed to the euphoria that, after the demise of bloc dependencies, Poland embarked on the road to the Western world, released from the geopolitical dependencies from the East. When the importance of geopolitical challenges from the post-Soviet space was mentioned, Polish politicians almost suspected it to be a "bolshevik plot"[26]. All the supporters of Jerzy Giedroyc's ULB concept[27] naively followed this direction, forgetting that the "main powerbroker" in the East is, after all, Russia, and great powers reckon with it, even when it was temporarily affected by the syndrome of "the troubles".

Russia's European engagement has a fundamental importance for Polish geopolitics. Although it is a country strongly allied with Western countries, it nonetheless remains on the sidelines of Europe's great integrational changes. The obstacles to mutual rapprochement or convergence are primarily structural contradictions and the system of values. The European model is based on moving away from the traditional attributes of the nation state, desovereignisation and elimination of territorial barriers. Russia, on the other hand, insists on the preservation of strong sovereignty, its own authority in the security area and economic self-sufficiency.

2. The myth about Eastern policy

In political circles and part of the public opinion in Poland, a myth of an extraordinarily active, and, what is worse, effective Eastern policy is sustained. Poles (though it is not known precisely who exactly) are attributed a special

[25] K. Szczerski, *Polska geopolityka europejska*, "Arcana" 2009, nr 5 (89), p. 23; see. P. Bajda, *Geopolityczne znaczenie Europy Środkowej – zaniedbane sąsiedztwo*, in: J. Kloczkowski (ed.), *Geopolityka i zasady*…, p. 161-173.

[26] The ascertainment stems from the author's personal experiences when he took part in the debates on Polish Eastern policy involving prominent politicians and commentators.

[27] Juliusz Mieroszewski's famous abbreviation, referring to Ukraine, Lithuania and Belarus. J. Mieroszewski, op. cit., p. 352-361.

insight into Russian, or more broadly, post-Soviet issues, while in reality this turns out to be a misconception[28]. Polish expertise is paltry and useless in political settlements. Even if some studies emerge, they are always in line with the current mandatory political interpretation. There is a strange phenomenon of the "uniformisation" of attitudes, writing to suit the prevalent political line. Studies do not serve inspirational or predictive functions. Countries like Germany or France, and also the Anglo-Saxon countries, display a much bigger institutional and material commitment to studies of Eastern issues. They can also pursue a distanced and rationalised policy devoid of reminiscences and unnecessary emotions.

Poland faces a phenomenon of ignorance on Russian topics, coupled with an odd arrogance. Aleksander Hercen once said, in reference to Poles, that they do not know Russia "with premeditation". Of course, every generalisation carries a risk of simplification. There is a considerable group of people in Poland who understand Russia, not least due to their personal experiences or professional interests. But they are outnumbered by those Poles who do not understand Russia at all, or do not want to understand it. After 1989, instead of meticulously watching and thoroughly analysing Russia and the changes underway there, many people started to reheat old prejudices and dwell on historical grievances. This helped them to redefine their national identity. Anti-Russian stereotypes returned in the perception of the eastern neighbour, which by no means made it easier to understand what was really happening there. After all, Russians were also undergoing their own great systemic transformation. Russia, however, was shedding communism in a way different from that of Poland. It did not dissociate itself from it as radically as Poles did. First and foremost, Russia has never broken formal ties with the previous, Soviet state structure. For this reason, the question about the relationship between the communist heritage and the new in Russian statehood has not lost its relevance. The Soviet inheritance still determines the identity of present-day Russia and its citizens. Russia has serious problems with ridding history of lies after the havoc wreaked by the brutal Soviet propaganda and censorship. Russians experimented with communism for 70 years, thus the damage incurred

[28] "Russia and Poland are like old friends who haven't seen each other for many years, but are still convinced that they know each other perfectly". A. Malgin, *Rossija-Polsza: unikalnyj szans otbrosit' emocji*, "Niezawisimaja gazeta", 8 February 2008.

is great. Besides, while there was some hope in Poland for a return of that "mythical", once already practiced democracy, there were no historical democratic models in Russia. Russia had a brush with some parliamentary experience for only a few months from February to October 1917. Thus, generally there were no institutions or customs that would make it possible to quickly create any form of democratic political culture. Russia's transformation, therefore, proceeded haltingly, meanderingly and did not bring the effects in the systemic overhaul that the world had been expecting. It was related to many problems of geopolitical, legal-constitutional, economic, ethno-national, military, cultural, religious, and even civilisational nature. Unfortunately, Poles did not try to understand it; instead, they scorned Russians' sacrifices and readiness for self-denial. They were carrying out their own systemic transformation with a conviction that it was necessary to pull away from the dangerous East as fast as possible. What had only recently linked them to the Russian culture, similarities of characters, historical experiences was hastily pushed out of memory. Poland wanted to join the exclusive "club of the safe and rich", that is, the Western structures, as quickly as it could.

In these endeavours, it was not without significance to show the West that Poland's determination in its desire to protect itself from Russia resulted from a potential threat of the revival of Russian imperialism, with all its negative consequences[29]. Overall, Poland had achieved its intended objectives, although it was difficult to instantly grasp all the aspects of the historical accomplishments. The consistently pro-Western stance impressed on Western European governments the idea how strong Polish fears of Russia were. At the same time, it damaged Poland's image, projecting it as a country guided by an incomprehensible Russophobia. Another cost of that success was a decline in the importance of Polish assets in the Russian market. The interest in Poland decreased and Western companies and products took over the place of Polish companies and goods. Besides that, Poles lost contact with Russian reality. The credit for it largely goes to the media which show Russia through the prism of constant crises and disasters, which effectively discourages Poland from any contacts with its neighbour.

[29] See. S. Bieleń, *Postimperializm-neoimperializm-transimperializm: próba oceny rosyjskiej polityki zagranicznej*, in: S. Bieleń, A. Skrzypek (ed.), *Rosja. Refleksje o transformacji*, Oficyna Wydawnicza ASPRA-JR, Warszawa 2010, p. 235-265.

After the break-up of the USSR, a situation emerged where, for the first time in centuries, Russia stopped dictating to the other Central European countries how those should behave. Poland's and other regional countries' entry into the Western structures became possible thanks to Moscow's definitive loss of dominance in its traditional sphere of influence. Another positive effect of the deep geopolitical changes was a "pluralisation" of the East. Apart from Russia, other countries emerged there and it was possible to build new alliances with them. Poland was particularly "over the moon" about Ukraine's freedom, although the effects of the so-called strategic partnership have mostly been wasted - and Poles were by no means the only ones to blame.

3. A time of difficult reassessments

Poland is making significant reassessments of its policy towards Russia. It took two decades for political elites on both sides (not without significance was the "new" atmosphere after the Smolensk disaster) to become ripe for a "reset" in mutual relations. While there is no shortage of concerns in Poland as to whether Moscow's opening to Warsaw is possibly but another tactical ploy designed to bypass Poland's obstruction to building good relations with the European Union as a whole, much indicates that there is more and more goodwill for reconciliation and burying historical divisions.

Getting rid of the historical trauma does not have to mean that mutual relations will at once become less problematic. As Andrzej Drawicz used to say, Poland and Russia are condemned to having chilly relations, who knows if not for long decades, or even centuries[30]. For example, how many years did it take to forget that the Swedes were invaders? Bearing in mind the contradictions of interests, it needs to be assumed that the state of conflict in mutual relations will be, so to say, their natural feature. In many political circles of the Polish right a conviction (scepticism) persists that "Russia ruled by Vladimir Putin's strong hand does not need reconciliation with Poland"[31]. It is advocated that,

[30] A. Drawicz, *Przewartościowania Rosji w polityce III Rzeczypospolitej*, in: S. Bieleń (ed.), *Patrząc na Wschód. Z problematyki polityki wschodniej III RP*, Centrum Badań Wschodnich UW, Warszawa 1997, p. 57.

[31] A "Rzeczpospolita" columnist supports the popular assessment of Russia's neighbourly policy: "Putin's

as the stronger partner and historical adversary, Russia has "more on its conscience" and should therefore be the first to reach out for reconciliation with Poland, show more goodwill, not least on such issues as explaining the causes of the Smolensk disaster[32]. One might also have an impression that Polish right-wing politicians care more about sustaining constant tensions in Poland's relations with Russia. Then they can show more initiative, reacting to short-term challenges or threats. Yet calm and stability require arduous work whose effects do not have to be so spectacular at all. Besides, reconciliation closes the door to various troublemakers who see Russia as an object of constant criticism. A columnist for "Rzeczpospolita" makes the following confession with no inhibitions: "The deeper we wade into Polish-Russian reconciliation, the harder it will be for us to criticise the Kremlin when such a need arises"[33]. The distrust on the Polish side stems, first of all, from the actual asymmetry, but also from the failure on the part of Kremlin politicians to perceive and treat Poland equally. Rather, they are suspected of treating Poland instrumentally, of "sham" gestures as they advance Russia's own interests in the European Union and in relations with the U.S. [34]

Regardless of all the mistrust from the Polish side, it is true that the better Polish-Russian relations will be, the less embarrassment will be caused by Polish Russophobia in the European Union. The better Poland's relations with Russia will be, the greater the impact of Polish policy on the EU's Eastern policy. It may sound paradoxical, but, thanks to the improved relations with Russia, it will be easier to obtain support for Ukraine's entry into the European Union[35]. Solving its problems with Russia on its own, Poland will neither burden the general EU agenda, nor put many Western European countries in an awkward situation. Poland should join the stance in the EU, which sees Russia as an inherent element of the European community. Instead of a confrontational

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Russia recognises only two categories of neighbours: those it fears and shows respect to because of their military power (China, Turkey) or affluence (Norway, Finland). And those it treats with disrespect, even disdain". M. Magierowski, *Polityka dwóch fortepianów*, "Rzeczpospolita Plus Minus" from 26-27 March 2011.

[32] W. Marciniak, *Dwie tendencje w polityce polskiej wobec Rosji*, "Arcana" 2010, nr 4, p. 66-71.

[33] M. Magierowski, op. cit.

[34] See. P. Kowal, *Miękki realizm*, "Nowa Europa Wschodnia" 2011, nr 2, p. 22-29.

[35] C. Ochmann, op. cit., p. 22.

policy of "containing" Russia, a common EU effort should be made to entangle the Russian "bear" with many durable interdependencies, at the same time extending the EU's impact on other countries – Ukraine, Moldova, Georgia, and Belarus. This will make it possible to limit Russia's influence in their territories in the long term and will include them in the system of European norms and institutions, which will consequently foster their prospective integration.

Poland currently needs to catalogue its problems in relations with Russia, to establish the means and methods for solving them, and, finally, to define priorities which would allow Poland to build a middle-term strategy. With hindsight, it is clear how certain problems in mutual relations, clashes over the "historical policy", the Baltic gas pipeline, or imperial threats were exaggerated. It is now apparent how insignificant the historical disputes turned out to be against the background of diversification ventures facing Poland, related to reducing dependence on Russian oil and natural gas. The question needs to be asked whether these ventures could be more successful if Polish policy towards Russia was more conciliatory than when it is more critical. In Poland, very few are interested in such dilemmas[36].

There are no "easy" matters in Poland's relations with Russia. All the issues have a complex character, partly due to the psychological determinants mentioned above. A shift from the issues of history to the present and future is the basic message for a change in mutual relations. Poland must strive to overcome the "policy of fear of Russia" as its continuation has become ineffective. It must also depart from the "victim syndrome", because it makes it a burdensome partner in international relations, both in the West and in the East[37].

Relying on sentiments and dwelling on history is a strategic error of Polish policy and diplomacy. All the countries across the region, as well as Polish partners in the European Union, support the intensification of European and transatlantic ties, through which the level and quality of cooperation with Russia can be raised. Meanwhile, irrespective of their political provenience, the ruling elites in Poland insist on the traditional, dichotomous understanding

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[36] For an interesting example of deliberations, see: J.J. Wiatr, *Polska-Rosja: interes narodowy czy pamięć historyczna?* "Myśl Socjaldemokratyczna" 2010, nr 4, p. 7-23.

[37] *Polska-Rosja: jak zdefiniować interes narodowy? Debata klubu ekspertów "Rzeczpospolitej"*, "Rzeczpospolita Plus Minus" from 12-13 February 2011.

of the balance of power – "who is with whom and against whom". Russia is perceived as a straightforward continuation of the Soviet Empire, the existential enemy of timeless character. Along with the emotions caused by the 2008 "Caucasus War", a demand for an aggressive, hostile, "rogue" and imperial Russia, which is a source of Polish self-identification, was revealed.

Poland first became ripe for the historic reconciliation with Germany. The conditions to start the same processes with the neighbours to the East, Ukraine and Russia in particular, emerged in the 1990s. These processes are conditioning each other, which constitutes a practical and cognitive challenge. By the way, it is noteworthy that Poland lacks an objectivised view on Ukraine or Belarus, as well as the other countries included in the Eastern Partnership. In light of the failure of the "strategic partnership" with Ukraine, and also of an increase in nationalist sentiments in Ukraine which are quite often anti-Polish, both the naivety of Polish political authorities and also the bias of Ukrainophile scientific studies are as clear as daylight[38]. Polish anti-Russianism has led to a rather simplistic idea of an alliance with Ukraine, which was supposed to help counter Russia's great power and imperial aspirations[39]. This was to be served by support for Ukrainian nationalism, which has a sinister historical face, but can also be dangerous in its present-day consequences. Meanwhile, after the political changes in Kiev, it has turned out that Russia has still more possibilities

[38] One can get an impression that the so-called historical policy is an unsystematised, chaotic reaction of different political actors to various events and provocations related to the interpretation of history by neighbours or other nations. An example confirming this diagnosis is a total lack of reaction from Polish government officials as well as mass media to the "Banderisation" of Ukraine, which represents impotence in the face of the propagation of ideologies praising fascism, antisemitism and anti-Polishness, symbolised by the cult of Stepan Bandera. Poland has no idea of how to solve the problems stemming from the shared, painful history with Ukrainians.

[39] In the 1990s, it was taken for granted, without any particular debate in political and intellectual circles, that supporting Ukraine should be Poland's priority. There was no justification whatsoever as to what reasons argued for such a political choice. Nobody made a diagnosis of interests, showing preferences in terms of profits and losses in the short term perspective. It was assumed unquestionably that any stance with anti-Russian content had to necessarily be beneficial for Poland. The assumption turns out to be erroneous. Just like eliminating Russia from all European projects, including the Eastern Partnership, betrays the flawed thinking on the perspectives of European integration. For Russia, in spite of all its negative traits, is the European Union's most important partner in the Eastern direction and as yet nobody has denied such a view. Why do then all the Polish initiatives overlook Russia as if there was no place for it in Europe? See M.F. Goldman, *Polish Policy toward Ukraine: The Impact on Polish-Russian Relations in 2008-2009*, "The Polish Review" 2009, vol. LIV, nr 4, p. 451-476.

to use Ukraine against Poland than Poland against Russia. Attempts to win over Kiev are thus the essence of the Ukrainian problem in Polish-Russian relations. Ukraine is faced with a false choice: with the West, or with Russia. Yet this is an ambivalent country by virtue of its geopolitics, history, ethnicity and culture. For this reason, it can derive benefits from its cooperation both with Russia and with the European Union[40]. At the moment, pro-Western forces in Ukraine are on the defensive, while Russian influence is growing. It is so not only because of internal political strife, but also due to the country's economic structure.

As for Belarus, in the context of assessments of various tyrannies in Arab countries during the ongoing wave of revolutionary changes, it turns out that the Belarusian dictatorship does not pose such problems, as the official propaganda has it. Therefore, the possibilities for establishing normal contacts with the Belarusian regime are different than it has appeared in recent years. Quite simply, one needs to recognise the *status quo* as a starting point for the improvement of the relations rather than strive at all costs for a change of the conditions existing there and make any improvement of the relations contingent on it. Also noteworthy is the sovereign policy of Aleksander Lukashenko, who has been deftly manoeuvring between Russia and the West for many years and cannot be seen only as a Moscow's puppet. It is therefore reasonable to apply the same logic as in the dialogue with Russia: to talk with Belarus as it is. Experience teaches that more can be achieved on the path of evolutionary changes than through radical pressure. Besides, it is worth to reconsider the policy towards Poles in the East – whether Poland cares about their integration within those societies, or fomenting various separatist tendencies with their participation.

The other countries involved in the Eastern Partnership, such as Armenia, Azerbaijan, Georgia, and Moldova, still do not have achievements in the field of democratisation and economic reforms. Rather, they are hybrid creations in terms of their political system, if not overtly authoritarian, as the case of Azerbaijan proves. There are virtually no differences between Azerbaijan and Belarus. So why are different yardsticks applied to both dictatorships? The Eastern Partnership program, promoting human rights and democratic political

[40] See. M. Riabczuk, *Dwie Ukrainy*, Kolegium Europy Wschodniej, Wrocław 2004; D. Gibas-Krzak, *Ukraina między Rosją a Polską*, Wydawnictwo Adam Marszałek, Toruń 2004.

culture, among other things, has therefore serious problems with credibility. Then there is the geopolitical factor related to the position of Russia. Its determination in defense of its causes in Transcaucasia has proven that it is capable of restoring its imperial influence and the West is not able to oppose it. Poland is all the more unable to create any effective counterbalance alone.

Against this background, the challenge is even bigger for Polish-Russian reconciliation, which should rest on cooperative thinking, a necessity to create an accommodating strategy allowing for a reassessment of the negative ideological past in favour of a positive and pragmatic cooperation now and in the future. Reconciliation needs, on both sides, empathy, reciprocity and partnership, equal dialogue, rapprochement over values as common criteria for the assessment of the interests of both sides. It is a task for years to come, out of reach in the short term.

Reconciliation processes require both countries to build regular personal and institutional ties. This should be followed by a new narrative of mutual attitudes[41] and a consolidation of organisational or logistical efforts. The support of social elements for official mechanisms is a precondition for success. Poland's multifaceted approach to reconciliation and normalisation with Russia should not be limited solely to the activity of the government and the president, but should also include broad sections of society, culture makers, scientists, journalists, youth, social organisations and local governments. Taking on the idea of reconciliation by the Russian Orthodox Church and the Polish Catholic Church is a positive step. What needs to be appreciated is the fact that, once again, the impulse for reconciliation between the neighbours has come from church circles, even though a letter of the episcopates of both countries, which would be modelled on the 1965 gesture of forgiveness from Polish and German bishops, has not been written yet. The very rhetoric dealing with the reconciliation process is typical of theology, not politics[42].

[41] In Polish-Russian relations, debates over the past have taken a quasi-diplomatic formula – the Commission on Difficult Issues. Confronting different views on historical events in debates among historians certainly makes it possible to build a climate for higher trust and cooperation. See A.D. Rotfeld, A.W. Torkunow (ed.), *Białe plamy, czarne plamy. Sprawy trudne w polsko-rosyjskich stosunkach 1918-2008*, PISM, Warszawa 2010.

[42] N. Wade, J. Kidwell, *Understanding Forgiveness in the Lives of Religious People: The Role of Sacred and Secular Elements*, 3rd Global Conference "Forgiveness. Probing the Boundaries", 15-17 July 2010, http://www.inter-disciplinary.net/wp-content/uploads/2010/06/wadepaper.pdf (3.04.2011).

An important role can be played by public opinion, including the mass media, which depict Russia through the prism of its permanent crisis and constant worries, as if the country and its citizens did not have their own achievements or positive sides. A dangerous feature of Polish attitudes towards Russia is that all media campaigns are transferred to the interstate and intergovernmental level. This could be most clearly seen during the ceremonies marking the anniversaries of the Ribbentrop-Molotov Pact and the outbreak of World War II. In response to the provocations from the Kremlin-controlled Russian media, the Polish media pressed for a political reaction from Polish government officials. Therefore, what is needed is an appropriate reaction on the information and propaganda level, without constantly inflaming political relations. Instead, Polish diplomacy could focus on the popularisation of a positive attitude towards Russia. There is a need for pre-emptive activities against the media, for more steps of informative and educational, rather than explanatory, significance; it is foreign policy decision makers who should display more originality, rather than have their originality influenced by the media.

A fight over visions of history requires preparation of a proper set of instruments and a programme of action. Polish opinion makers have yet to prepare a comprehensive vision of the history of the 20th century that could be popularised in the international environment. Polish attitudes are primarily of reactive character, full of indignation and astonishment that someone presents a vision of history different from their own[43]. Provocative materials in the Russian media should be looked at more broadly. For there is no shortage of programs and research findings in Russia which are polemic and worthy of discussion; however, they should not be condemned or discredited. The discourse is currently not so much about facts and truth, but about visions of historical events. The winner in the discourse will be the stronger party, the one that wins over the international opinion. That is why an initiative should

[43] Polish foreign policy taps into historical argumentation in proving its case to its neighbours. Yet each of them has its own version of history and makes its own assessments of the developments and processes which have been subjects of a common experience. Only historians can succeed in bringing interpretations of the same references any closer. A moral judgment of other countries and societies, based on historical experiences, cannot be the foundation of a country's foreign policy. It would be a trap leading to the stigmatisation of history and escalation of perpetual resentments and grievances. Meanwhile, the interpretation of history changes, as does the historical memory when successive generations pass away. Many issues are forgotten and pushed out from memory, while others become mythologised.

be put forward in Poland, for example, in the IPN (the Institute of National Memory), by issuing - in international languages - a White Book of the 20th century events which Poland participated in.

4. The conditions for dialogue and normalisation

The process of reconciliation in Polish-Russian relations requires systematic dialogue and normalisation. Dialogue is an existing or postulated state characterised by a certain atmosphere and perspectives, a situation based on partnership in overcoming contradictions. The essence of dialogue is to explore opportunities for agreement, to seek ways that are conducive to bringing the stances closer, to work out solutions based on compromise that would be acceptable for both sides and bringing some benefits to both of them. Citing John Paul II, it can be remarked that dialogue is an ability to talk in such a way that the other can hear and understand, and an ability to listen in such a way as to understand the other. Dialogue is not about detailed solutions (these are a subject of painstaking negotiations), but about bridging gaps, creating foundations, setting directions, agreeing principles. The most important condition for dialogue is kindness.

> I am kind, which means that I wish well for the partner in dialogue, even though he represents a different opinion and believes mine is wrong. I treat him kindly, which means that I accord him confidence, I believe he doesn't intend to deceive or ridicule me, I believe that he has something significant to say, which I don't have to take as mine at all, but I should get to know it and consider it. Kindness in itself is enough to breed tolerance understood as putting up with distinctions which can be vexing for me at times. If I settle among Muslims, I will rage that the singing from the minaret wakes me up at strange times. If I can be kind, I will respect their way of praising God[44].

The features of dialogue are flexibility of thinking and awareness of a common goal. Dialogue fosters the development of situational, partnership and informational ties. These in turn translate into normalisation of mutual relations. Normalisation implies either levelling of mutual relations, or bringing

[44] J. Surdykowski, *Tolerancja*, "Rzeczpospolita Plus Minus" from 12-13 March 2005.

them back to the state commonly called normality. Therefore, it is about the introduction of transparent rules of the game, unification of the criteria for the assessment of the interests of parties, stabilisation of contacts, making them routine and as frequent as mutually acceptable. Normalisation results in psychological reassurance. Former adversaries become partners[45].

The process of reconciliation encourages a fresh look at the issue of identity. It requires at least three complementary undertakings: 1) accommodation and mutual restraint; 2) rapprochement on the level of societies; 3) development of a community of interests and values.

Ad 1) The strategy of reconciliation requires sacrifices. First and foremost, mutual grievances and claims need to be abandoned, or at least set aside for later (even for next generations). The trick is to restrain oneself in the articulation of one's points in order not to provoke unnecessary tensions and aggravate mistrust. It is about presenting one's positions confidently and assertively, but not arrogantly and aggressively. Mutual restraints lead to displays of a willingness for cooperation, facilitate concessions, and indicate a readiness for disinterested and altruistic steps. They soften the tone of reasoning. Countries stop arguing and bargaining under the cloud of suspicions, they start thinking in "win-win" categories. The question that arises on the Polish side is about Russians' readiness to accept such a strategy towards Poland. There is, however, another question regarding the Poles themselves. Is it possible to restore a uniform and coherent policy towards Russia against the background of the existing rifts in the Polish political scene? Many signs indicate that such a scenario is unfeasible in the foreseeable future.

Ad 2) After the systemic transformation, the mental and cultural transformation is still lagging behind. If barriers in mutual perceptions on the level of societies are not overcome quickly, we will all become hostages to new distrusts and prejudices. That is why Polish-Russian relations need to return to working contacts in various fields without trumpeting them, as this provokes professional Russophobes to accuse the government of high treason. It is necessary to reach out to Russian elites through a launch of a network of intellectual and business links. It is necessary to start rational lobbying in Russia and to build a "Polish

[45] Ch.A. Kupchan, *How Enemies Become Friends. The Sources of Stable Peace*, Princeton University Press, Princeton and Oxford 2010, p. 389 and further.

party" appealing to cultural actors as well as professionals engaged in the media and politics. It is not known, for example, why we could not make a gesture of gratitude to Yeltsin for his contribution to exposing the Katyn truth. Up to now, no opinion-making community in Poland has come to appreciate Mikhail Gorbachev. His 80th birthday anniversary could provide food for thought for many an observer in Poland. It is time to give credit to other Russians, for example literary men and Russian cinema makers, to make a half-step forward and surprise both Polish and Russian opinion.

Ad 3) An important condition for reconciliation is a focus on interests, not solely values. Both countries have to find a compromise between interests and values. So far, Poland's insistence on values and Russia's insistence on interests have not created a window for dialogue and understanding[46]. Pragmatism without values has turned into cynicism, while values unbacked by real politics have turned out to be lip service. Rationalising mutual references, it is worth to consider not what divides us, not even what binds us, but rather what makes us different. After such a diagnosis of differences it may be worth to take a risk and look for close, similar, tangent, if not shared, elements. Without a solid diagnosis of interests, it will be impossible to build any positive future.

Russia and Poland are divided by an axiological gulf, different views on history, freedom traditions and the systems in place. In recent years, Polish decision makers have come to believe in a peculiar "missionary call" on Russia, making cooperation with it contingent on progress in democratisation processes. There has been quite a lot of naivety in repeating American slogans about building democracy in the East or expansion of Western values. Many commentators from Central and Eastern Europe have allowed themselves to be seduced, if not infatuated, by the perspective of building a Western-fashioned order. The civilisational and cultural distinctiveness of many parts of the globe has been forgotten, and the ideological and worldview pluralism,

[46] "The language of interests plays an important role in contentious issues. Just because they don't touch upon the country's core values or identity, it is easier to find common ground through discussions on interests than if negotiations on values were to be attempted. When a problem becomes defined in terms of good and evil, there is no room for negotiations or compromise. Compromises based on adaptation of interests will essentially be temporary, because interests can change or be redefined, but they can also be a useful stage on the way to a more enduring agreement". R. Cooper, *Pękanie granic. Porządek i chaos w XXI wieku*, Media Rodzina, Poznań 2005, p. 142.

which is the foundation of the planet's heterogeneity, has been ignored. Disregard for the reasons of others in favour of the reasons of the strongest power has betrayed not only arrogance, but also ignorance about the development processes in the world, which has dangerous consequences. Yet it does not take a great deal of imagination to understand that Russia is not able to change overnight and will not adhere to Western standards – as Poles expect – at once. Leaving aside the ideological principles, it is high time to understand that, if our policy is founded only on values, we will be forced to reject everyone who does not share these values. The trick is to understand that interests and values permeate each other and this interdependence needs to be skilfully examined in practice.

Without taking Russia's values and interests into account, therefore, there is no way any effective policy towards it can be pursued. A *sine qua non* condition is respect for Russian identity, even when it greatly diverges from our sense of Europeanism or Westernism. Thus, it was a mistake to bet on a Westernising mission, export of Western-style democracy and promotion of Western institutions without care for their acceptance by the country's society. Respect for otherness, worldview pluralisms, and civilisational choices is a foundation for sound relations with any country. The essence of intercultural dialogue is not moving closer to one cultural canon, political model, or system of values; rather, it is about finding in diversity things that bind and respecting what is different.

Poland cannot ignore Russia in the Eastern Europe region. Any initiatives designed to pull more Eastern European countries into the Western system have to take into account the role of this country as a constructive partner, rather than sideline it and thus contribute to the deepening of the post-imperial frustration. The West has long understood it, so it is time Warsaw started a review of the Eastern policy in this respect. Dialogue with Russia is not evidence of weakness. The only thing necessary is to have a concept and know the terms on which the dialogue is to be conducted.

Reconciliation should take advantage of the EU's support and solidarity in defining interdependencies based on stable rules of the game, transparency, and consensus. First and foremost, it is about bringing Russia into the European community while respecting the same rules of the game. The condition for the success of such strategy is, above all, the unity of EU member states in

their approach to Russia[47]. Poland will then take advantage of the "synergy" effect and will not be treated as a "disfunctional" country in pursuit of the EU's policy towards Russia. There will always be various disagreements between Poland and Russia, but the most important thing should be to understand the interdependencies of both countries, their security, economies and cultures, including in the EU context.

[47] Meanwhile, the main problem of Western European countries is a lack of a unanimous, strong voice that wouldn't allow Russia to build separate relationships and agreements with particular countries. A model example of this weakness was the Georgian-Russian conflict in 2008, during which the European Union couldn't adopt a common position. European elites do not know how to talk, or maybe they do not want to talk with Russia about difficult issues. A desire for short-term gain often prevails over a long-term vision.

TRUST: THE NOTION AND ITS TRANSFORMATION IN MATURE AND POST-COMMUNIST DEMOCRACIES

Teodora Gaidytė*

Abstract

This article aims at analysing and theoretically displaying the peculiarities and differences of the category of *trust* in mature and post-communist democracies[1]. First, referring to the seminal sociological studies by G. Simmel, N. Luhmann, R. Putnam, P. Sztompka, R. Hardin and others, the paper conceptualises the notion of trust as interpreted by the culturalist and the rationalist approaches, and systemises these approaches into a more coherent theoretical framework, underpinning three analytical perspectives: modernisation theories, social capital, and political psychology. Second, two forms of trust, viz., political and generalised trust, are discussed, and the relationship between these categories is analysed, considering the link of mutual causality. Third, in a wider theoretical perspective, the dialectics of political trust and liberalism is tackled with focus on the institutionalisation of distrust as the basis of the liberal system. Finally, the peculiarities of trust in the communist regime and aftermath are examined. The main argument is that, at the generalised level, trust in post-communist societies lacks good-natured origin and is more family-centred as compared to the wider *radius* of trust in mature, or so-called Old, democracies. Meanwhile political trust in post-communist societies, theoretically speaking, is less self-reflexive and is less rationally-based, since, unlike old democratic societies, it has evolved as the opposite to fear, rather than to risk. These different origins of trust should be taken into consideration when analysing the quality of democracy in post-communist societies, in particular, the scope and pace of political and socio-economic reforms, the emergence of populist and extremist parties and movements, political participation, and state-society relations in general.

Introduction

As a concept of political sociology, trust is usually addressed when speaking of the so-called social capital theories and, undoubtedly, finds its primary

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[1] The paper focuses only on the European Union countries that are legally acknowledged as established democracies.

expression in the social capital narrative. On the other hand, contemporary political research more often refers to the category of trust in the wider context of democratic convergence at the European Union level, in particular, analysing transformation, consolidation, and the quality of democracy in post-communist societies. In fact, the focus on the notion of trust marks the turning point from institutional level explanations to individual-level analysis. This is very important and innovative, keeping in mind that, twenty years after the fall of communism, it is getting increasingly difficult to provoke value added theoretical debate about this region. In his resonant article "The End of the Transition Paradigm", Thomas Carothers even argues that attempts to theorise the development of post-communist democracy have already run out of steam, and the "transitologist" model, constructed according to the examples of mature Western democracies, does not fit the real outcomes of democratisation in post-communist societies. The author points out that most post-communist research is elite- and institutions-based and lacks insight into socio-cultural dimensions that are the preconditions of the paths of democratisation in the region.[2] Taking this into consideration, the present article aims at analysing specifically the bottom-up dimension of democracy, viz., political and social (generalised) trust, applying the different perceptions of the category as well as the comparative approach of trust in mature (or old, established) and post-communist democracies. Special focus will be placed on trust transformation during the communist regime and the post-communist phase, theoretically asserting the shifts within social as well as political trust. For conceptual reasons, in analysing the transformational phase, I will cover early years of transformation until 1997-1999, when post-communist countries were invited to negotiate upon the European Union membership and when the institutionalisation of formal democracy was recognised. For this purpose, I admit that the early stage of the post-communist transformation witnessed the most chaotic, turbulent, institutionally instable, and therefore saliently affected trust both at the social and the political levels. This transformational phase and its impact to cultural shifts need to be highly emphasised. Moreover, I also acknowledge that this destructive influence on trust during the early transformation period is inert

[2] The arguments are more clearly elaborated in: Thomas Carothers, "The End of the Transition Paradigm". *Journal of Democracy*, Volume 13, Number 1, 2002, p. 5-21.

and long-lasting. It adheres to the contemporary phenomenon of the so-called political detachment and political alienation in post-communist societies.

In addition, for theoretical reasons, I treat the post-communist region as a complex political category, viewing post-communism as a certain stage of the transformation of democracy[3]. It can be treated as a methodologically synthesised category which deals with a set of problems common to new democracies: political apathy, corruption, distrust, sentiments for authoritarian rule, etc. On the other hand, I admit that post-communist countries are diverse in regard to the quality of democracy and institutional development. In their analyses of post-communist transformation, scholars argue that post-communist countries, such as Estonia, Slovenia, and Czech Republic show attributes of established democracies and are ahead of other countries in terms of institutional performance, efficiently functioning capitalism, and democratic culture[4]. However, the more problematic cultural peculiarities, including the sense of trust discussed below, are still apparent in all post-communist societies.

It should be admitted that *trust* is not a very new theoretical subject; research into trust began much earlier than the social capital theory[5]. However, earlier studies were rather fragmented and lacked systematic conceptualisation or clear theoretical frameworks. In addition, research endeavours of the time were mostly related to efforts to create democratic systems in Europe after World War II. In today's academic literature, the notion of trust attracts growing interest, especially bearing in mind the positive impulse trust gives to civic society, social capital, and the quality of democracy (with an emphasis on post-communist Europe). Scholars in political science and political sociology in particular have "revived" this category, which has never been a topic of mainstream sociology[6].

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[3] Vaidotas Valantiejus, "Postkomunizmas kaip ideologinė konstrukcija" [Post-communism as an ideological construct]. *Politologija*, 2012/1 (65).

[4] Zenonas Norkus. *Kokia demokratija, koks kapitalizmas. Pokomunistinė transformacija Lietuvoje lyginamosios istorinės sociologijos požiūriu*. [Like democracy, like capitalism. Post-communism transfromation in Lithuania from the perspective of comparative-historical sociology]. Vilnius: Vilniaus universiteto leidykla, 2008.

[5] Paul M. Heywood, Chris Wood, "Culture versus Institutions: Social Capital, Trust and Corruption". In: Erik Jones, et al. (eds.), *Developments in European Politics*. Palgrave Macmillan, 2011, p. 148.

[6] Niklas Luhmann, "Familiarity, Confidence, Trust: Problems and Alternatives". In: Diego Gambetta (ed.), *Trust: Making and Breaking Cooperative Relations*. Department of Sociology, University of Oxford, 2000, p. 94.

Following G. Simmel (1950), A. Giddens (1990), R. Putnam (1993), and P. Sztompka (1999), trust is perceived here as one of the endogenous cultural and psychological traits, which prevail in all aspects of personal, social, economic and political life. Trust also shapes the quantity and quality of civic engagement, since it enables any social relation and any collective action of political society. As a psychological dimension, trust may deeply affect the perceived political efficacy and empower citizens politically. This category is worth analysing in both "old" and post-communist democracies, seeking to capture the peculiarities of a slightly different trajectory of the development of post-communist societies.

Concerning the trust factor in post-communist societies, several theoretical and data-based studies have been released: 1) *Trust. A Sociological Theory* (Sztompka 1999), 2) *Creating Social Trust: Problems of Post-Socialist Transition* (Kornai et.al. (eds.) 2004), 3) Trust and Democratic Transition in Post-Communist Europe (Markova ed. 2004), 4) *Democracy and Political Culture in Eastern Europe* (Klingemann et.al. (eds.) 2006), 5) *Undiscovered Power: Map of the civil Society in Lithuania* (Žiliukaitė et al. 2006), 6) *The Political Anatomy of Post-soviet Lithuania* (Ramonaitė 2007). However, these studies lack a more coherent narrative and conceptual insights within the category of trust displaying what trust actually is and what elements it includes taking into account the post-communist specifics.

Below, I will first conceptualise trust as a sociological category in political science, distinguishing the main elements of and approaches to trust. Secondly, I will define the different forms of trust, in particular, social and political trust, its origin and relationship with democracy and causality. Thirdly, I will briefly discuss the dialectics of trust and liberal democracy, displaying the nature of trust in mature, or older, democracies. Finally, I will focus on trust in regard to the communist legacy and regime transformation in post-communist societies.

1. Conceptualisation of the category of trust

1.1. The notion of trust

Since trust is a very abstract and rather ambiguous notion, several theoretical frameworks and approaches to conceptualising trust have been developed. Among the many typologies used, we can identify a key distinction regarding

the notion of trust: trust as an inborn or inherited trait deriving from a very early socialisation phase *vs*. trust as a rational response that is determined by a certain social context and is learned with a set of normative rules.

According to the first approach, trust as a disposition would seem to hinge on emotions, self-perceptions, as well as ideals and values pursued in social relations; and it is as much an interpretation of oneself as of the other[7]. This approach sees trust as an inevitable and natural feature of every human, which derives from interactions with and interdependence among other humans in the society. We create ourselves as human beings through communication and interaction, and trust is a vital prerequisite of being *social*[8]. In accordance with this approach, we merely cannot exist and survive in a society without a minimum level of trust. As the famous German sociologist Georg Simmel states, trust is an essential feeling for society to function[9]. Luhmann claims that people generally tend to approach new social relationships with an attitude of trust, because it requires less mental effort to trust than to distrust each other[10]. It also facilitates behaviour and actions, as it organizes our choices according to certain habits and cultural norms we are used to and do not need to reflect upon all the time.

The first approach has been dominant in the so-called Weberian sociology, where trust is perceived as an inherent religion-based feature of culture. Indeed, G. Simmel, following a Weberian way of thinking, was the first scholar who integrated and analytically conceptualised trust as a sociological subject in his two main studies: *Philosophie des Geldes* (1900, [The Philosophy of Money]) and *Soziologie* (1908 [Sociology: Investigations on the Forms of Sociation]). G. Simmel describes trust as a type of social relationship and uses the term "confidence" as a synonym. According to him, trust is evidently one of the most important synthetic forces within society. In a formal sociological perspective, trust for Simmel is one of the social forms that lead the individual

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[7] Morten Frederiksen, "The Relational Structure of Trust*"*. *Paper presented at Denmark Sociology Congress*, 2011, January, 2011, p. 8.

[8] Ivana Markova, *Trust and Democratic Transition in Post-Communist Europe*. Oxford: Oxford University press, 2004, p. 3-4.

[9] The societal feature of trust is theorised in his seminal study: George Simmel, *The Sociology of Georg Simmel, Compiled and translated by Kurt Wolff, Glencoe*, IL: Free Press, 1950.

[10] Niklas Luhmann, "Trust: A Mechanism for the Reduction of Social Complexity". In: Niklas Luhmann, *Trust and Power* (edited by T. Burns and G. Poggi). New York: Wiley, 1979.

to the so-called sociability (the form of sociation). Considering that the human is being exposed to social interactions, trust comes as an intermediate "between knowledge and ignorance about a man"[11]. Simmel notes that, in modern social environments, we do not need to have all the knowledge about a particular person we plan to take a common action with. We only need to know certain external facts (but no personal knowledge) in order to have some confidence required for the common action. It is trust that makes this common action possible, while the condition of trust helps us to leap from ignorance to certain knowledge, which is also a facet of the so-called objectivation of social life.

The second approach would suggest that trust is a *rational choice*. Placing trust is making a *bet* about the future, uncertain actions of others that are always associated with *risk*[12]. If we define trust as a bet, we believe that placing trust in someone means expecting particular results from him/her though we cannot really control or predict his/her actions[13]. In this sense, the risk would be realised if the persons we trust would behave contrary to our expectations. The logic of rational trust is based on the following view of a relationship: I put trust in person X, and I am certain that it would be too risky for him/her to terminate our relationship; therefore, my interests partly become his/her interests. In contrast, trust as an inborn trait of personality refers to the inclination towards general trust in people, despite the risk it may bring.[14]

According to the second approach, risk derives from taking some actions or making some deals in *advance.* This imperative of *advance* is obviously risky, since the person can never be absolutely sure about the trustworthiness of other individuals. On the other hand, a minimum level of trust is necessary in order to invoke any social cooperation, any relation *per se*, because in the sphere of social relations, most actions are committed "in advance", i.e., based on expectations of particular responses.[15]

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[11] Simmel, p. 318.

[12] Peter Kollock, "The emergence of exchange structures: an experimental study of uncertainty, commitment, and trust". *The American Journal of Sociology*. Vol. 100, No. 2., 1994, p. 317.

[13] Piotr Sztompka, *Trust. A Sociological Theory. Cambridge: Cambridge University Press*, 1999, p. 31.

[14] Russell Hardin, *Trust.* Cambridge: Polity Press, 2006, p. 17.

[15] Luhmann, 1979, p. 25.

Following the rational choice approach, trust means suspending the risk and acting as if the risk did not exist[16]. We are inclined to take risks and place trust only if the person we are dealing with is perceived as *trustworthy*. Kollock maintains that to be trustworthy means to become committed to particular exchange partners, and this commitment can be treated as a response to the possible risk of trust, or information asymmetries[17]. Thus placing trust as making a bet is grounded in the anticipation of mutual utility. It implies a certain level of predictability of social actions: when we trust someone, we organize our actions according to the most probable utility-based behaviour of other actors. R. Putnam says that trust encompasses the expectations from the person or institution we trust, since when trusting, we predict his/her/its most probable choices[18]. This idea is reminiscent of the Pareto-optimum situation of the Prisoners' dilemma in game theory: the actor is led to trust the other actor presuming that in future, the latter would be interested in further cooperation (reciprocity). Therefore the mechanism of trust enables confidence in mutual utility in situations where mutual utility cannot be immediately or simultaneously realised. Trust shortens the time for our calculations whether it is expedient to make a decision. One may argue that in this sense, trust itself is not something very rational, even if we can define it in rational terms, but it is essential for rational decision-making to function.

Therefore, despite the different approaches towards trust, it is impossible to clearly distinguish the nature of trust, defining trust as a rational or an inborn trait, when we take into account any social interaction. These dimensions are usually underpinned within trust. On the one hand, trust may include rational basis and moral basis at the same time, while the "weight" of these dimensions may vary depending on different situations: in some situations, it is rationality that becomes a determinant of trust, and in some situations it is morality. On the other hand, different people may emphasise different nature of trust as well.

In order to systematise the notion of trust in a more coherent narrative, it may be useful to apply the conceptualisation of confidence and trust as

[16] Sztompka, 1999, p. 31.

[17] Kollock, p. 318-19.

[18] Robert Putnam, *Democracies in Flux: The Evolution of Social Capital in Contemporary Society*. Oxford: Oxford University Press, 2004, p. 225.

proposed by Adam B. Seligman. He argues that trust is a modern concept which did not exist in pre-modern or pre-industrial societies. Instead, there was a sense of confidence in well-regulated social systems with defined norms, identities and roles[19]. To make it clearer, confidence is reliance on social norms and traditional structures, whereas trust means voluntary selection, a personal choice to rely on someone/something. Trust comes with the modern age as it does not imply following traditional rules anymore. Trust is self-reflective. It also encompasses risk since the individual, when placing trust, is able (or forced, due to modernisation) to assess the consequences of trust.

At the conceptual level, as a sociological category, trust is basically grounded within three broad thematic concepts: modernisation (Luhmann 1979, Seligman 2000, Beck 1992, Giddens 1997, Uslaner 2002); social capital (Putnam 1993; 2001, Coleman 1988, Fukuyama 1999, Newton 1997), and political/social psychology (Macovici 1993, Kuklinski 2002).

These thematic concepts reveal the possibility of a three-level analysis of trust. Modernisation theories interpret the systematic and structural changes within society and institutions in regard to confidence/trust. Social capital theories address networks within a community and perceive trust as a sort of "public good", which derives from common actions of citizens. This includes both rational and culturally learned perceptions of trust: in the social capital theoretical framework, the mutual utility of trust, on the one hand, is a rational strategy of social being; on the other hand, the inter-change of trust among society members is not simultaneous, so this makes trust an ethical imperative and not merely a rational choice. And finally, the political/social psychology approach is based on the individual level, focusing on one's self-interpretation and self-relationship to the society. As a study of mental processes that underlie political judgments and decision making of the individual, political psychology emphasises trust within the narrative of political empowerment and perceived political efficacy referring to the confidence of people that they can make a difference in a political society (Cambell, Gurin and Miller 1954, Paige 1971, Berger and Neuhaus 1977, Kuklinski 2002). Social psychology addresses trust in a wider context of the individual's sense of belonging to a community. It perceives trust as mental processes that inspire decisions towards the other

[19] Adam B. Seligman, *The Problem of Trust*. Princeton: Princeton University Press, 2000, p. 36-37.

members of the society or of a more closed community; however, they are not necessarily related to political decisions, opinions, or actions.

Conditionally, we can also distinguish an additional – fourth – theme, which actually derives from the former three types, viz., trust in post-communist societies. This subject is analysed from different perspectives, but the scope and depth of cultural changes in post-communist societies inevitably embrace all three levels of analysis: the systemic (institutional-structural level), the societal (community-level), and the individual.

1.2. Forms of trust: social (generalised) trust and political/institutional trust

Theoretically, trust can be separated into several forms referring to different foundations and functions of trust. Conceptually, we can talk about *social/ generalised trust* as trust in people or inter-personal relations, and *institutional trust* as trust in state mechanisms (institutions and rules as well as politicians, political regimes, and political and economic systems). In academic writing, social trust and institutional trust are sometimes conflated within a more abstract notion of *political trust*[20].

In this paper, by institutional trust I mean trust in the more concrete level of particular institutional arrangements and particular politicians that represent those institutions. I refer to this institutional trust as 'political trust'. Meanwhile 'social trust' is trust in other citizens as fellows of the community I belong to.

When talking about social trust, most scholars emphasise the specific dimension of generalised trust. Usually generalised trust is measured by the question that first appeared in a study in post-war Germany in 1948: "Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people". Indeed, the aim of this question is to measure the trust level between strangers and not particularly inside specific groups.[21]

Sztompka argues that social trust could be based on the perception that pluralities of persons of the community I belong to share common traits[22].

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[20] Heywood, Wood, p.148.

[21] Jan Delhey, Kenneth Newton, "Predicting Cross-National Levels of Social Trust. Global Pattern of Nordic Exceptionalism?". *European Sociological Review,* 21, 2005, p.311.

[22] Sztompka, 1999, p.42.

Going deeper into this insight, in our imagination, these common traits are shaped by modern institutions, by a sense of nationalism which, according to Benedict Anderson, is based on imagined communities sharing the same language, history, culture, and belonging to the same institutional arrangement[23]. Therefore in this sense, social trust is closely related to political trust, as this sort of trust is capable of maintaining our imagination about the similarities we share with other members of the society. Generalised trust is a very relevant category in the modern, individualised community as well as in democratic political systems, because it allows seeing other members of the pluralist community as fellow citizens rather than enemies. In democracy, generalised trust encourages tolerance for pluralism and a variety of lifestyles, which is inevitable for the implementation of fundamental human rights and freedoms in democratic regimes. Moreover, generalised trust allows for peaceful conflict resolution, compromise and consensus, because when people trust each other, they are committed to the same democratic values and principles.[24] With persistence of general trust it becomes more likely that citizens obey laws and rules and do not abuse the rights of other people. Finally, it is also more likely that a society with higher levels of trust will reject any undemocratic alternatives[25]. In fact, this insight is very important when talking about the consolidation of democracy. Mishler and Rose suggest that from a cultural perspective, distrust in society and democratic institutions not only undermines their legitimacy, but "also threatens to increase support for undemocratic regimes"[26].

It is widely argued that generalised trust is a fundamental prerequisite of civic engagement and collective action. We live in a differentiated society, but despite our differences, we are obliged to share the same democratic values that inspire us to keep a watch on political institutions. To ensure civic engagement and a common purpose of maintaining democracy, we need at

[23] See more: Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*. London: Verso 1983.

[24] Rūta Žiliukaitė, "Anatomy of Generalized Trust: Case of Lithuania". In S.Juknevčius (ed.) *Post-Communist Lithuania*. Vilnius: Gervelė, 2005, p. 87.

[25] Richard Rose, William Mishler, Christian Haerpfer, *Democracy and Its Alternatives: Understanding Post-Communist Societies. Baltimore*: The Johns Hopkins University Press, 1998.

[26] William Mishler, Richard Rose, "What are the Consequences of Political Trust: A Test of Cultural and Institutional Theories in Russia". *Comparative Political Studies* (November), 2005, p. 1053.

least a minimum level of trust in each other. Comparing various societies, Fukuyama suggests that societies differ in regard to general trust. He explains this by using the metaphor of a trust "radius". According to Fukuyama, generalised trust means trust spill-over from a concentrated trust radius within family circles to the more abstract level of society and people we are not familiar with. He acknowledges that in some cultures, the radius of trust is much wider than in others.[27]

There are a few main approaches towards studying relationships of social trust and political trust in democracy. Institutional theories state that interpersonal trust is not very relevant for the support of democratic regimes as this support flows not so much from social trust, but rather from citizens' evaluation of the political and economic performance of the regime[28]. By comparison, cultural theories (including social capital theories) propose that interpersonal or generalised trust is one of the key prerequisites for political trust and democracy support[29].

Following the latter approach, some relevant academic literature observes a reciprocal relationship between social trust and political trust. Three relations of trust circulation can be recognised in this respect. *First*, trust in a certain system as a set of values empowers us to trust in citizens of this system as we all belong to the same setting of normative rules and general morality. Newton assumes that trust in political institutions, as the background for good governance, may create a capacity for trust (with some institutional precautions included) and positively contributes to generalised (social) trust[30]. Citizens are more willing to trust institutions which produce better policy outcomes. Transparent governments that are responsive to citizens' needs are a key factor

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[27] The concept of trust "radius" Francis Fukuyama describes in *The Social Virtues and the Creation of Prosperity*. London: Penguin, 1995.

[28] The idea is more concisely elaborated in: William Mishler, Richard Rose, "What are the Consequences of Political Trust: A Test of Cultural and Institutional Theories in Russia". *Comparative Political Studies* (November), 2005.

[29] See, for example, Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton: Princeton University, 1993; Robert Putnam, *Bowling Alone: The Collapse and Revival of American Community*. Touchstone Books by Simon & Schuster, 2000.

[30] Kenneth Newton, "Social and Political Trust in Established Democracies". In: Norris, P. (ed.) *Critical Citizens: Global Support for Democratic Governance*. Oxford: Oxford University Press, 1999, p. 169-170.

in establishing formal community rules and institutions. As Levi argues, "governments provide more than the backdrop for facilitating trust among citizens; governments also influence civic behaviour to the extent they elicit trust or distrust towards themselves"[31].

Second, trust in citizens encourages trust in institutions, as fellow citizens not only shape and represent these institutions, but also elect and control the governing bodies through their common political action. According to Tabellini, based on general trust, the citizens expect and demand higher standards of behaviour from political representatives and are more inclined to vote based on considerations of general social welfare rather than personal criteria[32]. In his studies, Putnam claims that if people are willing to trust strangers, they will also trust politicians and political institutions. He explains this phenomenon using the example of voting: by the act of voting, he says, a citizen expresses his/her belonging to a certain community[33]. To elaborate this idea, the stronger attachment I feel to the community, in social terms, the stronger a need I recognize to involve myself in the political process (to increase civic engagement) and in this way to help building trust in political structures.

Third, trust in institutions supports trust in the political system, since institutions operate as the transmission belts of the system: they aggregate our needs and demands to the political level and produce the outcomes, the policies, we live in accordance to. As Tabellini observes, aggregate data across different countries reveal that societies where generalised morality is more widespread have better governance indicators and specialise in sectors that rely on the good functioning of legal systems[34].

In this way, taking these three relations of trust circulation into account, we can metaphorically compare trust to oil that lubricates the work of the whole political mechanism from the minutest details that empower the system to work properly.

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[31] Margaret Levi, "Social and unsocial capital: A review essay of Robert Putnam's Making Democracy Work*". Politics and Society*, 24, 1996, p. 51.

[32] Guido Tabellini, "Institutions and Culture". *Journal of the European Economic Association*, April–May 6(2–3), 2008, p. 261.

[33] See, for instance, Robert Putnam, *Bowling Alone: The Collapse and Revival of American Community*. Touchstone Books by Simon & Schuster, 2000.

[34] Tabellini, p. 289.

Social and political trust is closely related to the process of the so-called trust institutionalisation within the political system. In old and in post-communist democracies, the efforts to instil trust have taken very different directions. Below I will briefly focus on the dialectics of trust and liberal democracy and will elaborate on the peculiarities of trust in the period until the post-communist transformation.

2. The dialectics of trust and liberal democracy

In liberal political thinking, trust is a fairly controversial notion[35]. Although sociological theories approach trust and democracy as mutually supportive, according to liberal philosophy, the roots of institutionalisation of the rules of the liberal system lie, in fact, in *distrust*. French philosopher Pierre Rosanvallon maintains that distrust is a natural and legitimate component of democracy, and it functions as a protective mechanism, obliging society to control the democratic processes alongside the formal rules. Rosanvallon refers to this kind of interaction, when members of society maintain the control levers of democracy that have been created for their own common good, as "*counter democracy*"[36]. The philosopher suggests that thinking about democracy solely as an institutionalised system of formal rules and electoral procedures is superficial and erroneous. Democracy encompasses a wide range of resistance forms taken by society against the government, and these forms surpass the limits of formal rules[37]. Democracy refers not only to formal rules, but also to the citizens' actions related to precaution, monitoring, protest, and evaluation of institutional policy.

Following the thought of liberal philosophy, distrust is the necessary condition for institutions not to override their authority or abuse the rights and freedoms of ordinary citizens. This is presupposed by the key concept of representative democracy: citizens elect representatives to government as they

[35] For more information on trust controversies, see: Hardin 2006, Rosanvallon 2008.

[36] Pierre Rosanvallon, *Counter-Democracy: Politics in an Age of Distrus*t. Cambridge: Cambridge University Press, 2008, p. 8.

[37] Ibid.

are not competitive to wield authority (Montesquieu). Historically, the institutionalisation of distrust in the political system is tightly related to economic liberalism and, of course, the ideas of A. Smith. The Constitution of the United States, which was passed in 1787, has institutionalised distrust primarily in the realm of economics: it inscribes protective mechanisms on behalf of economic liberties against the intervention of the state in economic relations. These mechanisms have been transferred to the more abstract sphere of politics, first of all, by means of the concept of the "division of powers", which means that institutions competing with each other for power will restrain each other's possibilities for systemic usurpation. Moreover, distrust is also institutionalised through additional "safeguards": a multi-party system, election rules, the right to competition, monitoring, and formalities that regulate the time span and periodicity of office terms.[38] In other words, democracy is enshrined here as *enlightened suspicion* that replaces *blind trust*[39].

However, the constitutional rules and formal safeguard mechanisms alone are not sufficient in order to avoid the abuse of power by institutions. Permanent distrust in the political system put up by the society becomes one of the fundamental substantial institutions for democracy to truly work. This ensures safeguarding precaution and results in the legitimacy of the institutional system. R. Hardin acknowledges that distrust is one of the most principal conditions for modern democracy: power inequality between state institutions and society is too immoderate, yet we have no alternatives to these institutions; consequently, we are dependent on them.[40] This power inequality prevents trust and trustworthiness, since we cannot expect reciprocity from institutions while cooperating with them. Therefore, in this context, trust indeed functions as a counterproductive expression of the society's relationship with the political system.

Institutionalised distrust creates the background for implicating many "agencies of accountability" in the system that may enforce trustworthiness. These agencies (courts, police, controllers, examination boards, etc.) put

[38] Stanley I. Benn, Richard S. Peters, *The principles of political thought*. New York : Free Press, 1959, p. 281.

[39] Jamie Harrison, Rob Innes, "Rebuilding Trust". In Jamie Harrison, Rob Innes, Tim van Zwanenberg (eds.), *Rebuilding Trust in Healthcare*. Oxon: Radcliffe Publishing Ltd, 2003, p. 180.

[40] Hardin, p. 152.

pressure on persons, institutions, or systems that are our targets of trust[41]. Their main function is to keep the regime accountable. But enforcement agencies must be trustworthy themselves. If citizens do not trust these agencies, they will not trust their officials to fulfil their duties[42].

Rosanvallon maintains that splitting social ties and declining social trust contribute to increasing distrust in government[43]. Yet it should be clarified that, in legal terms, institutionalised political distrust is not the same as perceived political distrust in concrete political institutions. To avoid confusion, it is expedient to differentiate between *formal* and *substantial* political distrust. Formal political (dis)trust would be expressed in the relation towards concrete political institutions. Meanwhile substantial political distrust refers to the permanent distrust of institutional politics/ the system as such, keeping in mind that those institutions dispose of a larger share of power than the society. Hence, in this liberal thinking, political participation – voting, writing petitions, demonstrations, and boycotts – is the expression of substantial political distrust. We participate in elections in order to control the powers of institutions and express our substantial distrust towards them. The more social trust persists in the society, the greater the need of the society to participate in the control of institutionalised power, in other words, to expose substantial institutionalised political distrust. In modern democracy, this substantial distrust is exposed through conventional forms (e.g., voting in elections, writing appeals, participating in election campaigns, and membership in parties) as well as unconventional forms (e.g., signings petitions, joining demonstrations or boycotts) of political participation. The more vibrant civic engagement, the more vigilance is exercised by the society towards the institutional system.

But here we should note that the state of vigilance makes a difference between family-based trust and social trust. When we trust someone in a close familiar network (e.g., family), we do not necessarily feel vigilant about the person. But when it comes to social trust, most probably, we would feel vigilant towards the institutional system, for it is through social (generalised) trust that we become responsible for each other. Interpersonal trust creates responsibility

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[41] Sztompka, 1999, p. 47.

[42] Partha Dasgupta, "Trust as a Commodity". In Diego Gambetta (ed.), *Trust: Making and Breaking Cooperative Relations*. Oxford: Basil Blackwell, 1988, p. 50.

[43] Rosanvallon, p. 10-11.

in a small circle, whereas generalised trust inclines us to feel responsibility for the whole community. This is exactly what makes us vigilant and inspires our political participation – the broad sense of responsibility for the whole community one belongs to.

Exposing substantial institutional distrust does not mean that we need to feel formal political distrust at the same time: on the contrary, social trust may strengthen trust in political institutions/politicians, while social trust functions as a safeguard, a precaution against the possible usurpation of power by institutions.

But could we also claim the opposite: decreasing social trust also decreases the need to control these institutions substantially? This question is very relevant in modern contexts where social ties are diminishing. Rosanvallon contends this statement. He does not agree that institutionalised distrust could be decreased in modern democracy. In his opinion, the substantial distrust in institutionalised democratic systems cannot disappear; it is the scope, the forms, and the goals of expressing it that are changing. Voting is no longer the sole means of political participation. Forms of political participation are becoming increasingly "non-political", e.g., protests, political consumerism, Internet blogs, and politically orientated performances – for these forms are not organised through conventional political channels. But this does not mean, according to Rosanvallon, that citizens have lost their interest in or motivation to reduce the powers of institutions.[44]

Another relevant question (which has not been addressed in Rosanvallon's study) is what enables substantial political distrust while forms of expressing distrust are changing and social trust in general is decreasing. Are these new forms of control of substantial political distrust (often referred to as protest politics in sociological literature) destructive towards the political system? Or is social trust, alongside with technological development, scientific progress, secularisation, rationalisation, and socio-economic change, transformed into other types of trust, for instance, into individual self-confidence, as we do not rely on fate, or on others so much? And could it be that it is this self-confidence that inspires today's substantial institutional distrust in the political system?

[44] Ibid, p. 19-27.

To sum up, there is a trust-related contradiction in liberal political society: social trust between individuals, which is the prerequisite and the outcome of active civic engagement and political participation, also strengthens the legally prescribed (institutionalised) political distrust, or vigilance towards institutions, in substantive terms. However, this dialectic of trust becomes even more controversial when speaking about post-communist societies. In post-communist states, liberal democracy is not the naturally evolved form of the political system; therefore, paraphrasing Rosanvallon, these societies have not institutionalised distrust as an aspect of the political consciousness of the citizenry. On the contrary, post-communist societies are used to enforced institutionalised trust – as a projection of the relationship between the communist government and the society. Since in post-communist societies, the democratic political system was installed from above, we can hardly talk about institutionalised distrust in the sense of consolidated democracies. Obviously, there is institutional and substantial distrust (or mistrust) in post-communist societies, but it is reflected in the political consciousness and does not inspire activism on the part of society, or efforts to control the powers of the political system. In other words, formal and substantial distrust does not contribute to the political participation here, as this distrust is not perceived in the same ways as in consolidated democracies. Here we can talk about a paradox of "counter-democracy", whereby in these societies, only nominal levers of political control (institutionalised trust) persist as they do not derive from the political resolve of the citizens. Finally, the inherited and sometimes even increasing alienation between citizens widens the gap between the political system and the society.

3. Trust and post-communist transformation

For thorough post-communist research, trust is not only relevant as a category *per se*, but as the impetus for common social and political action, more specifically, for political participation and perceived political efficacy. In order to conceptualise the transformation of trust in a wider political and cultural context, it is expedient to deconstruct the category of trust taking into account the pre-communist past, communist legacies, and the transformation phase.

3.1. The pre-communist phase

Needless to mention, almost all post-communist countries did not experience strong statehood since, after World War I, the emerging democracies were more than fragile and very soon turned into autocratic regimes.

In the 18th and 19th centuries, when Western societies experienced liberation movements against absolute monarchies and the Spring of Nations (resulting in the creation of nation states), most Central and Eastern European countries underwent quite different processes. For example, as early as 1721, big parts of the territories of Estonia and Latvia were incorporated into the Russian Empire. Poland's and Lithuanian's territories lost their independence after three partitions, the last taking place in 1795. The territories of the modern Czech and Slovak Republics belonged to the Austro-Hungarian Empire, but, due to the social unrests and uprisings, their civic and political rights were particularly restricted while the serfs were emancipated quite late. Historically, all post-communist nations were under the rule of despotic governments, which created political distrust in alien rule and social generalised distrust between individuals due to a hierarchical model of the society where powerful elites exploited the uneducated peasants and slaves.[45]

Although after the World War I, the newly established nation states began to develop their (pseudo)democratic systems (with reservations – general and equal elections, electoral competition, and peaceful change of governing parties), this process did not reach the consolidation phase and did not become the "only game in town". Societies remained mostly traditional; most people continued to live in rural areas, on semi-subsistence farms (in agricultural economies). As Jacek Kochanowitz admits, in such traditional agrarian societies, the number of social contacts was limited; trust was bounded only within the circle of people with whom one was familiar, while foreigners and strangers were distrusted. Moreover, since farmers lived in semi-subsistence economies, trust in market institutions was of limited importance as well. Finally, common people did not perceive political trust, or trust in the government as a relevant issue, since the pre-modern government was far from individuals. The state mostly relied

[45] Read more: Douglass C. North, *Structure and Change in Economic History*. New York: London, 1981.

on coercion, but not on confidence.[46] As described above, in Western societies, partial trust was gradually transformed into more generalised trust along with the process of modernisation (technological and science progress, urbanisation, and globalisation of market systems). But, as will be explained below, this kind of modernisation has never really taken place in post-communist societies.

3.2. Communist rule

The establishment of communist regimes in some countries in 1940 and then again after World War II was associated with modernisation, both politically and economically. However, scholars show that only limited modernisation was achieved in post-communist societies relative to the Western context, or goals set in social theories. Kochanowicz argues that, despite the so-called modernisation, communist societies retained strong elements of the traditional social organisation and cultural legacies of the rural society. Roughly speaking, communist modernisation just transferred peasant traditions to the cities. Even a large part of urban workers were kept commuting from villages, hence the traditional family structure still prevailed. Moreover, the pre-war urban culture (the axis of individualism-based modernisation) was also destroyed by the regime.[47] The peasant cultural-type cities meant that generalised trust was not evolving, as it was supposed to evolve in industrial individualist societies where, due to many social contacts, partial morality (including partial trust) was replaced with more generalised morality (including generalised trust). With this peasant culture, the real trust-based contacts remained limited while other social contacts with less familiar people and strangers included more distrust, as was the case in traditional societies. This restriction of trust created the background to the formation of the so-called familialism: trust in the communist society was not generalised, but atomised within small family circles and did not pass

[46] Jacek Kochanowicz, "Trust, confidence and social capital in Poland: a historical perspective". In: Markova, I. (ed.), *Trust and Democratic Transition in Post-Communist Europe*. Oxford: Oxford University Press, 2004, p. 69-70.

[47] Ibid, p. 74.

beyond these circles. Some authors note that the traditional organisation of the family was tightly related to very egoistic attitudes towards the outside of the family circle; this behaviour, lacking the perception of the common good, is described as "amoral familialism"[48]. As Kochanowicz puts it,

> The economics of shortage and the lack of a notion of the common good during Communism legitimised a particular understanding of honesty which enabled shirking, cheating, and petty stealing from the workplace as long as it led to supplying the family with things necessarily for survival and functioning in society[49].

Amoral familialism erased any trust at a wider societal level and prevented the emergence of civil society as a trust penetrator, with a perception of social responsibility, the common good and common action.

In terms of political trust, the communist regime presented itself as totally trustworthy, so it was considered an act of disloyalty or even a crime to overtly doubt the trustworthiness of the political system, the Communist party and state institutions.[50] The Communist party required trust from citizens placing this category in opposition to fear: if the individual did not trust the system, he/she became an enemy to the regime. Methodologically, the institutional system was also organised on the basis of a prescribed "trust": no checks and balances mechanisms, no political competition, no fair and free elections, no institutional "safeguards". On the other hand, this prescribed political trust (without any legal realm for suspicion) concurrently generated very high expectations from the state. Substantially, there was low real trust in the one-party communist system among citizens, but there was a high level of expectations in regard to what the state should offer or provide.[51]

Despite the formally required political trust, the communist state insisted that citizens be suspicious in terms of social trust. An atmosphere of fear of politically disloyal citizens was created. The state aimed at maintaining

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[48] For more information, see E. Tarkowska, J. Tarkowski, "Social Disintegration in Poland: Civil Society or Amoral Famialism?" *Telos*, 89, 1991.

[49] Kochanowicz, p. 75.

[50] Ivana Markova, I., *Trust and Democratic Transition in Post-Communist Europe*. Oxford: Oxford University press, 2004, p. 8.

[51] Kochanowicz, p. 72.

permanent distrust in social relations and at shattering wider networks of trust within society, since these networks might initiate opposition to the communist regime. There was no real trust in vertical relations (trust in employees, higher party members, professors at universities, etc.), but at the same time, there was dependence on them based on fear. Obviously, communist social engineering was psychologically grounded. Referring to historical colonial uprisings and revolutions, it was seen that successful were those revolutions which were capable of mobilising not only masses (at the horizontal level), but also the middle classes and elites (at the vertical level). Therefore, the communist regime did everything it could to destroy real trust at the vertical level thereby preventing social vertical partnerships, which might function as an opposition to the formal regime. Based on fear and dependence, these vertical social ties instead functioned as the backbone of the regime and guaranteed its stability.[52]

To sum up, the communist regime generated very peculiar specifics in regard to trust. As to *generalised trust*, communism contributed to a more pragmatic, calculated substance of trust, but not the real, good-will based trust, as it persists in the family circle. This real trust barely transferred into society and transformed into generalised trust. According to Fukuyama, the trust radius was limited only to the family circle and did not spill over to generalised trust. We might say that trust turned out to be pragmatic and selfish in the sense that it was related to some expectations for the self; this trust also involved a higher perception of risk of social action, as it was connected with fear and low trustworthiness of not-familiar people. In contrast, in democratic systems, generalised trust originates from the spill-over of real trust in family circles and is consequently related more to the perceived notion and benefits of the common good, which is at the core of social capital. As regards *political trust*, during the communist regime, it was largely characterised by declarative nature as it was imposed from above and referred to the opposition of fear. Eventually, in the political realm, the category of trust did not translate into a notion or feeling of any sort. There was no conscious trustworthiness of the subject; therefore, the capacities of building trust towards political institutions could not evolve among the citizens.

[52] Sztompka, 1999, p. 152-153.

3.3. The transformation phase

As it was mentioned earlier, the discussion of trust shifts will be based on the phase of early transformation, as it was the most turbulent and most remarkable in terms of cultural trauma. The early transformation years indeed created the background for the culture of "winners" and "losers", which jeopardised the sense of trust tremendously. The phase lasted approximately until 1997-1999 when the partial economic and political stabilisation took place[53] and the prospects for EU membership created optimistic self-confidence among individuals and boosted trust in institutions.

Despite the short period of existence of the so-called partial solidarity immediately preceding and following the proclaimed political independence and free elections in post-communist societies, the antinomy of trust and fear still remained and was even sharpened due to traumatic processes of early transformation. The expectations of citizens were not rewarded by quick results and desired political outcomes, the short successes of private business actions were often replaced by economic set-backs, corruption, and bribery, since styles of behaviour in the old regime still remained omnipresent during the transformation process. Although political and economic reforms rapidly took place, cultural patterns, identities, values, and attitudes did not undergo any sudden changes and remained reserved, based on suspicion and passivity.

In the time of early transformation, trust among society members became much more risky because of unstable institutional, economic, and social conditions. Economically speaking, the projection of trust anticipated much too high a cost of risk because of specific cultural legacies as well as the lack of legal mechanisms that could compensate associated risks. In the first decades of the transition, the post-communist system was heavily corrupted; consequently, legal enforcement of laws and justice was weak. Courts were not functioning properly, political institutions seemed to be nominal and subordinated to certain clans and cliques. Communist political capital and politics-based social relations were actually transformed into economic capital during the early

[53] This conditional term of the early phase of transformation is also presented as an argument in: Lauristin, M., & Vihalemm, P. "The political agenda during different periods of Estonian transformation: external and internal factors". In M. Lauristin & P. Vihalemm (Eds.), *Estonia's transition to the EU*. New York: Routledge, 2010.

years of transition; this was made possible by the unfair mechanisms of privatisation, which benefited the old *nomenklatura.*[54] As a result, some of the old Communist party members became businessmen or managers of state-owned companies, some of them remained in politics, and these communist legacy-based relationships created the background for the establishment of influential oligarchic clans in most of post-communist societies. Alongside the decadent reputation of political, economic and social structures, these new informal political and economic clans also decreased the reputation of the political system and promoted distrust.[55]

Similarly, Sztompka emphasizes the long-lasting trauma of the social and cultural change: the despotic previous government and rapid political, economic, social reforms undermined trust both as a common action and as an organisational ability. These basic aspects of trust transformation have conditioned, according to Sztompka, the formation of a specific culture in the post-communist region – a *culture of suspicion*, or *culture of cynicism*, as he calls it[56]. Like the culture of trust, the culture of suspicion is also a product of institutional and national narratives, and it affects relationships at the political, economic, and social levels. At the political level, the culture of suspicion results in distrust in formal institutions and lack of motivation to engage with the political system by any means of political participation. It also means a growing gap between political elites and citizens, the state and the society, as the latter have no motivation or feel inefficient to control the actions of the former. This sense of learned political helplessness is perceived by many sociologists as being more of a psychological product, but not as stemming from real practice, as the surveys on political participation in post-communist societies show that most of the respondents feel inefficient to influence political processes although they have not tried to do so in practice[57].

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[54] See more in: Marc Morje Howard, *The Weaknesses of Civil Society in Post-Communist Europe*. Cambridge: Cambridge University Press, 2003.

[55] Kochanowicz, p. 79.

[56] Piotr Sztompka, "Civilizational Incompetence: The Trap of Post-Communist Societies". *Zeitshrift für Sociologie 1*, 1993.

[57] Rūta Žiliukaitė, Ainė Ramonaitė, et al. (ed.), *Neatrasta galia. Lietuvos pilietinės visuomenės žemėlapis*. Vilnius: Versus Aureus, 2006, p. 9.

Finally, society inherited a very paternalistic view of the state. The state was perceived as being responsible for all spheres of life, since, during the post-communist transformation, citizens were hardly used to taking responsibility for their own actions in personal as well as in social, economic, and political life. For all failures, the state was to be blamed. At the same time, people experienced helplessness and low self-efficacy when it came to changing the political situation and influencing political decisions. The communist experience and post-communist traumas naturally placed the state and the people in opposition.

As mentioned before, the mainstream of cultural theories underlines the modern substance of trust, creating the antinomy between trust and risk. Risk, in fact, is a self-reflexive notion, since one decides on the trustworthiness of another subject: whether it is expedient to take risks and what gains or losses trust might produce. In the communist regime and later on in post-communist societies, this antinomy of trust and risk hardly makes sense. As it was mentioned above, the communist regime and the so-called trustworthiness of the communist regime were grounded in the mechanisms of coercion, terror, and fear. The unstable post-communist institutional arrangements also deeply contributed to fear. The unpredictable situation did not allow for any reasonable-based evaluation of trustworthiness, which is why it did not include any "making a bet" mechanism. Therefore, while trust in democracy is opposite to *risk* as a self-reflexive notion (which also includes responsibility for one's decisions), under post-communist conditions, trust comes in opposition to *fear*, which we cannot control. In this sense, trust is no longer a rational response. The dimension of fear utterly erases real trust, as well as prohibits any common social interaction. Together with the loss of human dignity, it brings about passivity, non-involvement, and non-communication.[58] Consequently, the perceived generalised and political trust in post-communist societies barely associates with social commitment or a good-willing attitude. In comparison, in old democracies, political participation is largely based on community networks and a common sense of responsibility for social/political actions (though these networks, according to Putnam and Norris, are also waning). Meanwhile in post-communist democracies, the lack of generalised

[58] Markova, p. 8.

trust or even distrust, intolerance, apathy, or suspicion towards society makes political participation apathetic and lacking vibrancy, since common political action is not supported at the societal level.

Moreover, in its antinomy to fear, political trust loses its substance of rationality and self-reflexiveness. This perceived juxtaposition undoubtedly creates favourable conditions for political elites and populist parties to escalate fear-related agenda in the political realm. According to Rosanvallon, fear escalation weakens citizens' vigilance towards the substantive political system, political institutions, and rules. It erases the natural willingness of society to use institutionalised levers to expose the *substantial* political distrust thereby sustaining the constitutionally prescribed mechanisms of the liberal democratic regime.

Conclusions

The present article aimed at analysing the notion of trust from different theoretical perspectives and at examining the trajectories of trust transformation in mature and post-communist societies. The theoretical conceptualisation of the category of trust displayed competing approaches towards trust, emphasising a rational, or cultural, moral side of trust. The variety of suggested insights towards trust might be useful in defining two different forms of trust: social (generalised) and political trust. For social trust, the most comprehensive theoretical narrative is suggested by social capital theories, which include both rational and inborn-cultural attributes to render the notion of trust. Political trust is finds its reflection in the philosophical discussion on the dialectics of liberalism and trust as well as in the idea of democracy as a system of institutionalised distrust.

To sum up the theoretical considerations on trust in post-communist societies, several remarks should be made. First, scholars analysing communist regimes and their aftermath suggest that social trust in post-communist democracies lacks attitudes based on good will and mostly relies on benefit estimates. Due to the communist experience, social trust became limited to the "strategically egoistic" attitude in order to fulfil one's needs, even if using illegal methods. This perception is gradually transformed into sub-consciousness; the notion of social trust becomes pervasive, and robustly attached to rational calculations. On the contrary, although social trust in western-type modernised

societies is also related to the rational choice, civil society, with its perception of the common good and common action, also requires a non-rational dimension of trust. With these further considerations into post-communist transformation, we might observe that the pragmatic, calculative, formal trust is more likely to persist in the societal (general) realm, whereas real, good-natured trust is bounded almost entirely by the family or close friends. In other words, in post-communist societies, generalised trust is rather of a pragmatic nature and refers to the estimates of the usefulness of the trust action. It might even be said that in post-communist societies, as a certain moral value, culturally generalised trust lacks its substance of good will, social responsibility, and long-term reciprocity in social relations.

Second, political trust in post-communist societies is weakly associated with self-reflexiveness and rational choice due to the damaged perception of trustworthiness and trust antinomy to fear, but less to risk. The exposure of fear restrains post-communist citizens from active political engagement, prompts political alienation, and perverts the state-society relationship. Finally, the deeply rooted suspicion and state of fear in individual consciousness create favourable conditions for politicians and political parties to escalate fear factor as the efficient instrument to attract political support at the domestic as well as foreign policy levels.

ADAPT OR DIE: "SMART POWER", ADAPTIVE LEADERSHIP, LITHUANIAN CHAIRMANSHIP AND THE EVOLUTION OF THE OSCE

Walter Kemp, Rytis Paulauskas*

Abstract

This article analyses how the concept of "adaptive leadership" enabled Lithuania to Chair the Organization for Security and Cooperation in Europe (OSCE) in 2011 as well as how such experience enhanced Lithuania's "smart power". It argues that the OSCE needs to demonstrate "adaptive leadership" and enhance its own "smart" power in order to enable it to evolve and thrive in a time of challenges and change. Firstly, the paper briefly reviews the key elements of "adaptive leadership", "soft" and "smart power" concepts followed by the case study analysis which identifies the applicability of such concepts throughout the Lithuanian Chairmanship and within the OSCE. Secondly, the article offers examples of constraints that countries pursuing adaptive leadership within the OSCE face. Finally, the paper looks at the contributions of public diplomacy to the development of "smart power" and exercise of leadership. Authors hope that the article will interest future Chairmanships enhancing the Chair's and the OSCE's "smart" power, thus, giving the organization a sharper profile, a clear set of objectives, and the means of achieving them.

Introduction

When Charles Darwin wrote about evolution, he did not say that it is the strongest species that survive, but rather it is those that can adapt to their environment. The same logic holds true for multi-lateral organizations. If they are to remain relevant they must adapt. Otherwise they will die out. What they may lack in size and strength, they can compensate for in brains – or as Joseph Nye calls it, "smart power".

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This article looks at how the concept of "adaptive leadership" enabled Lithuania – a country of 3.2 million people and with limited resources – to Chair the Organization for Security and Cooperation in Europe (OSCE) in 2011, and how this experience enhanced Lithuania's "smart power". It also demonstrates how this experience contributed to the OSCE's evolution, and argues that the OSCE needs to demonstrate "adaptive leadership" and enhance its own "smart" power in order to increase its relevance, profile and leverage. It also looks at the role of public diplomacy in contributing to these processes.

1. "Adaptive leadership"

„Adaptive leadership" is a concept designed to mobilize people and organizations to adapt to change, and to thrive as a result. The concept was developed by three professors at Harvard University's Kennedy School: Ronald Heifetz, Martin Linsky and Alexander Grashow. It is inspired by evolutionary biology. According to this theory, successful adaptation has three characteristics: 1) to preserve the DNA essential for the species' continued survival; 2) to discard (reregulate or rearrange) the DNA that no longer serves the species' current needs; and 3) to create DNA arrangements that give the species the ability to flourish in new ways and in more challenging environments.[1]

How can this theory be applied to the OSCE and to Lithuania's Chairmanship of this organization in 2011?

The OSCE has been striving to adapt since its very genesis in the mid-1970s. The basic DNA code comes from the Ten Principles of the 1975 Helsinki Final Act. This has been the organism's nucleus ever since. But the body keeps evolving.

In 1991, some critics suggested that, what was at that time the Conference on Security and Cooperation in Europe (CSCE), had served its purpose and should be abolished. After all, if the point of the CSCE had been to help reduce tensions between East and West and to build security through cooperation, then surely the end of the Cold War and the reunification of Germany demonstrated that this had been successfully achieved.

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[1] Heifetz R., Grashow A., Linsky M., *The practice of Adaptive Leadership: Tools and tactics for Changing Your Organization and the World*, Boston: Harvard Business Review Press, 2009, page 14.

However, in the early 1990s Europe faced challenges that no organization was equipped to deal with, like ethnic tensions, intra-state conflicts, and post-communist transition. Therefore the CSCE was transformed and strengthened. Institutions were created to deal with conflict prevention, minority issues, elections and democratization, and freedom of the media. Field missions and special representatives were deployed to reduce tensions, resolve conflicts and to assist states cope with the challenges of change. Permanent bodies were established to promote dialogue, increase transparency, and review the implementation of commitments. This evolution resulted in the change from the conference culture of the CSCE into the operational and institutional organization that became the OSCE (in 1995). In short, the transformation from CSCE to OSCE in the early 1990s is a good example of a multi-lateral species evolving and, as a result, thriving in a highly challenging environment.

A decade later, the OSCE again faced a challenge that called for adaptive leadership. For many states going through the process of post-communist transition, the EU and NATO proved to be more attractive than the OSCE: they had "hard" and "soft" power that the OSCE could not provide. But, as a result of EU and NATO enlargement, Europe's dividing lines were pushed farther East rather than erased. Revolutions in a number of OSCE states (including Georgia, Kyrgyzstan and Ukraine) led to accusations that the Organization was being instrumentalized by some countries in order to assist regime change. There was also a cooling of relations between Moscow and Washington due to NATO expansion, plans to deploy a missile defence system in Poland and the Czech Republic, and the war in Georgia in August 2008. Furthermore, some states complained of double standards in relation to the human dimension: most countries of the Commonwealth of Independent States objected to the imbalance among the OSCE's three dimensions and resented criticism of their human dimension record[2] while – they felt – that almost nothing was being said about human rights abuses in relation to campaigns in Iraq and Afghanistan (for example the treatment of prisoners in Abu Ghraib and Guantamemo Bay). As the Panel of Eminent Persons wrote

[2] See: CIS Moscow statement: Declaration by the Nine Heads of State of the CIS on the State of Affairs in the OSCE, 514th Plenary Meeting on the Permanent Council (PC) (July 8 2004), PC.Jour/514; and Astana Appeal of the CIS Member States for the OSCE Partners, Adopted in Astana, 526th Plenary Meeting of the PC (September 23 2004) PC.Jour/562/Corr.1.

in their report of June 2005: "Although the OSCE's ability to adjust in a flexible manner to the changing security environment is generally appreciated, its relevance, effectiveness and strategic orientation have been questioned".[3] Others were more blunt: the OSCE was in "unabated decline".[4]

Efforts were made under Greece's Chairmanship in 2009 – particularly through the so-called "Corfu Process" – to strengthen the effectiveness of the OSCE and to try to restore the idea of a security community which had been so badly shaken by the war in Georgia. In terms of adaptive leadership, this was an attempt to genetically engineer the Organization's DNA in order to enable it to flourish. At the same time, many participating States were careful to preserve those strands of the DNA deemed essential for the species' survival, namely its principles and commitments. As former Secretary General Marc Perrin de Brichambaut put it, the OSCE has "to continue to carry out it's never ending task in the role of guardian of common values throughout the Euro-Atlantic and Euro-Asian area."[5]

The process of trying to revitalize the OSCE entered a new phase with the Astana Summit in December 2010 – the first OSCE Summit for eleven years. The Astana Commemorative Declaration is a good example of how Heads of State or Government knew that they had to demonstrate adaptive leadership if the OSCE was to evolve and thrive. In it, they recommitted themselves to a vision of a "free, democratic, common and indivisible Euro-Atlantic and Eurasian security community stretching from Vancouver to Vladivostok, rooted in agreed principles, shared commitments and common goals". On the one hand, the DNA deemed essential for the Organization's survival – namely its core values – was preserved. For example, there was a categorical and irrevocable reaffirmation that "the commitments undertaken in the field of the human dimension are matters of direct and legitimate concern to all participating states and do not belong exclusively to the internal affairs of the State concerned". On the other hand, there was a clear attempt to adapt the

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[3] OSCE, *Common Purpose - Final Report and Recommendations of the Panel of Eminent Persons on Strengthening the Effectiveness of the OSCE*, <http://www.osce.org/cio/15805>, 27 06 2005, p. 5.

[4] Dunay P., "The OSCE in Unabated Decline", *Real Instituto Elcano* (1), 2007, pp. 1-8 <http://www.realinstitutoelcano.org/analisis/ARI2007/ARI1-2007_Dunay_OSCE.pdf>

[5] Brichambaout, M. P., former Secretary General of OSCE, (21-22 April 2005). Thirty Years of Effective Helsinki Commitments. In F. M. Markhof (Ed.), Democracy and Security in the 21st Century and the Evolving Role of Regional Organizations (pp. 1-5), Vienna: Austrian Center for International Studies.

Organization to new circumstances, for example by taking a more active role in facing transnational threats.

Yet while the Astana Declaration set out a clear and shared vision for the future, the lack of agreement on an action plan meant that there was no map of how to get there. As a result, the incoming Chairmanship, Lithuania, was tasked with organizing a follow-up process to push the process forward.

2. Meaningful Steps

The Lithuanian Chairmanship team knew that it would have to follow up whatever was agreed (or not agreed) at the Astana Summit. But the realization of the European security community could not be achieved in a year. Therefore the challenge was to make demonstrable progress by the Vilnius Ministerial Council in December 2011 and to create momentum that could be built upon by future Chairmanships.

With this in mind, the incoming Chairmanship adopted the approach of taking realistic and meaningful steps in areas where Lithuania could make a difference. In a sense this was making a virtue out of necessity due to limited resources and objective realities. At the same time, it was inspired by the idea of "adaptive leadership".

Lithuania decided to concentrate on five main priorities:

- register tangible progress in addressing protracted conflicts;
- significantly improve implementation of media freedom commitments;
- enhance the OSCE profile with regard to transnational threats, including those emanating from the territory of Afghanistan;
- define the OSCE's role in the energy security dialogue, and
- promote tolerance education throughout the OSCE area in order to combat hate crimes and discrimination.

Implementation of these five goals has been assessed elsewhere.[6] But to illustrate one of the most meaningful steps, consider what was achieved in relation to the settlement process in Moldova.

[6] OSCE, Meaningful Steps: Report on progress made during Lithuania's Chairmanship of the OSCE, MC.GAL/13/11/Rev.1 Vilnius: OSCE, 2011, pp. 1-14.

3. Moldova: The Golden Millimetre

For almost six years, negotiations on the Transdniestrian settlement process had been stalled. One of the priorities of the Lithuanian Chairmanship was to resume them, not only informally, but in the formal 5+2 format which involves Moldova, Transdniestria, Russia, Ukraine and the OSCE plus the EU and the United States. This particular protracted conflict (rather than say Abkhazia or Nagorno-Karabakh) was chosen by the Lithuanian Chairmanship because it was one where Vilnius felt that it could use its geo-strategic position as an EU state, a US ally and a Russian neighbor to find convergence between the main power brokers in the settlement process. Furthermore, the Merkel-Medvedev Meseberg initiative of 5 June 2010 had signaled the possibility of Transdniestria being a test case for EU-Russia partnership, and perhaps even the basis for "exploring the creation of an EU-Russia Political Committee on ministerial level"[7].

Therefore, in his opening speech to the OSCE Permanent Council in Vienna, Foreign Minister Audronius Ažubalis made it clear that Lithuania would push for a resumption of formal "5+2" negotiations on Moldova. Words were followed by deeds when he visited Moldova on 8-10 February 2011 where he met with officials and civil society activists from both banks of the Dniestr.

He did not simply visit the country once and move onto the next crisis. He persisted. Together with his Special Representative for Protracted Conflicts Giedrius Čekuolis, and the Head of the OSCE Mission to Moldova, Philip Remler, he remained in regular contact with the other mediators, Ukraine and the Russian Federation. He brought up the issue during his visits to Washington, Moscow, Kyiv, and Brussels, and at crucial stages in the process, spoke on the telephone to his colleagues including the Foreign Ministers of Germany, Russia, Ukraine. He raised the issue at every available opportunity, whether in his briefing to the UN Security Council, EU meetings, and in briefings to the OSCE Parliamentary Assembly. He also tried to ensure that all relevant actors were repeating the same messages in their discussions with the parties.

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[7] Memorandum, Meeting of Chancellor Angela Merkel and President Dmitri Medvedev, Meseberg, June 4-5, 2010.

To use the jargon of the "adaptive leadership" theory, the combination of high-level diplomacy, bottom-up confidence-building measures (CBMs) and on-the-ground engagement (particularly through the OSCE Mission to Moldova) enabled the Lithuanian Chairmanship to be "in the balcony" and "on the dance floor" at the same time.

The idea was to remain seized of the issue, to get people to focus on what is a relatively tractable situation, and to set a process in motion that would create a momentum for change. Progress would not necessarily depend on a dramatic break-through, but it would be manifested by a number of small, cumulative steps in the right direction. As Ambassador Čekuolis put it, "progress would be measured by millimeters and each millimeter is as precious as gold."[8]

Informal meetings in the 5+2 format were held in Vienna on 14-15 February and on 4-5 April, and in Moscow on 21 June. At the same time, the Chairmanship kept up the pressure by engaging the support of the European Union and the OSCE Parliamentary Assembly. Furthermore, to keep constant attention on the process and, at the same time to ripen it, ambassadors and representatives from 19 OSCE delegations visited Moldova in July 2011. The head of the delegation, Lithuanian Ambassador Renatas Norkus, reiterated the need for an early resumption of official negotiations in the 5+2 format without preconditions, and underlined the need for economic confidence-building measures, dismantling artificial barriers for trade, investments, and movement of people, as well as restoring rail and telecommunications links between the two banks of the Dniestr river.

The Chairmanship stressed time and again that lack of progress in the settlement process could not be used as an excuse to halt CBMs. On the contrary: confidence-building measures could create the good will and practical cooperation needed to generate the trust and momentum needed for the settlement process.

On 8-9 September, a seminar was held in Bad Reichenhall, Germany, on the issue of confidence-building measures. A set of regulations governing the operations of the Joint Expert Working Groups was adopted. Perhaps more importantly, a meeting took place between Prime Minister Vlad Filat and

[8] Intervention of Ambassador Giedrius Čekuolis at the "V to V dialogue" seminar "CBMs As A Way Forward Towards Integration Between The Two Banks Of Nistru River", Vienna, April 3, 2011.

Transnistrian leader Igor Smirnov brokered by the OSCE and the German Government. Foreign Minister Ažubalis together with the German State Secretary Emily Haber also took part.

This meeting helped pave the way for a meeting in Moscow on 22 September at which participants in the Permanent Conference on Political Issues in the Framework of the Negotiation Process for the Transdniestrian Settlement agreed to resume their formal negotiatons in the 5+2 framework (for the first time in more than five years). The first meeting took place in Vilnius on 30 November and 1 December. More than a „golden millimeter" of progress had been made. Since then, under Ireland's Chairmanship of the OSCE in 2012 and under a new regime in Tiraspol, regular meetings have been held, and further progress has been made in implementing CBMs. The challenge now is to keep the process going, and to reach a final settlement to a conflict that has dragged on for more than twenty years. This will require adaptive leadership, not least by Ukraine's Chairmanship of the OSCE in 2013.

4. Dealing with the Unexpected: The Arab Uprisings

As much as a Chairmanship tries to plan in advance, it must also expect the unexpected. In order to enable a "certainty of response", a Chairmanship – like any effective leadership during times of crisis – must be able to anticipate and recognize potential threats. While one cannot predict the future, one can at least be better prepared for it.

The Arab Uprisings are a good example of how leaders can be caught off guard and how they need adaptive leadership to handle a crisis. Almost no one anticipated that there would be dramatic uprisings in North Africa in early 2011. Indeed, just one month earlier at the Astana Summit suggestions by a few countries to highlight the OSCE's Mediterranean (and not just Euro-Atlantic and Eurasian) character were dismissed as irrelevant. Suddenly, in January 2012, just days after taking office, Lithuania had to come up with a policy for how OSCE states would react to this crisis in the southern Mediterranean.

The OSCE quickly prepared a set of institutional proposals to the governments of Egypt and Tunisia which are OSCE Partners for Cooperation.

To explore possible areas of cooperation, the Chairman-in-Office visited Tunisia on 15-17 April while Lithuanian Deputy Foreign Minister Asta Skaisgirytė-Liauškienė and a team of ODIHR experts visited Egypt from 31 May to 3 June. Members of the OSCE Parliamentary Assembly monitored the elections to the Constituent Assembly in Tunisia in October. The OSCE-Mediterranean dialogue, under the Chairmanship of Ireland, intensified, as manifested, for example, by the increased level of interest and range of topics at the OSCE Mediterranean Conference that took place in Budva, Montenegro on 10 and 11 October 2011.

However, it was hard to make policy in a situation where there were so many variables out of the Chairmanship's (even the OSCE's) control. Firstly, it was sometimes difficult to figure out who spoke for the new regimes; the ambassador in Vienna, someone new in the capital? This made it difficult to identify the needs of the country concerned, and to assess whether they even wanted the OSCE's support. Secondly, it was hard to engage the governments of Mediterranean Partners because they were in a state of flux, and had other things to think about than talking to representatives of European security organizations. Thirdly, there was a plethora of well-meaning actors rushing to help, but no mechanism to coordinate their responses. In a good example of adaptive leadership, Foreign Minister Ažubalis tried to work with UN Secretary General Ban Ki-moon to bring the relevant organizations together in order to promote complementarity. However, as so often happens, no organization wanted to be "coordinated" by another, and therefore no mechanism for inter-institutional cooperation was devised. This was a missed opportunity.

There will, inevitably, be unexpected events in the future that Chairmanships and the OSCE as a whole will have to respond to. It would therefore be prudent to strengthen the analytical capable of the Secretariat in order to help anticipate and prepare for potential crises. This need not be a large unit, but at least one or two people should be responsible for synthesizing information from the field, from open sources, liaising with think-tanks, and collecting data from inter- and non-governmental organizations. The Secretariat would be doing the Chairmanship a great service if it could augment the capacity of its staff with timely analysis, and strategic forecasting. This would also strengthen the Organization's early warning capacity.

5. Constraints on Adaptive Leadership within the OSCE

Countries that seek to pursue a policy of adaptive leadership within the OSCE face a number of constraints.

In the OSCE – like other organizational cultures – efforts to discard those parts of the DNA that are no longer needed are fiercely resisted. One state's idea of a redundant activity is usually another state's pet project (and vice versa). In a consensus-based organization it is hard to kill things – you have to just let them die.

Another constraint on exercising adaptive leadership within the OSCE is that the country holding the Chairmanship has limited room for maneuver. The Chair has few powers of initiative, nor can it act on its own. The Permanent Council, particularly the European Union, the United States, and the Russian Federation, are the real power brokers. Furthermore, because decisions within the OSCE are taken on the basis of consensus, any country – if it is determined and vocal enough – can torpedo an initiative. As Nye writes, "one of the dilemmas of multilateral diplomacy is to how to get everyone into the act and still get action".[9] The key is to define what everyone would consider as "thriving", and then help to lead them to the realization of that objective.

It is not only participating States that the Chairmanship has to work with. The Secretary General, heads of OSCE institutions and field missions all have a high degree of autonomy. This decentralized form of governance can be considered a weakness insofar as it may not be clear to the target audience who is speaking for the OSCE. Sometimes there are too many cooks. Conversely, the relative independence of OSCE institutions and executive structures (as long as they are accountable) prevents political interference in operational activities.

It is important to keep things in perspective. There are constraints on leadership in any organization. At least the OSCE enables the Chairmanship country to help set the agenda, and to identify certain priorities. Since the OSCE's executive structures are relatively light (compared, for example, to the UN or EU), the Chairmanship can be innovative and push forward ideas, as long as it can bring all participating states along. The fact that states continue to want to Chair the OSCE is a good sign – it creates a certain expectation

[9] Nye J. S. Jr., *Future of Power*, New York: Public affairs, 2011, p. 217.

that new impulses will come every year, and that fresh approaches will be taken since the Chairmanship has a self-interest in achieving a successful outcome. Indeed, demonstrating effective leadership of the OSCE can enhance a state's "soft power" and it can help construct a state's "smart power".

6. "Soft" Power

According to Joseph Nye, the "soft power" of a country rests heavily on three basic resources: its culture (which makes it attractive to others); its political values (if applied consistently); and its foreign policies (when others see them as legitimate and having moral authority).[10] This makes a country attractive and respected, regardless of its military might. If it is seen as benign, competent, and charismatic, it can leverage its "soft power" resources in ways that can affect behaviour and policy.

Of course, "soft power" is not only dependent on the agent who is projecting it: it is also in the eye of the beholder. Therefore, the way one sends a message is not always how it is received. Different cultural perspectives and historical experiences can filter information in ways that can result in an idea being perceived in different ways.

Chairing the OSCE helps states (particularly smaller ones) to demonstrate "soft power". As Chair, the country concerned is first among 56 equals for a year. This raises the profile of the country concerned, provides a rare opportunity for the Foreign Minister to have access at eye-level to more powerful peers, and brings with it considerable responsibility and influence (including in crisis management). Chairing the OSCE also enables the state concerned to enhance its networks, and it is a unique learning experience for a country's diplomats. This is particularly attractive for smaller EU countries that have become less visible due to the EU Common Foreign and Security Policy, or countries that are seeking to increase their European and international profile – like Kazakhstan which chaired the OSCE in 2010. Kazakhstan used its OSCE Chairmanship – to great effect – to enhance its image, to play a leadership role in Eurasia (not least by hosting the first OSCE summit since 1999), and to draw attention

[10] Nye, (note 10) p. 92.

to issues that it feels strongly about, like Afghanistan, nuclear non-proliferation, and dialogue among civilizations. Chairing the OSCE also stands countries in good stead for leadership positions in other multi-lateral fora: for example the OSCE Chairmanship prepared Slovenia and Lithuania for their Presidencies of the EU (in 2008 and 2013 respectively), and Kazakhstan used its OSCE Chairmanship as a springboard for a seat in the UN Security Council.

As Chair of the OSCE, Lithuania was well-placed to exercise "soft" power. As an EU and NATO member it was able to generate a positive attraction among its allies. At the same time, due to two decades of close relations with the United States and a large diaspora in America, Lithuania enjoyed close ties with Washington. While relations with Moscow were not as close, Lithuania had demonstrated in the past that it could be pragmatic (for example in relation to Kaliningrad), and was able to communicate effectively with its neighbour, not least since most of its diplomats speak Russian. In short, Lithuania was able to work well with all three power brokers within the OSCE (the EU, the US and Russia), and tried to be even-handed in its relations with them all. It was a country that all participating States could do business with, which gave it considerable "soft power". It leveraged this power into pushing forward the negotiation process in Moldova, and in reaching consensus on a number of key decisions at the Vilnius Ministerial Council.

It is important to note that "soft" power also brings with its certain expectations. If "soft" power is generated in part by solid political values and benign foreign policies, a state needs to demonstrate those qualities as the Chair. While there are no formal criteria to become Chair, countries are held to account by their peers, particularly in relation to their human rights record. Kazakhstan, for example, was subjected to tough scrutiny concerning the Zovtis case[11]. Austria's Chairmanship of the OSCE in 2000 was overshadowed by the inclusion of Jorg Haider's Freedom Party in the government coalition. Lithuania was criticized about tolerance issues, while the trial and treatment

[11] See: Lillis J., "Kazakhstan: Zhovtis Case Turning into Test of Astana's OSCE Credibility", *Eurasianet.org,* <http://www.eurasianet.org/departments/insightb/articles/eav091009b.shtml>, 20 03 2012; International Commission of Jurists, *Report of the Appeal Hearing of thr Case of Evgeniy Zhovtis 2009,* Geneva: International Commission of Jurists – Observation Mission, 2010; Rickard S., Herman R., Denber R. et al., Letter to the Secretary of the U.S. Department Hillary Clinton September 9, 2010, <http://www.soros.org/sites/default/files/090910%2520Zhovtis%2520letter%2520to%2520Clinton.pdf>.

of former Prime Minister Yulia Timoshenko has put Ukraine's Chairmanship of the OSCE (in 2013) under pressure.

Since culture is a key ingredient of soft power, the Lithuanian Chairmanship took every available opportunity to project a positive image of its country. This included highlighting the country's culture, history and sport, and making the link between Lithuanian values and OSCE principles and commitments. For example, there were classical music concerts (at the Hofburg and Mozart House), a joint Lithuanian- Russian film evening, photo exhibits, a jazz concert, and even a basketball tournament (that the Lithuanian team won).

But "soft" power has its limitations.

7. Belarus: The Limits of Soft Power

At the Astana Summit, President Alexander Lukashenko of Belarus said "I want to wish our close partner, our neighbor – Lithuania - every success and substantial achievements in the course of its Chairmanship in the OSCE in 2011. I want to assure you that we will do everything possible, not just as neighbors but as an OSCE member state, so that your Chairmanship would be successful".[12] But on 19 December 2010, in the aftermath of the Presidential elections, the Belarusian authorities imprisoned President Lukashenko's main political rivals and increased systemic persecution and harassment of the opposition and civil society, and curtailed freedom of media and assembly. These moves were heavily criticized by the OSCE. In reaction, Belarus did not agree to extend the mandate of the OSCE office in Minsk beyond 31 December 2010.

Even before assuming the Chairmanship, Foreign Minister Ažubalis spoke out against the proposed closure and urged the Belorussian authorities to rethink their decision – but to no avail. When taking up the Chairmanship, he immediately called his Belorussian counterpart and invited his deputy to come to Vilnius to explore possible areas of co-operation. During the course of those and subsequent consultations at various levels in Vienna and Vilnius it became apparent that there was little willingness to compromise.

[12] OSCE, Statement by the President of the Republic of Belarus A. Lukashenko at the Plenary Meeting of The OSCE Summit SUM.DEL/64/10, Astana: OSCE, 2 December 2010.

The Chair tried to keep the channels of communication open with Minsk, while also trying to shield and support Belarusian civil society groups. It successfully backed efforts by the Office for Democratic Institutions and Human Rights (ODDIHR) to monitor the trials of those detained on 19 December. However, the impact of the trial monitoring was limited. ODIHR's report was published in November 2011, but its findings were not accepted by the Belorussian authorities. Similarly, when 14 OSCE participating states triggered the Moscow Mechanism[13], Minsk refused to grant the rapporteur, Professor Emmanuel Decaux, a visa. He therefore met representatives of Belorussian civil society in Paris, Geneva, Vienna, Vilnius and Warsaw. The Belorussian authorities then argued that because Mr. Decaux had never visited Belarus, his (scathing) report[14] was not credible.

The case of Belarus demonstrates the limits of "soft power". The OSCE was powerless to change Belarus's tough stance. Invoking the Moscow mechanism when the target country refused to cooperative only served to demonstrate how blunt an instrument the mechanism is. The counter-argument is that Belarus's refusal to cooperate with its peers showed how callous and untrustworthy a regime it is, and therefore deepened its isolation from most of the international community. It also provided further arguments for applying sanctions on the Belarusian leadership.

In Ukraine, the government is also paying a high price for the way former Prime Minister Tymoshenko's has been treated in detention. Ukraine – as host of the 2012 European football championships and Chairmanship of the OSCE in 2013 – has considerably more "soft power" than Belarus. It is therefore more vulnerable to criticism. When the President of Lithuania, Dalia Grybauskaite, visited Kyiv on 11 May 2012 – as the first foreign leader to see Ms. Tymoshenko in hospital – she warned that "Europe's trust in Ukraine is dwindling". The lesson is, lose the trust of other countries and you lose "soft power".

In that respect, the OSCE – and small countries like Lithuania that are respected within the European and international community – *can* exert some

[13] The Mechanism, agreed by consensus in CSCE's Moscow meeting in 1991 by all 56 OSCE States and amended by CSCE's Rome meeting in 1993, allows for deployment of an independent, impartial fact-finding mission if one State, supported by at least nine others, "considers that a particularly serious threat to the fulfilment of the provisions of the [OSCE] human dimension has arisen in another participating State".

[14] See: OSCE Rapporteur's Report on Belarus, ODIHR.GAL/39/11/Corr. 1, 2011.

influence by drawing on their own "soft power", and by explaining to states that have "soft power" that the failure to change their policies can undermine their trustworthiness. It is usually most effective to communicate this message discreetly, and to appeal to a state's self-interest. If that fails, more robust public diplomacy may be necessary.

8. Constructing "Smart Power"

If "soft power" is insufficient, what about "hard power"? The country chairing the OSCE cannot threaten coercive measures. Nor is the OSCE in a position to project "hard power", for example by sending in peacekeepers. However, if a state can combine the "hard" power of coercion (the stick), with the persuasive attraction of "soft" power (the carrot), the result is what Nye describes as "smart power."[15] (footnote? ibid. page xii)

Small countries, like Lithuania, can gain "smart power" by combining their "soft power" with the "hard power" that they acquire by being part of NATO and the EU. They can also demonstrate an ability to achieve results, to put forward innovate ideas, and to lead during times of crisis. One could argue that Lithuania demonstrated these traits during its Chairmanship of the OSCE in 2011. It will continue to develop its "smart power" during its Presidency of the EU and in its bid to be a non-Permanent Member of the UN.

But can this concept be applied to international organizations? NATO is trying to carve out a niche for itself in terms of Smart Defence.[16] The idea (triggered in part by the financial crisis) is that Alliance nations must give priority to those capabilities which NATO needs most, specialize in what they do best, and look for multinational solutions to shared problems. A concrete example of this pooling and prioritizing is the NATO Air Policing Mission in the Baltic States.

What about the OSCE? The OSCE has some aspects of hard power – like policing, and field operations. Its conflict prevention and early warning tools, its mediation capacity as well as its confidence-building measures are good examples of how the OSCE could profile itself as a "smart power" organization.

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[15] Nye (note 10), p. xvii

[16] See: Chicago NATO Declaration, Chicago: NATO, 20 May 2012.

Furthermore, the OSCE has a niche as a "normative intermediary".[17] Through its cooperative approach it can appeal to the self-interest of states to implement their OSCE commitments. A good example is the High Commissioner on National Minorities who works discreetly with governments to defuse ethnic tensions at an early stage by explaining how international minority standards can promote peaceful integration. Other examples include the work of the OSCE in brokering the Ohrid Agreement in August 2001 that brought peace to the former Yugoslav Republic of Macedonia, or the Border Monitoring Operation in Georgia between December 1999 and December 2008 that helped to create greater transparency along a tense portion of the Georgian border.

In a similar vein, the OSCE has an opportunity to exercise "smart power" in Central Asia. As ISAF scales down in Afghanistan, the OSCE can help contain a possible spill-over of the conflict to the north. For example, it could scale up its border monitoring support capacity in Tajikistan, help to defuse tensions between Tajikistan and Uzbekistan, work to reduce vulnerability in the Fergana Valley, and help to promote regional cooperation, for example in relation to water management. This is a region where the OSCE can really make a difference.

Projecting "smart power" and "soft power" are dependent on effective marketing, and here public diplomacy is vital.

9. Public Diplomacy: How to Project Adaptive Leadership and Soft Power

The country holding the Chairmanship of the OSCE has to carry out a careful balancing act in terms of public diplomacy. On the one hand, the Chairmanship – working with the Secretariat – has to try to raise the profile of the OSCE. Working with the participating States it must also explain the OSCE's policies. On the other hand, the Chairperson has to satisfy a domestic audience, like parliamentarians and the press. What he or she may want to say as foreign minister may not jibe with what the Chairmanship should say on behalf of all participating States.

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[17] Kemp. W. A., "Quiet Diplomacy in Action: The OSCE High Commissioner on National Minorities", Vienna: Ford Foundation, 1999, p. 28.

In the build-up to the Chairmanship, the Lithuanian Task Force had to identify issues that were both priorities for the OSCE and of particular relevance to Lithuania. At the same time it had to measure its policies towards neighbours like Belarus, Poland and Russia in order that bilateral issues would not jeopardize the need to build consensus as Chairperson. The Chairmanship team also had to explain to the Lithuanian Parliament and public the added value of the OSCE. Lithuanian political actors were supportive of NATO and the EU, but were less familiar with, nor particularly supportive of, the OSCE. The domestic press was largely indifferent to the OSCE, even sceptical. Therefore, one of the Chairmanship's first adaptive leadership challenges was to generate domestic support for its leadership of the OSCE.

In the spirit of "adaptive leadership", Foreign Minister Ažubalis was determined to "act politically"[18]. The opening of Lithuania's Chairmanship corresponded with the twentieth anniversary of the so-called "January Events" of 1991 when Soviet military units attacked the television tower in Vilnius, months after Lithuania had declared its independence from the USSR. In his "We Believe in Freedom" speech that he delivered to the OSCE Permanent Council on 13 January 2011, Ažubalis, who had witnessed the "January Events" first hand, used the example of the popular resistance that he saw that day as an inspiration for how people can defend their freedoms. He stressed the importance of adhering to democratic values, and implementing Helsinki principles and protection of human rights defenders, freedom of speech and assembly. He came back to this theme throughout the year, particularly when speaking up for civil society in Belarus, Russia and Ukraine. Championing this cause and recalling Lithuania's history was a calculated risk because while it could win support from civil society and the Lithuanian public, it could have made the Chairmanship less acceptable to the political establishments of some neighbouring countries. The fact that the Chairmanship consciously pursued this policy demonstrates its determination to act politically.

At the same time, the Chairmanship had to act politically on behalf of all OSCE participating States. Therefore it tried to lead towards the vision of a Euro-Atlantic and Eurasian security community that had been agreed to at

[18] Heifetz R., Grashow A., Linsky M., *The practice of Adaptive Leadership: Tools and tactics for Changing Your Organization and the World*, Boston: Harvard Business Review Press, 2009, p. 133.

the Astana Summit. Furthermore, at the Vilnius Ministerial Council in December 2011 it stuck its neck out to try to win support for Mongolia's bid to become an OSCE participating State, and for Switzerland and Serbia to take on the OSCE Chairmanship in 2014 and 2015 respectively.

To gain support for its objectives, to ensure visibility for the OSCE, and to promote adherence to the OSCE's values, the Chairman and his team undertook 21 missions and took part in around 40 OSCE related events, conference, roundtables. Further political weight was given to the Chairmanship by Lithuania's President Dalia Grybauskaite. She took part in the Astana Summit, briefed the Permanent Council in Vienna, visited the South Caucasus and Moldova and played a key role in the Ministerial Council in Vilnius.

During its Chairmanship of the OSCE, Lithuania tried to get its message across through the mass media. Over the course of the year the Chairmanship team issued 243 press statements, out of them 34 statements were devoted to human rights issues and 38 for conflict resolution. During that period dozens of articles in the various regional news portals of OSCE participating states, 25 op-eds and the significant number of live interviews were targeted for the OSCE community's audience. At the Vilnius ministerial meeting on 5 and 6 December 2011, 175 representatives of the mass media were present, who produced around 160 articles in the Lithuanian or international press. Over the course of the two day meeting, the OSCE had 12,000 visits, reviewing 40,000 webpages per day - 60% more than the usual daily hit rate.

But quantity does not always add up to quality: there is not necessarily a positive correlation between how much information one generates and how it is received. Indeed, as Professor Nye points out "plentiful information leads to scarcity of attention".[19] To avoid this problem, there should be strategic communication to explain a set of themes, and regular communications to explain the context of policy decisions (ideally in relation to the latter themes).

There should also be long-term engagement with key policy and opinion makers to familiarize them with one's objectives and policies. That is why Lithuania engaged think-tanks (like the International Peace Institute) as well

[19] Nye J. S. Jr., *Future of Power*, New York: Public affairs, 2011, p. 103

as academics and NGOs, for example in the VtoV Dialogues[20] and welcomed the work of the Euro-Atlantic Security Initiative (EASI). In 2012, this process intensified with the IDEAS initiative organized by think-tanks in France, Germany, Poland and Russia as well as the first-ever Security Days (organized by the OSCE Secretariat). These meetings opened up the inter-governmental process to external opinions and generated new ideas on how to revitalize the OSCE. This is a good example of how public diplomacy can contribute to adaptive leadership and soft power.

10. Crisis or Opportunity?

There is a lot of talk about how the OSCE is in crisis. If this is true, then, as Hilary Clinton said, never waste a good crisis. With adaptive leadership, this crisis can be transformed into an opportunity. After all, one of the OSCE's strengths since 1975 has been its ability to adapt.

A number of factors are in the OSCE's favor. The financial crisis can force participating States to set some priorities: to do less, but do it better. This would enable the OSCE to identify its added value, its "smart power". The sharper the OSCE's profile, the more attractive it will be as a "soft" and "smart power", and therefore the easier it will be – for policy makers, treasuries, the media and the public – to understand the added value of the OSCE.

The fact that the next three Chairmanships have already been decided – namely Ukraine (2013), Switzerland (2014), and Serbia (2015) – means that there is a degree of predictability that can enable greater continuity and forward planning. The Helsinki +40 process should be used as an opportunity to outline a three year process (from 2013-15) to push forward the agenda from Astana to Belgrade (via Dublin, Kyiv and Bern).

Another opportunity is the fact that so many ideas are being generated about the OSCE's role, for example through the Euro-Atlantic Security Initiative and the IDEAS process. This can help stimulate the process of adaptive leadership. At the same time, the OSCE should avoid becoming the Woody Allen of European security organizations – self-obsessed and introspective

[20] VtoV is for Vancouver to Vladivostock, Vilnius to Valetta.

to the point of being neurotic. Instead, it should focus on what it does well, and just do it.

This will be easiest where there is a convergence of strategic interests. Central Asia is a good example. The recent Kazakh Chairmanship, Mongolia's heightened interest in the OSCE, the impending draw-down of ISAF forces in Afghanistan and the growing strategic relevance of Central Asia all strengthen the OSCE'S Eurasian credentials. Transnational threats are another subject where interests of participating States converge. If the OSCE can demonstrate added value in this field, it can play a key role in reducing the risk posed by, for example, transnational organized crime. Furthermore, if the OSCE can show progress in resolving at least one of the protracted conflicts (most likely Moldova), it can restore confidence in its mediation skills. Participating States should also have a fresh look at peacekeeping, which is badly needed in Nagorno-Karabakh, and at arms control which is completely stalled. Progress in these fields would create DNA arrangements that would enable the OSCE to flourish in a challenging environment, and enable the organization to find its appropriate place in a quickly evolving multi-lateral context.

Conclusion

We hope that the observations made in this article can better explain some of the thought processes that went on within the Lithuanian Chairmanship of the OSCE in 2011. This can be of particular relevance to future Chairmanships, and to those interested in policy- and decision-making processes within a multi-lateral framework. We also hope that the idea of adaptive leadership can be applied within the OSCE in order to enable it to evolve and thrive in a time of challenges and change. One of the aspirations of adaptive leadership should be to enhance the OSCE's "smart" power in order to give the organization a sharper profile, a clear set of objectives, and the means to achieve them.

It is essential for the OSCE, like other regional and international organizations, to evolve. If not, they lose their relevance. Indeed, the alternative to adaptive leadership is stasis. As Albert Einstein pointed out, doing the same thing over and over again and expecting different results is insanity – which is quite the opposite of "smart" power.

KEEPING ENERGY SECURITY AND COMPETITIVENESS IN EQUILIBRIUM: THE CASES OF THE REGIONAL NUCLEAR POWER PLANT AND THE LIQUEFIED NATURAL GAS TERMINAL

Simonas Klimanskis*

Abstract

This paper is concerned with the validity of the regional nuclear power plant that is to be built in Visaginas by 2020 and the liquefied natural gas terminal to be constructed by the Pig's Back Island in the harbour of Klaipeda by 2014 through the prism of energy security and competitiveness. The common European Union energy policy, especially its first two of the three main objectives, i.e., *energy security*, *competitiveness,* and *efficiency*, constitute the focus of analysis. It is sought to cast light upon the question whether energy security and competitiveness will be kept in equilibrium when the regional power plant has been commissioned and the liquefied natural gas terminal has been constructed. The article will also provide some recommendations as to what actions to resort to should these objectives clash with each other.

Introduction

Energy is one of the most important economic fields. Lithuania puts forward several goals that are both relevant and necessary to all the Baltic States. The main goal in this field is energy security, especially after the decommissioning of the second unit of the Ignalina Nuclear Power Plant (NPP). Lithuania is also seeking to ensure competitiveness in the energy sector. In pursuit of these goals, the Government implements measures of the National Energy (Energy Independence) Strategy and, in particular, two construction projects: of the new nuclear power plant (New NPP) and of the liquefied natural gas (LNG) terminal. These projects, however, have garnered controversial assessments.

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Some analysts and politicians argue that the new NPP will solve the issue of an "isolated energy island", create new workplaces, and have a positive impact on the country's economy. Meanwhile others emphasise that the project of the new NPP is not justifiable on economical grounds. Thus it is not clear how much the project will cost, nor is it clear whether it will be competitive. It is argued that the attention should rather be focused on the creation of a common energy market where it would be possible to purchase electricity at a competitive price. With regard to the LNG terminal, critics recommend Lithuania to participate in the construction of the regional LNG terminal in Latvia intended for all the Baltic States, which would receive financial support from the European Union (EU).[1] Therefore, the question that needs to be answered is as follows: will these two great projects ensure energy security and competitiveness?

This article analyses the validity of the new NPP and the LNG terminal projects in terms of the objectives of energy security and competitiveness. The present article also supplements current analyses and contributes to the general discussion on this issue.

The topic is relevant because increased dependence of Lithuania, Latvia, and Estonia on imported gas from a single supplier encourages the three Baltic States to address the issues of energy independence, reliable supply, and competitiveness. The common EU energy policy just brings these issues into focus. There are positive shifts in terms of energy security and competitiveness, but what can be done should these objectives clash with each other?

The sources used in this article are related to the common EU energy policy and relevant Lithuanian goals as well as the implementation of the strategic energy projects. Edward Lucas's book, in which much attention is invested to energy, highlights the dependence of the EU and the Baltic States on a single energy supplier.[2] The discussion of the objectives of the common EU energy policy will benefit from references to the Green Paper prepared by the European Commission, in which the EU's attention to the Baltic States

[1] Lietuvos Respublikos Seimas, *Frakcijos naujienos*, Seimo narės B.Vėsaitės pranešimas: kiek Lietuvos gyventojams kainuos A. Sekmoko energetinės vizijos? [Message by member of Seimas B. Vėsaitė: How much A. Sekmokas' energy visions will cost to Lithuanian residents?] 2011 m. vasario 18 d., <http://www3.lrs.lt/pls/inter/w5_show?p_r=6258&p_d=107653&p_k=1>, 03 03 2012.

[2] Lucas E., *The New Cold War: How the Kremlin Menaces Russia and West.* Bloomsbury, 2008.

is reflected.[3] Another useful document in this respect is the Communication From the Commission to the European Parliament, the Council, the European Economic and Social Committee and Committee of the Regions "Energy 2020: A strategy for competitive, sustainable and secure energy".[4] Similar goals are raised in the Lithuanian New National Energy (Energy independence) Strategy.[5] All these materials are relevant for the discussion of energy security, competitiveness, and sustainability.

The assessment of the strategic energy projects, i.e., the validity of the new NPP and the LNG terminal in light of the objectives of energy security and competitiveness, will rely on the data from the Organisation for Economic Co-operation and Development, renewable energy country profiles, press releases, information from the Ministry of Economics of the Republic of Latvia, the Ministry of Economic Affairs and Communications of the Republic of Estonia, Agrus Media Ltd, Visagino atominė elektrinė JSC, and Klaipėdos nafta SC.

The present article explores the equilibrium between energy security and competitiveness of the Lithuanian energy sector in light of the implementation of the new NPP and LNG terminal projects.

The goal of the article is to assess the validity of the new NPP and LNG terminal projects. On the basis of primary and secondary sources, the following questions will be considered: 1) will the implementation of these projects keep energy security and competitiveness in equilibrium? 2) what measures are to be taken should these objectives clash with each other? 3) which of the objectives should be given priority?

The goal will be achieved through the following steps:

- a discussion of the objectives of the common EU energy policy on the basis of primary and secondary sources;

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[3] European Commission, *Green Paper* "A European Strategy for Sustainable, Competitive and Secure Energy". Brussels: European Commission, March 8, 2006. <http://europa.eu/documents/comm/green_papers/pdf/com2006_105_en.pdf>, 17 11 2011.

[4] European Commission, *Communication Form the Commission to the European Parliament, the Council, the European Economic and Social Committee and Committee of the Regions* "Energy 2020: A strategy for competitive, sustainable and secure energy". Brussels: European Commission, November 10, 2010, <http://www.energy.eu/directives/com-2010-0639.pdf>, 17 11 2011.

[5] *Lietuvos Respublikos Seimo nutarimas* „Dėl nacionalinės energetikos (energetinės nepriklausomybės) strategijos patvirtinimo" projektas (Nr. XIP-2488) [*Seimas Resolution On National Energy (Energy Independence) Strategy*]. Vilnius: Lietuvos Respublikos Seimas, 2010 m. spalio 6 d.

- a critical analysis of the two strategic energy projects in Lithuania through the prism of energy security and competitiveness;
- recommendations regarding measures to be taken should the objectives in question clash with each other.

The following methods are used:
- analysis of primary sources related to the common EU energy policy and to Lithuania's implementation of the strategic energy projects;
- analysis of secondary sources related to the construction of the new NPP and LNG terminal;
- critical assessment of the situation in question.

The article has the following structure. In the first section, the three objectives of the common EU energy policy and their importance to Lithuania are discussed. The objectives constitute the basis for the analytical approach towards the issue. The second section seeks to provide a critical assessment of the benefits of the project to the economy and consumers. Consequently, it is centred around the construction of the new NPP and the question of how successful this project will be in keeping energy security and competitiveness in the Baltic States energy sector in equilibrium. In the third section, the LNG terminal project is analysed through the prism of energy security and competitiveness, and its benefits to Lithuania are critically assessed. In the conclusion, the most important findings of the present research will be presented.

1. Common European Union energy policy

As mentioned in the introduction, since the decommissioning of the second unit of the Ignalina NPP on 31 December 2009, the dependence on Russian gas has increased significantly. Currently, 100 percent of natural gas is imported from Russia, Lithuania's single gas supplier. On the other hand, almost all Europe is dependent on Russian gas, and only a small part is imported from Norway and Algeria.[6] While the dependence on gas constantly increases, new gas pipelines

[6] European Commission (note 2), 17 11 2011, p. 3.

are developing, most notably, "Nord Stream".[7] The severe consequences of the dependence on gas were most obvious in the gas war between Russia and Ukraine, which sparked because of Ukraine's unsettled bills to Russia. As a result, several EU countries suffered from disruption of gas supply in 2006 and 2009.[8] Another conflict of the same nature took place between Russia and Belarus in 2007.[9] These factors determine the necessity to strengthen the external dimension of the common energy policy, viz., *security of supply*.

To reduce the dependence of its member states on a single energy supplier, the EU must ensure a competitive and efficient energy market. This means that the consumer should be able to choose an energy supplier at a competitive price. The competition allows the consumer to avoid monopoly prices imposed by a single supplier at its discretion. For that purpose, it is necessary to implement the third energy package so as to separate production and supply activities by gas and electricity transmission networks and to integrate these energy networks into the internal market.[10] In the Green Paper issued in 2006, the Baltic States were indentified as an "isolated energy island".[11] These are the countries which are not integrated into the EU market, while their electricity system is synchronised with the Russian IPS/UPS system. For that purpose, in 2009, the European Commission developed the Baltic Energy Market Interconnection Plan (BEMIP), which posits as its goal full integration of the Baltic States into the Western energy market as well as strengthening interconnections with the neighboring EU member states. Together these objectives meet the EU's 20-20-20 objectives, i.e. 20 percent reduction in the greenhouse effect, 20 percent increase in renewable energy, and 20 percent increase in energy efficiency by 2020.[12]

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[7] Lucas E. (note 1), p. 222–228.

[8] BBC, "Russia-Ukraine gas row heats up". BBC, 31 December 2008. Retrieved from <http://news.bbc.co.uk/2/hi/7805770.stm> on 17 November 2011.

[9] EUbusiness, "EU gas meeting off as Russia, Belarus solve supply row". EUbusiness, August 3, 2007. Retrieved from <http://www.eubusiness.com/topics/energy/russia-belarus-gas.80> on 17 November 2011.

[10] European Commission (note 3), p. 2–21.

[11] European Commission (note 2), 25 11 2011, p. 6–7

[12] European Commission, *Energy Infrastructure, Baltic Energy Market Interconnection Plan (BEMIP)*. Retrieved from <http://ec.europa.eu/energy/infrastructure/bemip_en.htm> on 25 November 2011.

Faced with climate change caused by CO_2 emissions, which are also largely the result of the energy sector, the EU seeks to increase the development of renewable energy and promote energy efficiency. This means that both energy extraction and production must be based on *sustainability* principles. The development of local energy resources contributes to the increase of competitiveness and partial independence, because it would reduce the demand for oil and gas. As mentioned before, the EU has also committed itself to reducing its greenhouse gas emissions by 20 percent while proportionally increasing renewable energy content, in accordance with the Communication From the Commission to the European Parliament, the Council, the European Economic and Social Committee and Committee of the Regions "20 20 by 2020: Europe's climate change opportunity".[13] Although Lithuania is committed to achieving the rate of 23 percent in total gross final energy demand by 2020, the country does not take active measures to attain that goal. This is understandable – projects like this require huge investments and pay off over a long period of time. Currently, renewable energy amounts to 17 percent of total energy consumption in Lithuania. Meanwhile Estonia is committed to getting 25 percent of renewable energy by 2020; currently, the share of renewables amounts to 23 percent. Latvia is committed to achieving a 39 percent share by 2020. The ambitious goal is justified, for Latvia has the biggest hydro power plant (HPP), and currently, the share of renewables in total energy consumption reaches about 36 percent.[14] A comparison of the three Baltic States reveals that Lithuania has the most ambiguous aim in terms of renewables, but sustainability has no priority over the other two objectives of the common EU energy policy.

It seems that the Baltic States are mostly interested in energy security and competitiveness; therefore, the great projects, presented in the introduction, are high on the energy policy agenda. The section below will examine the

[13] European Commission, *Communication From the Commission to the European Parliament, the Council, the European Economic and Social Committee and Committee of the Regions* "20 20 by 2020: Europe's climate change opportunity". Brussels: European Commission, January 23, 2008, p 3–4. Retrieved from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0030:FIN:EN:PDF> on 17 November 2011.

[14] Re-Shapping, *Shaping an effective and efficient European renewable energy market*, "Renewable Energy Policy Country Profiles", Mach 2011, p. 82–88, 171–195.

validity of the new NPP project in light of these two objectives and will serve as a preparatory stage for the following discussion of what measures are to be taken should these objectives clash with each other.

2. The new nuclear power plant in Lithuania

The Ignalina NPP, which was decommissioned on 31 December 2009, supplied about 70.2 percent of Lithuanian electricity production.[15] A small part was exported. However, since the beginning of 2010, more than 60 percent of electricity has been imported from a single supplier.[16] To compare, Latvia imports about 12 percent[17] and Estonia – 4.7 percent (according to data as of 11 December 2009, i.e., before the decommissioning of the Ignalina NPP).[18] Moreover, Lithuanian energy dependence on Russian gas increased due to the need for electricity generation. It is worth noting that Lithuania's dependence on Russian gas, as well as the dependence of its two sisters, Latvia and Estonia, amounts to 100 percent.

To solve this issue, the three Baltic States are seeking to build a new NPP in Visaginas by 2020. Initially Poland was also involved in the construction plans, but has recently withdrawn from the project. Despite that and Polish plans to built its own nuclear power plant, the decision is arguably not permanent, and the situation might change again. This may depend on the speed of the implementation of the project and the country's belief in its success. Meanwhile the project is moving forward smoothly: the EU and Lithuania have expressed their strong support, the Business and Financial Model has been

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[15] Lietuvos Respublikos valstybės kontrolė, *Valstybinio audito ataskaita. Elektros energijos kainų didėjimo pagrįstumas* [*State Audit Report. The Validity of Increase in Electricity Prices*], 2008 m. gruodžio 30 d. Nr. VA-P2-20-1-28 Vilnius.

[16] UAB „Visagino atominė elektrinė", „Nucleus". (Informacinis leidinys Nr. 15) ["Nucleus". (Informational edition No. 15)]. Vilnius: UAB „Visagino atominė elektrinė ", 2011.

[17] Ministry of Economics of the Republic of Latvia, *Energy*. Rīga, 2012. Retrieved from <http://www.em.gov.lv/em/2nd/?cat=30166&lng=en> on 26 January 2012.

[18] Ministry of Economic Affairs and Communications of the Republic of Estonia, *National Development Plan of the Energy Sector until 2020*. Tallinn: Ministry of Economic Affairs and Communications of the Republic of Estonia, 2009. Retrieved from <http://www.mkm.ee/public/ENMAK_EN.pdf> on 26 January 2012.

prepared, the Environmental Impact Assessment and relevant geological studies have been completed,[19] strategic investor Hitachi has been selected, the negotiations have been completed, and the concession treaty has been initialed. The main driving force for this project is the objective to ensure energy security, to satisfy future electricity demand, and to prevent any electricity shortages, thereby safeguarding against the consequences of the closure of the Ignalina NPP and old power plants. This requires national capacities and alternative supply. Moreover, as noticed in the New National Energy (Energy Independence) Strategy, this objective is the state's priority until 2020.[20]

However, critics argue that the project has no economic grounds. Thus no cost-benefit analysis has been conducted. At first glance, the project of the new NPP quite meets the energy security objective. According to economist Professor Rimantas Rudzkis, "political benefits are more important for politicians; therefore, it is increase in energy independence that is emphasised, but not economic effect"[21]. Concerning competitiveness, as underlined by critics, it is necessary to talk about the cost. Will it be competitive? Will the new NPP establish a monopoly in the energy sector, by radically changing the situation with respect to gas importers, thermal powers and developers of renewable energy? According to Rudzkis' calculations, electricity rates would amount to about 9 euro ct/kWh. Rudzkis emphasises that many doubts concern the possibly protracted construction and unforeseen costs increases. Moreover, the average price of electricity at Lithuanian power exchange amounts to about 5 euro ct/kWh[22] (it is difficult to predict what electricity price will be in 2020. Of course, according to ENTSO-E forecasts, the price would range between

[19] Government of the Republic of Lithuania, *Resolution No. 300 of 22 April, 2009*, "Strategic Directions of the Implementation of the New Nuclear Power Plant Project in Lithuania". Vilnius: Government of the Republic of Lithuania, 2009. Retrieved from <http://www.vae.lt/files/resolution_no_300.doc> on 21 November 2011, p. 3–4.

[20] Lietuvos Respublikos Seimas (note 4), p. 10.

[21] Rudzkis R., „Kiek kainuos VAE gaminama elektros energija?" ["How much will electricity generated by the Visaginas NNP cost?"]. Delfi, 20 November 2008. Retrieved from <http://www.delfi.lt/news/ringas/lit/rrudzkis-kiek-kainuos-vae-gaminama-elektros-energija.d?id=50295440&l=fplead> on 25 November 2011.

[22] BALTPOOL UAB, *Prekybos Lietuvos elektros biržoje duomenys* [*Trade Lithuanian electricity exchange data*], 2010-01-01–2011-11-25. Retrieved from <http://www.baltpool.lt/index.php?585831303> on 25 November 2011.

5 and 9 euro ct/kWh[23]). This price is calculated taking into consideration the construction costs, the discount rate, debt refinancing expenditures that could amount to about 7–8 percent, operation and maintenance, insurance and waste management costs. According to the economist, if the cost of power exchange reached around 9 euro ct/kWh, the electricity price at 9 euro ct/kWh would be competitive. There is, however, one "if", which creates much uncertainty, because of the significant variation in prices. According to the economist, it would be difficult to trade such electricity in the open market because of the cheaper imported electricity on the one hand, and the expected surplus of electricity in the market on the other. But at this point Rudzkis avoids answering the question of what will happen to electricity demand after 2016, when some polluting power plants in Estonia and Poland will be decommissioned following the EU environmental directives.[24] Would this not produce a shortage of electricity supply? Rudzkis attributes the expected surplus to the possible shrinking of the population in the Baltic countries,[25] but emigration mainly depends on economic cycles, while the economy of the region is currently recovering. Although it is impossible to make optimistic projections and maintain that emigration will not increase and all emigrants will return to Lithuania, the extent of emigration should contract a little or become stable.

Economist Dr. Raimondas Kuodis adheres to similar views. According to Kuodis' calculations, electricity prices would also amount to 9 euro ct/kWh until the loan for construction has been paid out. Such a high cost is determined by capital costs which could increase from 5 to 6 bn EUR due to interest rates[26] (according to Kuodis' calculations – 5.5 percent). It is clear that there are two main important variables – construction costs and interest rates. These should be carefully discussed at the political and public level in as much detail

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[23] Lietuvos Respublikos energetikos, „VAE – elektros tiekimo saugumas konkurencinga kaina" ["The Visaginas NPP – security of electricity supply at a competitive price"]. Vilnius, 2010 m. kovo 30 d. Retrieved from <http://www.enmin.lt/lt/naujienos/VAE_tiekimo_saugumas_konkurencinga_kaina.pdf> on 16 April 2011.

[24] UAB „Visagino atominė elektrinė", „Nucleus". (Informacinis leidinys Nr. 10) ["Nucleus". (Informational edition No. 10)]. Vilnius: UAB „Visagino atominė elektrinė ", 2011.

[25] Rudzkis R., (note 20).

[26] Juršytė J. „R. Kuodis: elektra VAE iki paskolų išmokėjimo kainuotų apie 30 ct/kWh" ["R. Kuodis: The Electricity of the Visaginas NPP would cost about 30 ct/kWh until the loan has been paid out"]. Delfi, 9 March 2012. Retrieved from <http://verslas.delfi.lt/energetics/rkuodis-elektra-vae-iki-paskolu-ismokejimo-kainuotu-apie-30-ctkwh.d?id=56491531> on 18 April 2012.

as possible, because any uncertainty regarding competitiveness casts shadows of doubt on the entire project and could negatively affect interest rates, especially when borrowing from commercial banks.

In Kuodis' opinion, when solving energy security and competitiveness issues, it is necessary to focus on interconnection projects like the Lithuania–Sweden electricity interconnection "NordBalt" (to be built by 2015). This interconnection would enable Lithuania to get cheap electricity form Scandinavia.[27] Furthermore, it would solve the issue of an "isolated energy island" by integrating the county into the Western power system, as noticed in the BEMIP.[28] According to Kuodis, the main problem is the failure to prepare a cost-benefit analysis.[29] In Rudzkis' opinion, the new NPP "would increase the average price for consumers and would reduce the country's competitiveness"[30]. It might reduce the country's attractiveness to investors, as they are primarily concerned about economic benefits.

As regards possible alternatives, critics of the Visaginas NPP recommend Lithuania to develop renewable energy sources, such as wind power, solar energy, and biomass. According to the estimates of the Lithuanian Energy Consultants Association, which is usually in favour of the Greens, electricity demand in 2020 will be similar to that of 2011. The main argument of why the demand would not increase is the efficiency of electricity consumption and emigration.[31] But authors of the research do not take into account the aforementioned fact that the polluting power plants in Estonia and Poland are to be decommissioned by 2016. Most importantly, the research is carried out at the national level, while the Visaginas NPP is a regional project. In this way, what alternative to the NPP is offered? According to research findings examining all available potential generating capacities, generation is exceeded by demand by 83 days

[27] Kuodis R., „Nauja atominė elektrinė – amžiaus mitas" ["The New Nuclear Power Plant – the Myth of the Century"], *Respublika*, 2007 m. lapkričio 27 d., p. 3.

[28] European Commission (note 11).

[29] Kuodis R., „Kaip finansuoti naują atominę elektrinę" ["How to Finance the New Nuclear Power Plant"], *Valstybė*, 2007, p. 86–89.

[30] Rudzkis R., (note 20).

[31] Nagevičius M., „Visagino atominės elektrinės projektas ir atsinaujinančių energijos šaltinių energetika – ar yra vietos abiems?" ["The Visaginas NPP and renewables – is there enough place for both in Lithuania?"]. Vilnius: Lietuvos energetikos konsultantų asociacija, 2012.

per year. But if future development of biomass-fired combined heat and power plants over the planned objectives is taken into consideration, this number shrinks to 5 days per year. To fully satisfy the demand, it is recommended to develop offshore wind power plants and solar energy. There are great aims indeed, and such initiatives are highly welcomed. Unfortunately, the cost of electricity generated by alternative sources is still rather high, and the country should subsidise it. In addition, renewable energy sources cannot ensure stable generation of baseload electricity. Kuodis believes that this problem could be solved by diversifying generation capacities, for example, in the geographic context, by developing offshore wind power plants and solar elements in sunny places. The cost of electricity, in turn, could cheapen due to technological progress, innovations and provided that generation operates under economies of scale.[32] This means that, throughout the next decade, the cost of electricity generated by wind power plants would be competitive. Finally, the economist also draws attention to the fact that, if the country

> is ready to build the NPP, *de facto*, it crowds out all other alternatives for decades ahead. It needs to take it into account that it has gone the wrong way, i.e., to rise the cost due to the uncertainty of what alternative technologies would be like in 10–20 years, and what the cost of it would be[33].

In short, the cost of electricity generated by the Visaginas NPP would be uncompetitive and, alongside interconnections, the country should develop alternative sources like wind power plants, in particular, offshore plants (though there has been no detailed planning conducted for marine areas) and biomass energy.

These are, however, only calculations and opinions of several economists accompanied by a limited analysis of the Lithuanian Energy Consultant Association. To get a more comprehensive view, it is necessary to review studies

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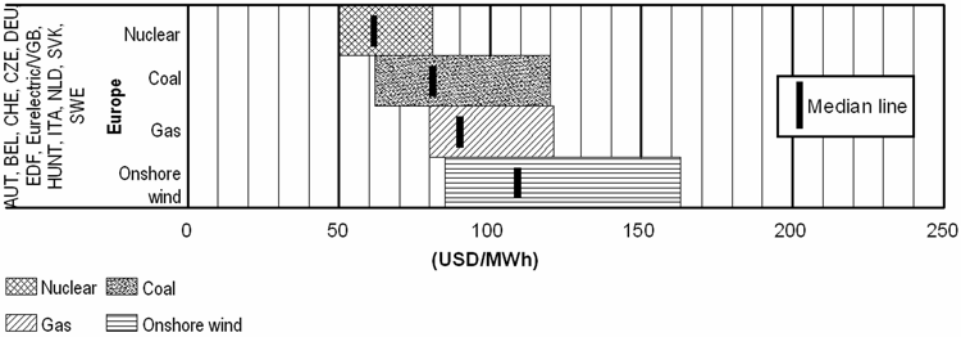
[32] Interview "Ar tikrai energetikoje ignoruojama ekonomika? Kaip ekonominiu požiūriu vertintinas Visagino atominės elektrinės projektas, šilumos ūkio ir dujų monopolijų skaidymas?" ["Is economy really ignored in energy? How should the project of the Visaginas Nuclear Power Plant and the schism between heating and gas monopolies be assessed in terms of economy?"]. Žinių radijas, 28 February 2012. Retrieved from <http://www.ziniur.lt/archyvas/2012/269/aktualusis-interviu/16025/ar-tikrai-energetikoje-ignoruojama-ekonomika-kaip-ekonominiu-poziuriu-vertintinas-visagino-atomines-elektrines-projektas-silumos-ukio-ir-duju-monopoliju-skaidymas-> on 18 April 2012.

[33] *Ibid.*

performed by international agencies like the Organisation for Economic Co-operation and Development (OECD). The study of interest in the present discussion focuses on the expected plan-level costs of baseload electricity generation by power plants that could be commissioned by 2015. Therefore, similar plan-level costs could be attributed to the new NPP, too.

To estimate prospective electricity costs, the levelised costs of electricity (LCOE) are used. The EBPO 2010 Edition includes 21 countries and provides cost data gathered for 190 power plants when baseload electricity is generated by nuclear and fossil thermal power plants as well as a wide range of renewable technologies. The data reveal that, at a 5 percent discount rate, the costs of generating baseload electricity from European nuclear power plants amount about 5 euro ct/kWh (taking into account that 1 EUR – 1.3176 USD). Meanwhile the costs for electricity generation amount to 7 euro ct/kWh when using natural gas, and when using wind power plants – to 8 euro ct/kWh. This is an optimistic scenario (see Figure 1). What is the pessimistic one? According to the scenario, the levelised costs of electricity are calculated at 10 percent discount rate. The costs of generating baseload electricity from nuclear power plants would amount to about 8 euro ct/kWh, from gas-fired ones – to 7 euro ct/kWh, and from wind power plants – to 11 euro ct/kWh (calculations also depend on the exchange rate).[34]

Fig. 1. **Regional ranges of LCOE for nuclear, coal, gas, and onshore wind power plants (with a discount rate of 5 %)**[35]

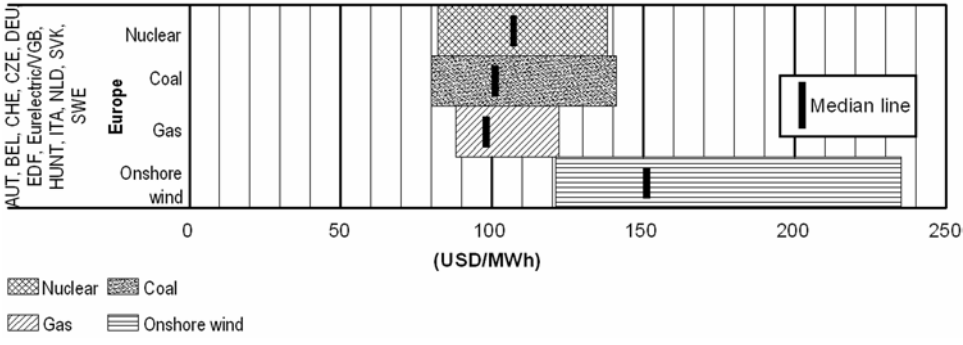


[34] Organisation for Economic Co-operation and Development, International Energy Agency and Organisation for Economic Co-operation and Development, Nuclear Energy Agency, *Projected Costs of Generating Electricity: 2010 Edition*. Paris and Issy-les-Moulineaux, 2010.

[35] *Ibid.*

It seems that, according to a pessimistic scenario, the costs of generating baseload electricity from nuclear power plants would be a bit higher than relevant costs from gas-fired plants (see Figure 2). However, it is important to notice that Lithuania pays the highest price for natural gas in Europe – 480 US dollars per 1000 m^3 (which is not taken into account in the report), and it constitutes from 60 to 80 percent of electricity costs,[36] while nuclear fuel – about 16 percent. In this way, LCOE for gas power plants in Lithuania would be higher by 30 percent and would amount to about 9 euro ct/kW. This is because natural gas is imported from a single supplier – Russian gas monopoly Gazprom, which imposes prices based not only on economic, but also on political reasons. Authors of the edition also argue that the competitiveness of power plants depends on local conditions, i.e. access to resources. The closer the power plant to fuel resources, the cheaper electricity will be produced.[37]

Fig. 2. **Regional ranges of LCOE for nuclear, coal, gas, and onshore wind power plants (at a discount rate of 10 %)**[38]



Electricity produced by the new NPP would be competitive, and competitiveness is a constituent part of energy security. But in terms of security, the project of the new NPP means much more. Critics' arguments that there will be a possibility to import electricity at a competitive price through

[36] UAB „Visagino atominė elektrinė" (note 16).

[37] Organisation for Economic Co-operation and Development, International Energy Agency and Organisation for Economic Co-operation and Development, Nuclear Energy Agency, (note 26).

[38] *Ibid*, 2010.

"NordBalt" and "LitPol link" (to be built by 2015) as well as "EstLink 1" and "EstLink 2" (to be built by 2014) interconnections do not account for the risk of cross-border restrictions that would be introduced because of technical reasons.[39] Moreover, countries lose money purchasing imported electricity. For example, Lithuania expends 0.87–1.16 bn. EUR a year to purchase imported energy resources and thus supports the importers' economies, mainly Russia.[40] Estonia has other problems related to CO_2 emission, because of oil shale-fired power plants that emit more greenhouse gas than natural gas-fired plants. As mentioned before, some of these latter power plants will be decommissioned soon (by 2016) because of the EU environmental directives. Meanwhile Latvia has the Dauguva HPP – the biggest HPP in the Baltics – but, as noticed by Energy Department of Ministry of Economics of the Republic of Latvia, "power plants […] are not capable of producing the required amount of electricity"[41]. The Dauguva HPP uses variable hydro resources, which influences producing electricity in some periods.[42] This is the first sign of the predicted lack of generation capacities in the Baltic region; therefore, the development of power plants is a crucial element in the BEMIP, as not only interconnections, but also generation is considered[43]. This is why the Baltic States must be concerned about energy security. Yet one might wonder why, for example, Finland is constructing the Olkiluoto 3 nuclear power plant and is planning to build Olkiluoto 4, or why Poland seeks to build its own nuclear power plant. The latter country has many coal-fired power plants that greatly pollute the environment and are economically unattractive due to expensive pollution permits.[44]

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[39] Gatermann, R., "Energy fever in the Baltics". European Energy Review, 5 February 2010. Retrieved from <http://www.europeanenergyreview.eu/site/pagina.php?id=1694&zoek=Energy%20fever%20in%20the%20Baltics> on 25 January 2012.

[40] Lietuvos Respublikos Energetikos ministerija, *Lietuvos tikslas Nr. 1 – energetinė nepriklausomybė* [*Lithuanian goal No. 1 – energy independence*], 2011. <http://www.enmin.lt/lt/nes/strategija.pdf>, 25 01 2012.

[41] Ministry of Economics of the Republic of Latvia, *Latvian Energy in Figures*. Rīga 2011, p. 4. Retrieved from <http://www.em.gov.lv/images/modules/items/Latvijas_energetika_skaitlos_2011%281%29.pdf> on 26 January 2012.

[42] *Ibid*, p. 4.

[43] Gatermann R. (note 31).

[44] UAB „Visagino atominė elektrinė" (note 24).

In conclusion, the new NPP will ensure energy security for the Baltic States, i.e., it will eliminate the risk of cross-border restrictions and shortage of electricity supply; it will open an opportunity for full control over supply and will ensure revenues from potential export earnings. The potential export revenue is related to electricity export from the new NPP. Lithuania has now become a net importer of electricity, mainly from Russia. Prior to this, Lithuania was a net exporter of electricity. Currently Lithuania expends about 0.5 bn EUR for electricity import and gas to produce electricity. In addition, the money expended to import electricity would be left in Lithuania and fuel its economy, while electricity would be more competitive and cheaper than electricity generated by gas-fired or wind power plants. Moreover, discount rate has a considerable impact on price. To keep it reasonable, it is important to ensure a sustainable economic growth. It is, however, difficult to predict exactly, because the construction costs could go up, while the construction itself become protracted because of the growing economy. The electricity generated by gas-fired power plants could cheapen because of the LNG terminal that is to be in place by 2014. This terminal will diversify gas supply and will open possibilities of importing gas from alterative suppliers.[45] Together with the gas pipeline between Lithuania and Poland, the terminal will also ensure competition with Russian monopoly Gazprom, which is a precondition for a lower and more reasonable gas price.[46]

Should the electricity cost be higher than its market price, the Government might subsidise part of the cost, for example, nuclear waste management costs (this depends on the outcome of the negotiations with strategic investor Hitachi, but the probability of this type of cost is very low). Nevertheless, the Government's resolution to implement this project shows that the most important objective is to ensure energy security and to remain a nuclear energy state. At the same time, this project ensures a better efficiency of electricity generation because the environment is not polluted by CO_2 emission.

[45] AB „Klaipėdos nafta", „Terminalas". (Suskystintų dujų terminalo naujienlaiškis Nr. 1) ["Terminal". (Liquefied Gas Terminal Newsletter No. 1)]. Klaipėda: AB „Klaipėdos nafta", 2011.

[46] Lietuvos Respublikos Seimas (note 4), p. 26–28.

3. Liquefied natural gas terminal

The biggest problems, however, lie in Lithuanian gas sector. As mentioned before, Lithuania is totally dependent on Russian gas, and this dependence has become particularly acute after the closure of the Ignalina NPP. It was also determined by the infrastructure inherited after the collapse of the Soviet Union. The clearest evidence of such dependence, as underlined in the previous section, is gas price imposed on Lithuania, which amounts to 480 US dollars per 1000 m^3 and is currently the highest in Europe. This is because there are no alternative supply routes which could be competitive with Russian gas monopoly Gazprom and encourage the latter to play under market conditions and impose prices based only on economic, rather than political, reasons.

To solve these issues, Lithuania seeks to diversify its gas supply. Several projects are provided in the National Energy (Energy Independence) Strategy: the LNG terminal, the Lithuania–Poland gas interconnection, the underground gas storage, of which the most important is the construction of the LNG terminal of 2–3 bcm per year with the possibility of expansion by Pig's Back Island in the harbour of Klaipeda. This is the best project that develops the fastest.[47] Currently, it is progressing consistently: thus, the technical adviser has been chosen, the cost-benefit analysis has been completed, the Development Plan and the Strategic Assessment of Environmental Impact have been prepared,[48] Norwegian company Höegh LNG was selected on 12 January 2012 as the preferred bidder for the construction of the floating storage with a regasification unit (FSRU)[49] and a 10-year charter party with purchase options offered after the lease period has been signed.[50]

In terms of energy security, the LNG terminal will diversify gas supply. As a result, Lithuania will not be dependent on a single supplier, which will open an

[47] Lietuvos Respublikos Seimas, (note 4), p. 26–28.

[48] AB „Klaipėdos nafta", „Terminalas". (Suskystintų dujų terminalo naujienlaiškis Nr. 2) ["Terminal". (Liquefied Gas Terminal Newsletter No. 2)]. Klaipėda: AB „Klaipėdos nafta", 2011.

[49] AB „Klaipėdos nafta", „Terminalas". (Suskystintų dujų terminalo naujienlaiškis Nr. 3) ["Terminal". (Liquefied Gas Terminal Newsletter No. 3)]. Klaipėda: AB „Klaipėdos nafta", 2012.

[50] Ramoškaitė I., „„Klaipėdos nafta" pasirašė laivo-plaukiojančios dujų saugyklos nuomos sutartį" [""Klaipėdos nafta" has signed vessel-floating gas storage lease agreement"]. *Verslo žinios*, 2012 m. kovo 2 d. Retrieved from <http://vz.lt/article/2012/2/29/vyriausybe-pritare-idejai-ipareigoti-bendroves-ketvirtadali-isigyjamu-duju-importuoti-per-busima-terminala> on 3 March 2012.

opportunity for full control over flows of gas. Gas could then be imported from the USA, Norway, Central Asia, or the Caspian Basin.[51] In the report of the Strategic Assessment of Environmental Impact of the development plan of the LNG terminal, it is noticed that, according to planning capacities in emergency cases, the terminal alone could provide all Lithuanian secured consumers with the minimum amount of gas.[52] The demand for gas in 2020 is forecasted to range between 1.6 and 3.7 bcm per year.[53] Given these figures, it is believed that security could be insufficient because it does not focus on the satisfaction of all potential need. One of the main arguments for chosen capacities has to do with seasonal variations in consumption, economy considerations being another relevant issue. During the cold time of year, gas consumption is increased relative to the warm period. Due to that gas balancing is designed, i.e., during the summer season the excessive amount of supplying gas would be accumulated and supplied during the winter season to compensate for the lack. To sum up, it is possible to state that security will be ensured sufficiently.

Concerning competitiveness, it is worth noting that the cost-benefit analysis for the period 2013–2023 has been prepared. The conclusions of the analysis reveal that the building of the LNG terminal by Pig's Back Island in the Curonian Bay, the benefit-to-cost ratio amounts to 1.59 in a pessimistic scenario, to 3.87 in a moderate scenario, and to 6.51 in an optimistic scenario.[54] The LNG terminal will also create preconditions for the formation of gas market. First of all, competition with Russian gas monopoly Gazprom will be ensured. Therefore, there is no doubt that the price of gas will be reducing, because gas imported though the terminal is cheaper by 30 percent.[55]

To compare a contractual gas price, i.e., the price imposed under the so-called *take-or-pay* long term contracts, with spot prices, the data of December 2009–December 2010 are used. According to these data, the average spot

[51] AB „Klaipėdos nafta" (note 37).

[52] UAB „Sweco Lietuva", *Suskystintų gamtinių dujų importo terminalo plėtros plano strateginio pasekmių aplinkai vertinimo ataskaita* [*Strategic Environmental Assessment Report on Liquefied Natural Gas Terminal Development plan*], Vilnius: UAB „Sweco Lietuva", 2011.

[53] Lietuvos Respublikos Seimas (note 4), p. 26–28.

[54] UAB „Sweco Lietuva", *Suskystintų gamtinių dujų importo terminalo Plėtros planas* [*Liquefied Natural Gas Terminal Development plan*], Vilnius: UAB „Sweco Lietuva", 2011.

[55] AB „Klaipėdos nafta" (note 37).

price of LNG for Europe amounted to about 6.75 USD per mn Btu (million British Thermal Unit). 1000 m^3 is equivalent to 40 mn Btu.[56] In this way, Belgium, France, Greece, Italy, Portugal, Spain, and United Kingdom averagely paid about 270.08 USD per 1000 m^3 in 2010,[57] whereas Lithuania paid 320 USD per 1000 m^3. The aforementioned European countries imported LNG mainly from Qatar, Yemen, Egypt, Libya, Algeria, Equatorial Guinea Nigeria, Peru, Trinidad, the USA, and Norway. As regards contractual prices, in 2010, Germany paid Gazprom as little as about 220 USD per 1000 m^3– almost by one-third less than Lithuania.[58] It is a contractual price, yet it is lower, because Germany has an alternative supply that competes with Gazprom.

Currently the lowest spot prices for natural gas are to be found in the USA. This relates to captured shale drilling boom, which results in excess gas supply. Prior to that time, the financial and economic crisis caused aggregate demand to contract. Gas prices fell significantly from 188.4 USD per 1000 m^3 in the first quarter of 2009 to 107.5 USD per 1000 m^3 in the third quarter of 2009. In 2010, prices ranged around 158.02 USD per 1000 m^3.[59] Currently, because of cheap shale gas, the US energy sector is one of the potential drivers of the recovering economy. Shale gas could be liquefied and shipped to an importer country. The price of such gas usually consists of three pars: liquefaction ~ 40 USD per 1000 m^3, shipping ~ 16 USD per 1000 m^3, and regasification ~ 16 USD per 1000 m^3.[60] LNG from the USA would be priced at about 230.02 USD per 1000 m^3. This price seems rather competitive.

Another interesting aspect is that all Lithuanian consuming companies will be obliged to purchase no less than 25 percent of the total consumed amount of natural gas. At first glance, it seems that this could clash with the principle

[56] Kristensen J. M., "Liquefied Natural Gas: Global Experience and Economic Benefits". Ramboll Oil & Gas, October 2010.

[57] Agrus Media Ltd, "Global LNG", *LNG Markets, Projects and Infrastructure.* Volume VII, Issue 2, February 2011, p. 21–22.

[58] Lukaitytė R., „A. Sekmokas: Lietuva už dujas moka maždaug trečdaliu daugiau nei Vokietija" ["A. Sekmokas: Lithuania pays for gas by nearly a third more than Germany"]. Delfi, 14 September 2010. Retrieved from: <http://verslas.delfi.lt/energetics/asekmokas-lietuva-uz-dujas-moka-mazdaug-trecdaliu-daugiau-nei-vokietija.d?id=36502729> on 16 April 2012.

[59] Steelonthenet.com, Natural gas prices – USA – 2009–2011. Retrieved from http://www.steelonthenet.com/files/natural_gas_prices_USA.html> on 16 April 2012.

[60] Kristensen J. M. (note 49).

of free competition. But, according to the Government of Lithuania, "this clause is necessary to begin creating a real gas market – that new player could come to current clearly monopolised gas market"[61]. On the contrary, the LNG terminal would be unprofitable and would not ensure payback on investments to be expended to lease, if, for example, Gazprom reduced gas price to the market price level, or even lower. Therefore, the decision made by Lithuania's Government could be reasonable, but such a clause should be applicable for no longer than 10 years, i.e., for the lease period of FSRU vessel.

The gas pipeline between Lithuania and Poland is important in terms of its competitiveness, as it provides the connection between the gas networks of the Baltic States on the one hand and the gas networks of Poland and Western Europe on the other. There are also plans to build a regional LNG terminal in Latvia, which would be financed by the EU. All these measures will make better conditions for the competition and will create the European gas market, which will open an opportunity to buy gas at the lowest price.

One question comes up: should Lithuania participate in the project for constructing the regional LNG terminal? This is a much debated issue. In terms of economy, the answer would be in the affirmative, because, as mentioned, the project would be financed by the EU. However, in terms of security, Lithuania, as well as Estonia, should construct their own LNG terminals, because this would reduce the political risk that one terminal could be taken over, for example, by Gazprom, should it be promised a lower price under the condition to obtain a major stake of the regional LNG operator company. This scenario would again open an opportunity to impose an economically unreasonable gas price. On the other hand, if Lithuania and Estonia decide not to participate in the regional LNG project, Latvia would be at stake in the context of the Baltic region, because there is no strategic energy project either in the gas sector, or in the electricity sector (as is known, "NordBalt" will connect Lithuania and Sweden, "EstLink 2" will connect Estonia and Finland). The best way to ensure energy security and competitiveness in all the Baltic

[61] Ramoškaitė I., „Vyriausybė pritarė idėjai įpareigoti bendroves ketvirtadalį įsigyjamų dujų importuoti per būsimą terminalą" ["The Government has approved the idea to oblige companies to import a quarter of the gas obtained through the future terminal"]. *Verslo žinios*, 28 February 2012. Retrieved from: <http://vz.lt/article/2012/2/29/vyriausybe-pritare-idejai-ipareigoti-bendroves-ketvirtadali-isigyjamu-duju-importuoti-per-busima-terminala> on 3 March 2012.

States, therefore, presupposes that Lithuania and Estonia should invest some money in the construction of their regional LNGs and simultaneously develop their own LNG projects.

In addition to the creation of a competitive gas market, Lithuania seeks to implement the third EU energy package. According to this package, production and supply activities will be separated by gas transmission networks. This is a necessary step for the well-functioning of the LNG, because otherwise, should the tap be turned off by the gas operator, the way to supply imported gas would be blocked.

In conclusion, the LNG terminal will ensure energy independence of Lithuania on imported gas from a single supplier and will provide full control over flows of gas and competition, as it creates opportunities to buy gas at the lowest price while choosing the best offer from several suppliers. Moreover, competitiveness will be increased by the implementation of the third EU energy package, the pipeline to Poland, and the regional LNG terminal in Latvia (if the latter is to be constructed). It will also create a proper background for the formation of the European gas market. Therefore, this project keeps energy security and competitiveness in equilibrium.

Conclusions

Having analysed the validity of the new nuclear power plant and LNG projects, it is possible to conclude to following:

1. The project of the new NPP will ensure energy security and will satisfy future electricity demand for the Baltic States. In addition, it will increase efficiency. In terms of competitiveness, it may be noted that the cost of electricity will be competitive and lower than the cost of generating electricity from gas-fired power plants even though the LNG terminal has been constructed. However, the likelihood of a higher, and consequently less competitive, cost does exist. It depends on what the discount rate will be as well as how much the construction works could increase in price or become protracted. Therefore, it is important to ensure a sustainable economic growth and keep consistency. In a pessimistic scenario, the Government might subsidise part of the cost, for example, by assuming nuclear waste

management costs. The Government resolution shows that this project will not be rejected since, according to the New National Energy (Energy Independence) Strategy, the main goal until 2020 is energy security.

2. Bearing in the mind that Lithuania is totally dependent on imported natural gas from a single supplier and that there is no competition in the gas sector, the LNG terminal will ensure independence from a single supplier and will make conditions for full control over flows of gas and competition, because it allows to choose a gas supplier offering the lowest price. It is worth noting that competitiveness will be ensured by implementing the so-called third EU energy package. As a result, Lithuania will have a well-functioning LNG terminal with transportation and distribution gas pipelines separated. In addition, the Lithuania–Poland gas pipeline and the regional LNG terminal in Latvia will increase competitiveness even more. Therefore, the gas sector is important for Lithuania in terms of security and competitiveness. As has been demonstrated, this project, among other advantages, keeps security and competitiveness in equilibrium because, according to the cost-benefit analysis, it is economically viable on an optimistic, a moderate, and a pessimistic scenario.

Finally, the implementation of the project for the construction of the regional NPP and the LNG terminal will reduce the country's dependence on imported energy sources by diversifying alternative gas supply, increasing domestic energy production, and ensuring an alternative supply of electricity to all the Baltic States and Poland (if the latter decides to participate in the implementation of the new NPP project). The first project will also increase the formation of a common energy market, as indicated in the BEMIP.

Despite that, many questions come up regarding the project of the regional NPP. These are mainly related to the issue of competitiveness. The main question is what electricity cost will be. What will it be if the new NPP is not to be built? According to the results of this article, the cost of electricity will be competitive, but it depends on how rapidly the economy will grow. Meanwhile little research has been done on the impact of economic growth on this project (of course, a cost-benefit analysis could be prepared for that purpose). Such investigation could refine the criteria for the formation and

evaluation of the economic policy and have the nature of a recommendation. It could also help avoid another economic boom that has to do with the construction sector and that threatens high construction costs and discount rates. Indeed, the new NPP means energy security and a competitive price of electricity, opportunities for exporting electricity, as well as the creation of many workplaces and a source of GDP generation. However, the Government must not forget fiscal prudence and must be consistent in implementing the National Energy (Energy Independence) Strategy, since this project is long-term, has a high investment risk, and consequently, needs specific guarantees.

WHY THE EU'S NEW STRATEGY FOR CENTRAL ASIA IS NEEDED

Rustem Kurmanguzhin*

The implementation of the document "The EU and Central Asia: Strategy for a New Partnership" will be completed next year. Notwithstanding the fact that this year the European Union countries are confronted with the important task to overcome the current situation in the eurozone, to recover trust in the markets, and to avoid any new crises in the future, it is necessary to begin preparing a new systematic document of the EU.

The work ahead appears to be intensive. Since Strategy 2007 was launched in 2007, not only Europe, but also the entire region of Central Asia (CA) has changed becoming the venue for such large-scale international events as the Summit of the Organisation for Security and Cooperation in Europe (OSCE) in 2010 and the Council of Foreign Ministers of the Organisation of Islamic Cooperation (OIC) in 2011.

The European Union has made important steps in promoting cooperation with Central Asian countries. In October 2009, the EU lifted sanctions on Uzbekistan; in January 2011, the Agreement on the Establishment of a Diplomatic Representative Office in Tashkent was signed; in February 2012, a Project on Assistance to Reforming the Judicial and Legal System in Uzbekistan was launched[1]. In February of the current year, the EU expressed its readiness to support the Kyrgyz Republic at a new political stage[2], and informed about possible projects with Turkmenistan, including those intended to contribute to the economic strategy in terms of strategic planning, private sector development, and technical regulations[3].

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[1] The EU launched the Project on Assistance to Reforming the Judicial and Legal System in Uzbekistan. http://news.olam.uz/politics/7774.html

[2] Chairman of Jogorku Kenes A. Zheenbekov had a meeting with the European Parliament delegation. http://www.kenesh.kg/RU/Articles/4208-Toraga_ZHogorku_Kenesha_AZHeenbekov_vstretilsya_s_delegaciej_Evropejskogo_parlamenta_.aspxa.

[3] Turkmenistan explores the EU joint projects. http://www.trend.az/capital/business/1982936.html

Over the past period, the Republic of Kazakhstan, one of the Central Asian countries, successfully completed the State Programme "Path to Europe" in 2011[4], which has no any analogues in modern Eurasian history. As is known, the programme was based on the topical, for the Baltic region, issues of transit, transportation, and logistics[5]. Besides, Kazakhstan commenced negotiations on the preparation of a new RK-EU Extended Partnership and Cooperation Agreement in October last year.

It is worth mentioning the participation of a number of Central Asian countries in integration processes in the CIS space (Kazakhstan, along with Russia and Belarus, takes part in forming a Common Economic Space; the Kyrgyz Republic intends to join the Customs Union in late 2012).

Developing a new concept document of the EU, of special interest could be the proposals voiced by Central Asian countries during the meeting of the Troika EU–Central Asia at Ministers' of Foreign Affairs level held on 28 March 2007 in Astana.

It is important to note the Kazakhstan initiatives in the area of regional integration, economic growth, democratisation, energy and security, which in June 2006 were passed to Germany chairing the EU in the first half of 2007.

The experience in preparing the preceding EU Strategy for Central Asia 2002-2006 is also useful. Thus, one could be interested in the agreements reached during the official visit of President Nursultan Nazarbayev to the European Commission (EC), which took place on 27 June 2000, concerning the development of the RK-EU common cooperation doctrine (subsequently, Prime Minister of the RK K. Tokayev and President of the EC R. Prodi exchanged views on the document concept).

As stated above, the doctrine could determine the main modes of cooperation and reflect the possibility to use Kazakhstan as a catalyst of regional interaction to ensure security in Central Asia, the development of economic cooperation and transit potential of the region, fight against organised crime, terrorism and drug trafficking, and environmental protection and water resources management. The shift of the RK-EU relationship to a new level has had a special importance within the common European foreign and defence policy,

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[4] http://www.eucentralasia.eu/fileadmin/user_upload/PDF/other_related_publications/path_to_Europe.pdf

[5] http://ru.delfi.lt/abroad/global/obse-kazahstan-zajmetsya-bezopasnostyu-i-ekonomikoj.d?id=28653975

which has already served as a platform for the implementation of the cooperation strategy of the EU with Russia and Ukraine.

Two main issues Kazakhstan intends to include in the doctrine are the following: access of Kazakhstan's goods and services to the European market (increase in quotas for export of steel products, country accession to the list of the caviar and fish product suppliers, supplies of textile and products of animal origin made in Kazakhstan) and joining the WTO.

Taking into account the efforts on forming the common foreign and defence policy taken at the November session of the meeting of EU foreign and defence ministers, Astana offered Brussels to participate as an observer in the initiative to convene the Conference on Interaction and Confidence-Building Measures in Asia (CICA). Besides, counteraction against new challenges and threats to security (terrorism, extremism, drug trafficking, international crimes, and environmental issues) was considered a current concern not only for Asia, but also for the entire world community.

The interaction between Kazakhstan and the EU on providing security and assistance to the development of regional cooperation between Central Asian states within the 'Shanghai Five' (at present, the Shanghai Cooperation Organisation, i.e. the SCO) was viewed as a beneficial prospect.

The experts expressed solidarity with the goals of the European Economic Community (in which Kazakhstan is an active participant) and the European Union, viz., to create a common market of goods, services, labour and assets, which will form a new groundwork for mutually beneficial economic cooperation in a multilateral format.

The Kazakh side was interested in trade associations, which are to be established in Central Asia and which are similar to European economic companies underlying the EU, e.g., the European Coal and Steel Community, and Euratom, to mention but a few.

The participation of Kazakhstan in the initiative of the Eurasian Partnership within the ASEM Summit formed under the EU and the ASEAN appeared to be particularly important.

Most of these proposals were more or less voiced in further Kazakhstan initiatives.

To be objective, it should be noted that at that time, the EU was not able to 'digest' the ideas put forward by Kazakhstan.

On the one hand, as the outcomes of the first Annual Spring Meeting of the EU on 23-24 March 2001 showed, Brussels was concerned about the solution of other problems, especially the internal ones. These included ageing of population, employment creation, acceleration of economic reforms, and social model modernisation. The foreign policy agenda was devoted to developing relations with Russia, which was confirmed by the participation of President Vladimir Putin in the summit, as well as to the situation in the Balkans (Macedonia). The main issues of the EU summit in Gothenburg, Sweden (14-15 June 2001), captured the future of Europe, climate protection in the world and further development, disarmament and the problems of Macedonia and the Middle East. We had to determine the timeframe for widening the EU (in 2002, the completion of the negotiations on accession; in 2004, the participation of the candidate countries in the European elections). Another topical issue was Greece joining the Economic and Monetary Union on 1 January 2001, which at that time had a government debt at the rate of 103.9 per cent of GDP.

On the other hand, the Europeans were burdened with addressing important problems, including trade and economic interaction with Central Asian countries. For example, during the third session of the EU-Kazakhstan Cooperation Council held in Brussels on 17 July 2001, the participants discussed a range of complicated issues related to the prospects for cooperation within the Agreement on Trade in Steel Products, the adoption of the guideline of the European Commission to accede Kazakhstan to the list of caviar and fish importing countries, the harmonisation of regulatory documents of the RK on the export of products to the EU as well as the supply of livestock products manufactured in Kazakhstan.

It should be noted that in the preparation of a new EU Concept for Central Asia, it is reasonable not only to carry out an objective analysis of the implementation of relevant activities within the existing Strategy, but also to compare them to the priorities of the State Programme "Path to Europe". In particular, at the International Conference "Kazakhstan - Europe: Results and New Horizons for Cooperation" held in Astana on 24 November 2011, Head of the EU Delegation N. Justin emphasised that

> there are substantial areas of common interest between the priorities established in the EU-Central Asia Strategy for a New Partnership adopted by the European Union in 2007

and those in the State Programme of Kazakhstan adopted in 2008. The action plan of the State Programme "Path to Europe" always helped the European side with defining the areas of concrete cooperation[6].

Today, the programme of Kazakhstan is really the only instrument, which clearly states the vision of promising cooperation between the EU and Kazakhstan as one of the Central Asian countries.

Lastly, the success of developing a new conceptual document of the EU depends to a large extent on the mood of the authors, who should as far as possible leave aside the stereotypes formed in the European circles, the roots of which are notions, such as 'our', or 'strange', as mentioned in the works of many European[7], Baltic[8], and Russian[9] experts. Moreover, as some European analysts note, the changes have already influenced the European identity[10]. This, in turn, will help our European partners not only to remove the recurring 'concern', but also to deeper understand the essence of the processes which occur today in one of the world's geopolitically important regions, known as Central Asia.

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[6] http://eeas.europa.eu/delegations/kazakhstan/documents/press_corner/20111124_1_en

[7] Iver B.Neumann. Uses of the Other. "The East" in European Identity Formation. University of Minnesota Perss. 1998.

[8] Inga G. Milevich. language of mass media: reflection of nowadays myths and ideologies. Daugavpils University. http://filologija.vukhf.lt/4-9/doc/Mlevich.doc

[9] Boiko Y.P. The image of 'a stranger' in the European policy. The modern Europe: Diplomatic Academy of the MFA of the Russian Federation. M.: Vostok-Zapad, 2008.

[10] Lucio Caracciolo. Europa: quella identità condivisa che manca all'Unione. La Repubblica 22/12/2011.

BALTIC COOPERATION – EMBODYING TRUST

Paulius Saudargas*

Cooperation among the Baltic States is often described with vivid epithets about unity, historical heritage, competitiveness, and mutual loyalty. These descriptions are true because cooperation among Estonia, Latvia and Lithuania is a stellar example of a multitude of intertwined elements: cooperation, competitiveness, jealousy, struggle for leadership, and so on. Throughout its existence, the dynamics of Baltic cooperation can be described as fluctuating and heterogeneous; this was a consequence of Estonia, Latvia and Lithuania developing domestic and foreign policy and needs, participating in international politics and perceiving external threats, pursuing national interests and goals. This was also a consequence of perceiving the three Baltic States as a unified region. Moreover, these distinct features of Baltic cooperation are characteristic of various time periods and various spheres.

It must be noted that close Baltic cooperation has helped us to achieve much more than we could possibly manage if we had worked separately. Twenty years ago, Estonia, Latvia and Lithuania regained their independence and started on their irreversible course to the European and transatlantic community. Over these years, which are comparable to one human generation, we have jointly managed to transform our political, economic, and social systems. We had to liberate both our societies and our countries from the Soviet model, which was a totally opposite approach to the Western model. The reforms implemented by the Baltic nations were broader and deeper than those undertaken by any other country. It is important to acknowledge that, without cooperation and joint consultations, the realisation of these reforms would have taken much longer.

Reality shows that in "peaceful" times, when the economy is growing, when the GDP is increasing, when we earn more and can consequently spend more,

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when we have similar goals to achieve, we always call Baltic cooperation into question. On the contrary, when we are in troubles, be it an economic/financial crisis, external pressure, or energy isolations, etc., we join our hands to overcome challenges and troubles. Baltic cooperation is not under question; moreover, there are requests for more intense cooperation. Paradoxically, but this is a fact that in "peaceful" times, Baltic cooperation has always sought to answer the question of what the ideal model of cooperation should be. The reason is simple – it is hard for the neighbouring countries to establish cooperation because of their geographical proximity. Gilbert Keith Chesterton, British journalist and novelist, has pointed out:

> Your next-door neighbour is not a man; he is an environment. He is the barking of a dog; he is the noise of a piano; he is a dispute about a party wall; he is drains that are worse than yours, or roses that are better than yours.

Our neighbourly relations are based on this proximity as well as significant similarity of domestic and foreign goals. Which country will be the first to join the EU and NATO? Which country will be more successful in attracting foreign investment? Which country will be considered as the most successful? Similarities and the desire to be better than others are both advantages of and stumbling blocks to our cooperation; they make us wonder about Baltic unity over and over again.

History has taught us that our neighbours are our closest friends and supporters; that cooperation and coordination give more if perceived as fierce competition; that we should always settle disputes through dialogue and cooperation**.** Whatever our specific national interests, the common bitter experience of all the three Baltic States in the past should make politicians emphasise the need for cooperation even more. The political and economic stability and success of each Baltic state is an essential part to the success of all three states. Thus, it is our duty not to leave anyone in this region alone with any worries and problems. We are so closely connected with each other that the success of one has a positive effect on the other two, in the same way as the failure of one affects the reputation of all.

It is obvious that in the past two decades, the events and developments worldwide have been influenced by phenomena, such as globalisation, mutual

dependence, interaction, and vanishing borders**.** In the future, the Baltic States will have to maintain and strengthen their ability to cooperate not only trilaterally, but also multilaterally. Openness to cooperation that we have demonstrated over the past 20 years has enabled us to develop a vast cooperation network that includes key regional policy players.

Priorities to be reached

For the next 2–3 years, Baltic cooperation has formulated powerful and ambitious political priorities to be reached:

Stable energy market. Unfortunately, we are still not part of the European energy market and supply system, and we remain directly dependent on the imported supply of natural gas, oil and, partly, electricity. In the field of energy cooperation, the Baltic States have many joint steps to be taken. The Baltic States are aiming to reach strategic goals of the European Union in terms of the sustainable energy market by ensuring uninterrupted availability of energy products and services on the market at a price which is affordable to all consumers while contributing to achieving the wider social and climate goals. I agree that these are political aims and political statements. Meanwhile our cooperation includes concrete and practical projects: first, the development of the Visaginas nuclear power plant in accordance with the EU's high security standards - something that is particularly important after the Fukushima nuclear disaster; second, the development of a regional liquefied gas terminal in the Baltic States provided for in the BEMIP; and third, promotion of joint renewable energy projects. The Baltic States have to be more active in the practical implementation of joint energy projects and in lobbying for the interests of the Baltic States at the European level. We have to be fully aware of the fact that these issues cannot be solved within one term of the presidency of the Baltic Assembly. The Baltic Assembly has called on the Baltic governments to develop a common long-term Baltic energy strategy, based on a regional approach and interoperability, and to submit it to the national parliaments for approval. All of Europe depends on energy resources, that is, on one or another supplier of resources. In the case of the Baltic States, the only source

of energy we depend on is Russia. Developing a sustainable energy market in the Baltic region is an issue which will always be high on the agenda of Baltic cooperation. It is of strategic importance that our governments draft and the respective national parliaments approve a common long-term Baltic energy strategy with focus on a regional approach and interoperability. Our national parliaments and governments need to have a clear vision grounded in concrete and practical steps to develop a common energy market, namely, what we are going to do next year, in five years and in ten years to reach our goals in the field of energy cooperation.

Enhancing integrated and stable financial markets of the Baltic and Nordic countries. Globalisation provides numerous opportunities for growth, but it also poses serious challenges, especially in the area of finance. The lessons learned from the current financial crisis reveal specific problems in the financial sector of the region. There are common financial groups with significant activities in the Baltic and Nordic countries. There is a need to facilitate the management and resolution of the cross-border systemic crisis, potentially affecting the stability of the financial sectors in the Baltic and Nordic countries. It is clear that the Baltic and the Nordic financial markets are interlinked. Consequently, a financial crisis in one country poses threats to other countries. Our regional and, more generally, the entire European, financial sector can only hold a global competitive edge through further integration and consolidation. Financial integration is continuous and ongoing: major efforts have been made to enhance financial integration, and more are still necessary to achieve a truly integrated market. We are more than confident that our partners in the Nordic Council will be as much interested as we are in forging ahead long-term solutions and actions intended to enhance integrated and stable financial markets.

Developing innovative and competitive economy of the Baltic States. Unfortunately, we still have to put economic problems behind us. We must advance our economy and decrease the deficit. We do have people who have been unemployed for a long time. We have families whose earnings have dropped considerably due to wage cuts and price increases. We face a serious challenge of a demographic decline. We have a complicated situation with

migration. How does the Baltic Assembly plan to address all these challenges and to develop innovative and competitive economy? It is believed that necessary steps have to be taken, first of all, by the Baltic national parliaments and the national governments. What we – Baltic parliamentarians – have to do jointly is to take actions to create preconditions for the development of the region. First of all, we have to unite our efforts to ensure an integrated Baltic research and innovation area. As has been mentioned, we do not need to invent a new "bicycle" – we have to use the experience and model from the Nordic countries in the format of NordForsk and Noria. We will focus on the establishment of the relevant joint research and innovation platform which has already been successfully implemented by our Nordic friends. Secondly, we need continue to work hard to develop a sustainable and secure Baltic energy market. We have to coordinate our transport and infrastructure projects**,** including the creation of a single digital market. In this way, we will promote competitiveness in our countries as well as in the entire region, which will directly influence the welfare of every person in our countries.

Developing the Nordic-Baltic Idea: cultural integration in the region. Baltic and Nordic countries can be characterised by fairly close political integration and co-operation as well as adequately developed economic financial relations; however, there is a lack of projects stimulating cultural integration, bolstering cooperation in everyday life, and cherishing a common Nordic-Baltic Idea. In pursuit of this goal, we would like to launch a virtual platform/network that should encourage cultural integration in the region. It could include festivals of new ideas, search for undiscovered talents and useful contacts between business, science and art institutions, the dissemination of information in the field of culture, and the implementation of new joint projects. The Nordic-Baltic Idea could become an "umbrella" for Nordic-Baltic co-operation in diverse fields on the largest possible scale, which covers not only the countries' elite, but also civil society.

Creating a joint healthcare system in the Baltic States. In 2009, the Baltic States were looking for ways to decrease their expenditures in almost all sectors, including healthcare. The Baltic Assembly initiated a political debate on the need to develop joint projects in this field. This political initiative was

also supported by the Baltic prime ministers. With the active involvement of the governments, we started developing high-quality coordinated healthcare projects: an effective organ transplant system; joint specialised medical centres; a first aid system in border towns; a sperm bank to tackle infertility problems; and a joint procurement system for medicinal products. The implementation of such cooperation projects is a time-consuming process, and the first practical results will reveal themselves only in the next 20 months. Establishing a common system for state-funded procurement of medicines and medical equipment has required concrete actions which envisage joint procurement of certain vaccines for the upcoming years. The concept of joint specialised medical centres in order to ensure more efficient use of professional skills in the Baltic States requires bringing together experts in a highly specialised field. Coordinating emergency help in border towns of the Baltic States has resulted in Estonia's and Latvia's signing an agreement on mutual aid in providing ambulance services in border areas. A similar agreement is now being negotiated between Latvia and Lithuania. Another issue, which has been proposed by the Social Affairs Committee, is the establishment of an efficiently functioning human organ transplant system and a common sperm bank for treating infertility. However, much still remains to be done in establishing a joint healthcare system in the Baltic region.

Conclusion

What we need to understand is that we have to stop questioning the need for Baltic cooperation. We need to stop questioning the level of Baltic unity. We need to stop striving to develop the best regional model in the world. We want to have an ideal model of Baltic cooperation, but we tend to forget that conflicts and disagreements are an integral part of any model of cooperation. Therefore, cooperation is that which enables us to solve disagreements, problems, and conflicts. We have to admit that we have had problems and conflicts, and we are likely to have them in the future, but wisdom and reasons for cooperation lie in the ability to sit around a conference table and solve these problems in a peaceful manner. We will never achieve the ideal model of Baltic cooperation. We pretend that an ideal model must be devoid of conflicts. On the contrary, if there are no conflicts, we have to perceive it as being an illusory model.

What we really have to follow is to embody Trust among our countries at different levels. And this is a more important question compared to the talks on the Baltic identity. If nations trust each other, they tend to forget about the competition and enemies; if the nations trust each other, they will talk openly about their problems. We lack Trust in Baltic cooperation and in the Baltic region. The recent crisis has brought us closer to each other in terms of Trust-building. We have finally overcome what our ancestors could not – we have broken the "vicious circle". When Estonia joined the eurozone in the beginning of 2011, for the first time, we all celebrated the historic event, and our Prime Ministers – Valdis Dombrovskis and Andrius Kubilus – met at the celebrations in Tallinn. This is the way we have to continue.

We must act to fulfil our political purpose – the creation of a prosperous Baltic region. We have to represent and defend our national interests, to express our views on the future of Europe, and to ensure sustainable development and prosperity. The cooperation among our countries must be strong and energetic. Our first duty is to ensure parliamentary cooperation, while our second duty is to implement this cooperation within the framework of the Baltic Assembly the best and most practical way possible. Everyone clearly understands that we do not need cooperation on paper, nor in political declarations. We are striving for the best possible format for cooperation, which will promote prosperity, security, and development of both the Baltic nations and the entire Baltic region.

THE EVOLVING RELATIONS BETWEEN INDIA AND THE BALTIC STATES

Kottookunnel Bhaskaran Usha*

Abstract

This article seeks to reflect upon two decades of India's evolving relations with the Baltic States. It is argued that, indeed, the Indians and the Balts have similarities in culture, language, customs, and ancestry. Revitalising the civilisational ties of the past seems to be relevant, as reflected in speeches of Indian and Baltic political leadership, in order to further strengthen current relations. India's relations with the Baltic States are evolving on the basis of foreign policy priorities, mutual respect and benefits, common interests and challenges. Since the re-establishment of diplomatic relations in 1992, India's cooperation with the Baltic States has been growing in a cordial and friendly way. At present there is a high potential for developing a prospective relation between India and the Baltic States that will bring more progress, prosperity, stability, and well-being to both entities.

Introduction

Pandit Jawaharlal Nehru, the first Prime Minister of independent India, who observed new changes on the map of Europe after World War I, said the following with regard to the Baltic States:

> North of Poland are the Baltic States of Lithuania, Latvia, Estonia, and Finland, all successors of Tsarist Empire. They are small states, but each is a distinct cultural entity with a separate language. You will be interested to know that the Lithuanians are Aryans (like many others in Europe) and their language bears quite a close resemblance of Sanskrit. This is a remarkable fact, which probably many people in India do not realise, and which brings home to us the bonds of which unite distant people.[1]

At present, the world is witnessing another reconfiguration in the map of Europe as a result of the disintegration of the erstwhile Soviet Union in 1991

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[1] Nehru, Jawaharlal, *Glimpses of World History*, New York: John Day Company, 1942, p. 679.

and consequently, the emergence of new independent nations forming a new Europe in the 21st century. As Jawaharlal Nehru stated, now the rebirth of the Baltic States once again brings home to the Indians a distant cultural and linguistic bond that can unite the peoples of the Baltic States and India. The present paper is a reflection on the two decades of India's evolving relations with the Baltic States, which are marching towards progress, prosperity, stability, and success in the 21st century.

1. The Baltic States and India in the Post-Cold War International System

The year 2012 signifies the completion of twenty years of diplomatic relations between India and the Baltic States in the post-Soviet era. This is an occasion to assess the achievements and challenges on the way ahead for further strengthening the relations between India and the Baltic States in various spheres. Throughout 2012, Embassy of the Republic of Lithuania in India is engaged in a year-long programme commemorating twenty years of India-Lithuania diplomatic relations.

After rejoining the international community as independent states in 1991, the Baltic States felt vulnerable within the international system for various reasons. The representation of their history had led them to "return to Europe" and join the European Union as soon as possible in order to save their countries from potential threats from Russia. By joining NATO and the European Union in 2004, the Baltic States took their place on the map of Europe.

In the early years of Soviet disintegration, these countries experienced a severe economic decline, political instability and a social crisis. Achieving economic growth was also an immediate priority in the immediate years following independence, as it was one of the important conditions for joining the European Union. The Baltic States have embarked on a route toward democracy and market economy and have gained considerable achievements. They have established a democratic political system, independent media, the judiciary, a multiparty system and democratic elections to elect representatives to parliament. Compared to other post-Soviet states, the Baltic States stand out as "shining stars".

Within a short span of time, each of the Baltic States has made stupendous economic progress on a par with the developed European economies of Denmark, Sweden, Netherlands, etc. By 2007, the three Baltic States had achieved the growth rate of up to 10-11%, which prompted some commentators to term them as "Baltic Tigers". However, now these states are facing a severe systemic crisis, as they are hit hard by the global economic and the eurozone crises. Consequently, their growth rates have fallen considerably. Latvia has been hit by the global financial and the eurozone crises the hardest. Its unemployment rate is currently very high. Labour migration to other EU countries has increased considerably. Hence, at present, ensuring its territorial and national security, development, and well-being of the people have become Latvia's immediate priorities.

India has always been known for its diverse culture and traditions. Colonised for 200 years, India now harbours various diversities and complexities. Over the past six decades, India has maintained a strong and stable parliamentary democracy and civil liberties.[2] Moreover, India has earned the reputation of the world's largest democracy. At the same time, it may be the only country in the world that has such a great diversity in terms of culture, religion, language, nationality, customs, etc. Every major religion of the world is represented in India. A large number of gods are worshipped here. More than 2000 ethnic/caste groups reside in India. In addition, India owns a large number of languages corresponding to various language families, such as Indo-European, Dravidian, Astro-Asiatic, Tibeto-Burman, Nihali, Burushaki, among many others. It is very difficult to comprehend the diversity of India. It has been reported that more than 1600 spoken languages and dialects with regional variations are used by the people of India. The Constitution of India recognises twenty-two languages as official languages. Despite its vast diversity and striking differences, India has been successful in establishing a strong federal state that cherishes the principle of 'unity in diversity'. This is largely due to the values of Indian culture, which are tightly associated with spiritualism rather than materialism, compassion, simplicity, tolerance, peace, and harmony, and which the people of India abide by. As regards the Baltic States, where the state

[2] Shenoy, Megha, et al., "Indian Energy Policy and Strategy: Pre- and Post-Copenhagen 2009", in Gilles Garbinnier, ed., Energy and Development, New York: Palgrave Macmillan, 2011, p. 99.

language has become the subject of a big controversy in nation-building, it seems that India can offer a lot to learn from its linguistic and cultural diversity management.

India's political objective is to achieve social democracy by providing equal economic and political opportunities for its people. Since 1991, India has also been undergoing neo-liberal transformation. Today India is globally accepted as an emerging economic power. A brief look at the political history behind this achievement will give the reader a better understanding of present-day India.

In 1947, on the eve of India's independence, Winston Churchill, the then British Prime Minister, expressed his opinion that "Power will go to the hands of rascals, rogues and freebooters. All Indian leaders will be of low caliber and men of straw."[3] On 15 August 1947, on the occasion of India's Independence Day, Jawaharlal Nehru called upon the members of the Constituent Assembly through his now famous *Tryst with Destiny* speech to take a solemn pledge to serve India and its people, an emotional moment which Indian citizens cherish even today. Nehru began his speech as follows:

> Long years ago we made a tryst with destiny, and now the time comes when we shall redeem our pledge, not wholly or in full measure, but very substantially. At the stroke of the midnight hour, when the world sleeps, India will awake to life and freedom. A moment comes, which comes but rarely in history, when we step out from the old to the new, when an age ends, and when the soul of a nation, long suppressed, finds utterance. It is fitting that at this solemn moment, we take the pledge of dedication to the service of India and her people and to the still larger cause of humanity.
>
> At the dawn of history, India started on her unending quest, and trackless centuries are filled with her striving and grandeur of her success and failures. Through good and ill fortune alike, she has never lost sight of that quest, forgotten the ideals which gave her strength. We end today a period of misfortunes and India discovers herself again. The achievement we celebrate today is but a step, an opening of opportunity to the greater triumphs and achievements that await us. Are we brave enough and wise enough to grasp this opportunity and accept the challenge of the future?
>
> Freedom and power bring responsibility. The responsibility rests upon this Assembly, a sovereign body representing the sovereign people of India. Before the birth of freedom,

[3] Winston Churchill Quoted in quoted in Kamal Nath, *India's Century*, New Delhi: Tata McGraw Hill Publishing Company Limited, 2008, p. 149.

> we have endured all the pains of labour and our hearts are heavy with the memory of this sorrow. Some of those pains continue even now. Nevertheless, the past is over and it is the future that beckons us now.
>
> That future is not one of ease or resting but of incessant striving so that we may fulfill the pledges we have so often taken and the one we shall take today. The service of India means, the service of the millions who suffer. It means the ending of poverty and ignorance and disease and inequality of opportunity. The ambition of the greatest man of our generation has been to wipe every tear from every eye. That may be beyond us, but as long as there are tears and suffering, so long our work will not be over.[4]

Taking on the vision of Jawaharlal Nehru, present-day India has grown as a global power. According to *Time Magazine*[5], after six decades of independence, India has grown dramatically "as the nation retakes the place it held as a global trade giant long before colonial powers ever arrived here." Currently India is well integrated with the global economy and is undergoing socio-economic transformation. Thus, during the period from 2003 to 2012, India achieved an average growth rate of 7-8%. GDP growth in 2003-2004 was recorded at 8.5 per cent, which made India one of the fastest growing economies among major emerging market economies.[6] India continued its growth and, in 2009-2010, it was recorded at 8.0 per cent. In 2010-11, GDP growth was estimated at 8.6 per cent.[7] In his speech made at Old Fort during his three-day visit to Delhi in March 2006, former US President George W. Bush appreciated the achievements of India made over the past six decades of independence. Bush remarked:

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[4] Nehru, Jawaharlal, "Tryst with Destiny", 14-15 August 1947, Constituent Assembly Debates, http://www.svc.ac.in/files/TRYST%20WITH%20DESTINY.pdf. This speech by Nehru is an inspiration to any nation and people in the world who have undergone the bitter experience of unpleasant destiny of colonisation and occupation and who carry the memory of the sorrow of the past. It was an inspiring call to decolonisation and dedicated service in pursuit of freedom, harmony, equality, fraternity, development, and well-being of people.

[5] Robinson, Simon, "A young giant awakes" *Time Magazine*, 2 August 2007, www.time.com/time/specials/2007/article/o,28804,1649060_1649046_1649036,00.html

[6] Ministry of Finance, Government of India, Annual Report 2004-2005, New Delhi: 2005, http://finmin.nic.in/reports/areng2004-05.pdf

[7] Ministry of Finance, Government of India, Annual Report 2010-2011, New Delhi: 2011, http://finmin.nic.in/reports/AnnualReport2010-11.pdf

> We stand on the ruins of an ancient city that was the capital of an Indian kingdom thousands of years ago. Today it is part of a modern Asian city that is the capital of one of the world's great nations. At the heart of a civilisation that helped give the world mathematics, cutting-edge businesses, now give us the technology of tomorrow. In the birthplace of great religions, a billion souls of varied faiths now live side-by-side in freedom and peace. When you come to India in the 21st century you are inspired by the past, and you can see the future.[8]

Evidently, there is change in international public opinion towards India as well as there is change in India's leadership from rascals to dignified personalities.

However, as Nehru expected, despite promising growth, India could not fulfil its ambition "to wipe every tear from every eye." Despite a high growth rate of approximately 8%, large sections of people in the country still experience poverty, hunger, and malnutrition and earn an income below subsistence level. While on the one hand, India is a growing power, on the other hand, it is a very poor country with multiple social issues remaining as development challenges. Today India has to address these economic inequalities in today's even more complicated, crisis-ridden, situation. The country has to support and work toward improving the standard of living of the poor. This situation urges India to have an external environment conducive to and supportive of domestic socio-economic transformation as well as to bring more opportunities.

Similarly to India, in late 1991, the Baltic States enjoyed the moment of their newly regained independence and freedom from over fifty years of Soviet occupation/colonisation. To borrow Nehru's words, this is an "opening of opportunity" for these young nations "to the greater triumphs and achievements that await" them in the 21st century and beyond. In this connection, what India can offer these nations for their achievements is an opportunity to foster international relations and to develop significant bilateral engagements and economic cooperation.

Although adversely affected, India has largely managed to survive the global financial crisis of 2008. According to Pranab Mukherjee, India managed to

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[8] Bush, George W., quoted in Kamal Nath, India's Century, New Delhi: Tata McGraw Hill Publishing Company Limited, 2008, p. 150.

record 8.4 per cent economic growth in 2009-10 and 2010-11.[9] The estimated growth rate of GDP for 2011-12 is recorded at 6.9%. Mukherjee believes that India's investment rate amounting to 35.1% in 2010-11 should help in the consolidation of growth.[10] While investment growth was reported at 35.8% of GDP in 2005-06, the same is estimated at 37.6% of GDP in 2011-12.[11] These figures suggest that, despite external shocks, India has achieved a moderately stable growth pattern.

India's demographic dividend is a positive factor in regard to the country's economic development. India has a population of 1.21 billion, according to the 2011 census.[12] India accounts for nearly 17.5% of the world's population, while 50% of the people fall under the age of 25. The population under the age of 35 constitutes over 65%. Population projections for India suggest that the country will become the world's most populous country by 2025, surpassing China. Thus it has been projected that India's population will reach 1.6 billion by 2050.[13] A growing middle class and urbanisation are other important features.[14] This means that the domestic market is becoming strong in India.

A high growth potential unleashed by the transformation and liberalisation in India since 1991 offers more investment opportunities for foreign firms. Some of the important sectors include automobile, bio-technology, cement,

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[9] "India needs to be ever ready to deal with any economic crisis", Press Trust of India's News Report on Finance Minister Pranab Mukherjee's speech at Confederation of Indian Industry's Annual General Meeting and National Conference, 17 April 2012, http://articles.economictimes.indiatimes.com/2012-04-17/news/31355477_1_global-recovery-pranab-mukherjee-gdp

[10] India infoline news service, "Pranab Mukherjee's speech at Confederation of Indian Industry's Annual General Meeting and National Conference, 17 April 2012, http://www.indiainfoline.com/Markets/News/Pranab-Mukherjees-speech-at-CII-AGM-National-Conference/5397844606

[11] Department of Economic Affairs, India Incredible Investment Destination: Fact Book, New Delhi: Ministry of Finance, Government of India, 2012, http://finmin.nic.in/the_ministry/dept_eco_affairs/capital_market_div/India_Factbook.pdf

[12] Census of India, "Provisional Population Totals", 2011, http://www.censusindia.gov.in/2011census/censusinfodashboard/index.html

[13] "India to become world's most populous nation by 2050", Economic Times, 18 August 2004, http://articles.economictimes.indiatimes.com/2004-08-18/news/27378941_1_world-population-pace-of-population-growth-population-reference-bureau

[14] For details about demographic change, see James, K.S., "India's demographic change: opportunities and challenges", Science, Vol. 333, no. 6042, pp. 576-580, 29 July 2011, http://www.sciencemag.org/content/333/6042/576.full

chemicals, civil aviation, defence, education, food processing, gems and jewellery, healthcare, heavy industry, IT and IT enabled services, media and entertainment, mining, oil and gas, pharmaceuticals, ports, power, retailing, roads and highways, special economic zones, steel, telecommunications, textiles and tourism and hospitality.[15] According to *Invest India*, a joint venture of the Department of Industrial Policy and Promotion, the Government of India, and the Federation of Indian Chambers of Commerce and Industry, India has emerged as one of the most important attractions for foreign investment and businesses. As *Invest India* suggests, there are several factors and reasons for this: the large and fast growing middle class and advancement of the poor to middle class status; growing domestic consumption; the constantly evolving investor-friendly policy pursued by the Indian Government; lower cost of production due to lower labour rates; availability of skilled manpower and abundant natural resources; English as one of the major business languages; the Government's emphasis on infrastructure improvement; and India's geographic location close to the markets of South East Asia, Middle East, and Europe.[16]

Apart from economic opportunities, international relations could also be developed on the basis of certain common concerns, challenges, and mutually agreed-upon issues. The global economic crisis, global economic management, sustainable development, climate change, maritime piracy, terrorism, the reconstruction of Afghanistan after 2014, are just a few common issues that are relevant for both the Baltic States and India.

Fighting terrorism and combating piracy as well as other extremist activities are in the interest of both entities. This is reflected in the ministerial level meetings held between India and Estonia in 2008, for instance. In the context of ships with Estonian and Indian citizens on board hijacked by pirates in Somalia's coastal waters, Estonian Foreign Minister Urmas Paet and Indian Foreign Minister Pranab Mukherjee discussed combating piracy in Somali waters. To increase security for ship traffic, India dispatched its battleships

[15] Department of Industrial Policy and Promotion, Government of India and Federation of Indian Chambers of Commerce and Industry, Invest India: Guiding Your Investments, 2012, www.investindia.gov.in/?q=investmentopportunities

[16] Department of Industrial Policy and Promotion, Government of India and Federation of Indian Chambers of Commerce and Industry, Invest India: Guiding Your Investments, 2012, http://www.investindia.gov.in/?q=introduction

near the Somali coast. Paet pointed out that "only through well co-ordinated international actions will it be possible to reduce piracy".[17] During the Foreign Ministers' Meeting in 2008, Estonia expressed its perception of India as a serious partner. Foreign Minister Urmas Paet explained that Estonia is interested in intensifying relations with India, one of the greatest nations and a powerful player in global politics. According to Paet, "India's political and economic importance in the world is rapidly increasing. Estonia is interested in closer communication with India" and "wants to promote business contacts as much as possible."[18]

Energy efficiency is another important common-ground issue inviting cooperation in terms of research, development, innovation, renewable energy, clean energy, etc. The Baltic States are keen to diversify their energy imports in order to avoid the danger of depending on one source alone. Both the Baltic States and India have developed energy relations with Central Asian countries like Kazakhstan. However, Central Asia remains an area of both dangers and vital resources, and lack of external connectivity is a concern for both India and the Baltic States in establishing meaningful relations with the Central Asian region. The involvement of India and the Baltic States in the prospects for commercialisation of the Northern Distribution Network (NDN) and New Silk Route are useful for handling logistic challenges confronting both entities. Stability in South Asian region is a significant aspect for peace, security, and development in South Asia and Central Asia in the coming years as well as for international development and engagement in this part of the world. The Baltic States recognise India's role in the stability of the South Asian region, particularly in Pakistan and Afghanistan as well as in relations with Russia and the European Union. In today's turbulent world order, as both the Baltic States and India seek to strengthen their position and legitimacy in the international system, fostering functional bilateral cooperation and relations will be beneficial in addressing many global and regional challenges. This effort is reflected in the foreign policy priorities of the countries in question.

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[17] Spokesperson's Office, " Estonia and India consider combating pirates in Somalia's coastal waters to be crucial", 24.11.2008, http://www.vm.ee/?q=en/node/5246

[18] Ibid.

2. Foreign policy goals, principles, and priorities for India and the Baltic States

Foreign policy priorities are also the reflection of national issues and development priorities for any country. Some of the important priorities defined by Estonia are as follows: ensuring national security, stability, and predictability of international relations; enlarging of the security space; development of partnerships; prevention of international crises as well as crisis management and participation in crisis solving operations; countering of new threats (terrorism, proliferation of weapons of mass destruction, threats from cyberspace, etc.); ensuring premises for the functioning of Estonian economy; liberal economic relations and a liberal economic space; promotion of the norms of international law that seek to further the principles of democracy and the rule of law; promotion of the norms of international law that safeguard human rights; upholding freedom of press; development of cooperation, with partners acknowledging and appreciating common values for the promotion of foreign policy objectives; provision of humanitarian aid; participation in peacekeeping operations, civilian reconstruction, etc.[19]

Latvia's foreign policy objectives are as follows: contribution to safeguarding the stability in the world, a predictable international system where the interests of all members are respected; national security and development; promotion of external economic and bilateral relations beyond EU and Baltic Sea region states; arms control; enhanced dialogue with Central Asian states; continuing involvement in Afghanistan, enhancement of energy security; efficiency and transportation; promotion of tourism, and identification of new markets in countries like India.[20]

Meanwhile Lithuania is getting ready to assume EU presidency in 2013. Consequently, in addition to the EU, NATO and Baltic Sea region priorities and similarly to Latvia and Estonia, Lithuania has defined the following foreign policy objectives: ensuring national security, protection of Lithuania's interests abroad; expansion of trade relations and identification of new market and

[19] Estonian Ministry of Foreign Affairs, "Estonia's foreign policy goals and sub-goals", 2012,http://www.vm.ee/?q=en/node/8565

[20] Ministry of Foreign Affairs, Government of Latvia, "Annual Report by the Minister of Foreign Affairs on activities performed and planned in national foreign policy and on activities performed and planned in European Union matters", March 2012, http://www.am.gov.lv/annual%20report_2401_en.pdf

investment opportunities; fostering energy security, cultural diplomacy, and cultural exchange; preservation of cultural heritage of the Great Grand Duchy of Lithuania; bilateral free trade agreements between EU and third countries, and so on.[21]

India's foreign policy priorities could be seen as the reflection of its basic motifs, ethos and philosophy. Foreign policy is geared toward pursuing national interests in the global environment, domestic priorities as well as development objectives and challenges faced by the country. Since independence, India has posited the goals of achieving global acceptance and increasing economic growth. "Strategic autonomy"[22] is another important aspect of India's foreign policy, according to which India makes decisions regarding its external engagement and global issues based on its national interests. In its external relations, India advocates democratic and mutually beneficial engagement.

India has become one of the emerging economic powers in the international system. In order to sustain its growth level, the country is experiencing a growing demand for energy. Hence energy security has become a crucial factor for sustainable development in India. Currently India is dependent on energy imports from West Asia, Russia, and Central Asia. It is also searching for new sources of energy and is developing renewable energy resources as well as solar and wind energy systems in order to boost its energy efficiency.

Climate and global warming are other challenges that harm the development, human and ecological well-being. Consequently, low carbon energy use is one of India's goals in addressing climate change. Food security, terrorism, Islamic militancy and extremism are also found among policy priorities in India.

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[21] Seimas of Republic of Lithuania, Resolution No. XI-52, "Programme of the Government of the Republic of Lithuania", 9 December 2008, http://www.urm.lt/popup2.php?nr=1&item_id=256&_m_e_id=4&_menu_i_id=162;164&no_cache=1

[22] "Strategic autonomy" is the capacity to follow foreign policy without aligning with or against any state or bloc. This policy is generally called non-alignment, as propounded by Jawaharlal Nehru. This strategy is subject to debate both in the West and in India: during the cold war, India felt a greater affinity with the Soviet Union, while after the cold war, India's relations with the US emerged as controversial. In the context of emerging complex and multipolar global order, India has to develop relations with multiple countries following strategic autonomy. Scholars are skeptical about whether India can retain its decision-making autonomy in the present day world while enlarging and deepening relations with the US, Europe, China, Russia, and other countries. Dutt, V.P., Foreign Policy in Twenty First Century: An Overview, in V.D. Copra, ed., India's Foreign Policy in the Twenty First Century, New Delhi: Kalpaz Publications, 2006, pp. 19-30.

India's engagement aims to develop a peaceful, prosperous and stable neighbourhood. However, there are several challenges in the region which India has to address in order to achieve this goal. The situation in Afghanistan poses a threat to India's national security. Although India has civilisational and historical ties with Afghanistan, when the Taliban, a fundamentalist force, came to power, India's relations with Afghanistan became strained. In particular, the Taliban's connections with Pakistani cross-border terrorist forces engaged in a proxy war in Kashmir have become a concern for India. The Taliban was seen as the creation of a Pakistani intelligence agency, Inter Services Intelligence (ISI). Pakistan has set the objective to control access to Central Asia by gaining "strategic depth" in Afghanistan. India opposed the Taliban; along with Russia and Iran, it supported the moderate Northern Alliance, comprised of different ethnic groups such as Tajiks, Uzbeks, Hazaras, and other minorities.[23]

India had had good relations with the EU even before the Baltic States joined the organisation. To be more precise, the EU is one of the leading economic partners of India. In the context of presently evolving ties between India and the Baltic States, India's long-standing ties with Europe offer some understanding. Europe has taken keen interest in Indian thought and philosophy since the days of classical antiquity. This fascination with India has been an inspirational force among the Baltic States, too.

3. The Balts and the Indians: common linguistic and cultural roots

The Baltic States,[24] which were independent during the interwar period (1918-1940) and were made part of Soviet Union during WW II, have now

[23] Muni, S. D., *India's Foreign Policy: The Democracy Dimension*, New Delhi: Cambridge University Press India Pvt. Ltd, 2009. p.102

[24] Among the three Baltic States - Estonia, Latvia and Lithuania - linguistically speaking, Estonians are Baltic Finns and Latvians and Lithuanians are Balts. Latvians and Lithuanians speak Baltic languages while Estonians speak the Finno-Ugric language. It was after the World War I that the term the "Baltic States" came into use to denote these three states as a single geopolitical unit. In the Soviet period, these states were known as Pribaltika. In the post-cold war period a common Baltic Sea regional identity including these states has been evolving. Andres Kasekamp, A History of Baltic States, London: Palgrave Macmillan, 2010, p. ix.

become famous worldwide. They are in the process of discovering, inventing, or reinventing, and preserving their civilisational, cultural, historical, and political past so as to reconstruct their identity in the new modern/postmodern/post-colonial circumstances, thereby attaining their rightful position in Europe, and to build a legitimate and dignified status in the international system. Consequently, the Baltic States are focused on strengthening international relations, history, culture, language, civilisational values, thoughts, ideas, and ideals which are cherished and pursued in each country.

It seems that the Baltic States have great respect for and genuine interest in Indian thought and ideas. In their independence movement known as "The Singing Revolution" and "The Baltic Way", the main ideology adopted was that of non-violence. The Baltic States have partly borrowed this idea from the political philosophy of Mahatma Gandhi, the main ideologue, strategist and visionary of India's independence movement. In the last years of the existence of the Soviet Union, as the Baltic States were planning their own struggle for independence, Baltic intellectuals studied and discussed the ideology and strategy of India's freedom struggle led by Gandhi.[25] This inspiration seems to have derived from the social belief of the common ancestral origin of the Indians and the Balts.[26] Many authors have touched upon this theme in pursuit of the truth. These facts suggest that there is plenty of room for mutual understanding, learning and benefits. Revitalising Indo-Baltic civilisational and historical ties of the past has its relevance at present, as it is conducive to more stable and prosperous cooperation, which is beneficial for both the Baltic States and India.

Meanwhile the ancient connection between the Balts and the Indians is almost an unknown subject in India. However, historical sources that are available testify that the Baltic States have a strong fascination towards India and a long tradition of Oriental/Indology studies. The Indo-European linguistic and cultural background is depicted as the basis of this common origin hypothesis. Indian author Suniti Kumar Chatterji, who studied the Indo-European background of the Balts and the Aryans, wrote in the 1960s:

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[25] Personal communication with Prof. Zaneta Ozolina (Department of Political Science, University of Latvia), who was an active participant of the freedom movement in Latvia, and with Prof. Vytis Ciubrinskas, (Center for Oriental Studies, Vilnius University, Lithuania).

[26] This is a controversial subject that requires further investigation. Several hypotheses and theses exist which either reject or support the common ancestral origin of the Balts and the Indians.

It may be mentioned in passing that during the nineteenth century, when the Baltic peoples, the Latvians and the Lithuanians, began to study their national literature of the Dainas and became conscious of their Indo-European heritage, through their study of it from the German Sanskritists who took a leading part in establishing the "Aryan" or Indo-Germanic or Indo-European bases of culture of the European peoples, they developed an uncritical and a rather emotional idea that the Baltic peoples came from the East-from Asia- and as they thought, from India too. … Baltic writers and poets like Andrejs Pumpurs, the Latvian poet who composed the Latvian national epic of Lacplesis (based on Latvian ballads and myths and legends) in 1888, and Janis Rainis, (1865-1929), the national poet of Latvia, and writers also from Lithuania, described in glowing terms how the culture and wisdom and even the origin of the Balts was from far-away Asia in the East, from India itself. The Latvian writer, Fr. Malbergis, actually wrote in 1856 that the Latvians like the Russians and Germans came from the Banks of Ganga. … A wise people, the Burtnieks, according to the Latvian tradition, brought all science and knowledge to Latvia from India. … The old Lithuanian priestesses, the Vaidilutes, used to tend the sacred fire as part of the old Indo-European Balt religious rite, and this fire, as a modern Lithuanian poet suggested, 'arrived in Lithuania from the banks of Ind'[27].

Chatterji further analyses:

All this yearning among a section of the cultivated Balts in the nineteenth-twentieth centuries can be easily understood as a kind of nostalgia for the golden land of their ancestors in far-away mystic India, the home of Sanskrit and the Vedas which echoed the Baltic speeches and the *Dainas-a* nostalgia which was partly the result of a sense of a national frustration from which the Balts had to suffer from the fourteenth century onwards through the aggression of the Germans, the Poles and the Tsaristic Russians[28]. However, he mentioned modern science and linguistics were establishing it the other way also. "It is the land of the Balts and Slavs of the present day which was the Urheimat of the Indi-Europeans, and the Vedic Aryans went to India ultimately from the Balto-Slav areas[29].

In whatever way, this narrative illustrates that the Balts and the Indians had some historical links indeed.

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[27] Chatterji, Suniti Kumar, Balts and Aryans: In their Indo-European Background, Simla: Indian Institute of Advanced Study,1968, pp. 23-24.

[28] Chatterji, p. 24.

[29] Ibid.

Jirgens observes that the cultural matrix of the Baltic languages embeds diverse pre-Christian myths. Indo-European influences found in Latvia and Lithuania reach back to myths and belief structures of ancient India. Philologist and historian Tadeušs Puisānsalso points out the direct connection of the Latvian and the Lithuanian languages to ancient Sanskrit, one of the classical languages in India. The Anglo-German ethnologist Max Müller (1833-1900) has also identified links between the Sanskrit "Deva" (deity: bright or shining one) and the Lithuanian "Dievas" or the Latvian "Dievs" (both signifying God). Therefore, scholarly research suggests that linguistic and mythic roots exert a profound influence on all the three Baltic nations.[30]

A comparative study of Indo-European languages traces the pedigrees of Latvian and Lithuanian religions to the hypothetical time of the ancient Indo-European unity some 4,000 years ago and compares Baltic gods, myths and rituals to those of the ancient Greeks and Indians. The Indo-European connections with ancient pagan traditions remain important to the modern Latvian and Lithuanian pagans. The myths of pre-Christian Latvian *dainas* and Lithuanian *dainos*, for example, have often been compared to the Vedic hymns of ancient India.[31]

Archeological research and historical evidence seem to have established a similarity between Indian and Baltic customs and traditions. Marija Gimbutas observed that the beginnings of many Indo-European groups were almost simultaneous. The scholar believes that the forefathers of the Balts and old Indians lived in the Eurasian steppes over 4000 years ago.[32] A ritual similar to *Sati* in India was prevalent in Lithuanian society. According to Gimbutas,

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[30] Jirgens, Karl E., "Fusions of discourse: postcolonial/postmodern horizons in Baltic culture", in Violeta Kelertas, ed., Baltic Post colonialism, Amsterdam: Radopi, 2006, pp. 64-65.

[31] Strmiska, Michael, "The music of the past in modern Baltic paganism", Nova Religio: The Journal of Alternative and Emergent Religions, Vol. 8, No. 3 (March 2005), pp. 39-58, p. 41. The author has come across a citation from a work published in the 1960s that states: "Our religious ideas show a surprising closeness to those of the Indian Vedas. Such a similarity attests that the source of the religion of both peoples lies in the [religion] of the proto-Aryans to whom the Latvians (the Balts), Indians and the Iranians have the closest relationship." Michael's end note no. 9, cited from Janis Dardedzis, Latvian Religion: An Outline, New York: NujorkasDievturuKopa, 1968, pp. 32-35.

[32] Gimbutas, Marija, The Balts, London: Thamnmes and Hudson, 1963, p. 43.

> The frequent double graves of a man and a woman indicate the custom of self-immolation by the widow. The wife must follow to death her deceased husband — a custom which continued among Hindus in India (suttee) into the present century, and in Lithuania is recorded in the thirteenth and fourteenth centuries AD.[33]

Likewise, similarities in marriage and wedding ceremonies have been reported. As Oskar Loorists puts it, "The wedding ceremony stabilises itself according to the Aryan pattern and even today surprisingly similar to what it is in India".[34]

India's ancient connections with the Baltic States derive predominantly from missionary activities. Thanks to missionary work, Lithuania discovered India as early as the 16th century. The knowledge obtained was predominantly related to the Evangelical missionary work in India, but also comprised descriptions of the caste system, religions, yoga teachings, and Indian classical literature. For instance, A. Nerling (1861-1872) and J. Hesse (1869-1873) were the first Estonian missionaries to come to India in the mid-19th century. Later, several others followed. E. Eckhold was reported to be the first person of Estonian origin to visit India, at the end of the 17th century. The famous seafarer A.J. von Krusenstern was in Madras and Calcutta in 1797. Through missionary expeditions, a lot of information about India reached Estonia, too, and several articles and books were published. The "Puhhapaiwa Wahhe-luggemissed" ("Sunday Intermediary Readings") of Otto W. Masing (1818) was the first written work in Estonian to touch upon India.[35] In 1912, writer Andres Saal made a significant contribution by publishing longer articles about the Indian epic "Mahabharata", drama and folk wisdom in "Olevik" ("The Present").[36]

The University of Tartu, established in 1632 AD, had several publications on the Sanskrit language and literature. In 1837, the university started to offer

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[33] Ibid, p. 42.

[34] Loorists, Oskar, "The stratification of Estonian folk-religion", Slavonic and East European Review, vol. 45, no. 85, June 1957, pp. 360-378, p. 370.

[35] Ibid.

[36] Estonian Ministry of Foreign Affairs, "Estonia and India", **25.11.2011,** http://www.vm.ee/?q=en/node/95

Sanskrit courses. It is a notable fact that Tartu University was home to many world famous Orientalists of Estonian Baltic-German origin. Among them, the renowned scholar of Indian studies Leopold von Schroeder and Buddhologist and philosopher Hermann Graf Keyserling deserve special mention.[37] Estonian Buddhists played an important role in spreading Buddhism in Europe. The first person who disseminated Buddhism in Estonia was Karlis August M. Tennisons (1873-1962), also known as the Sangharaja of Estonia, Lithuania and Latvia, the Buddhist Archbishop and the Baltic Mahatma. Thanks to his activities, Buddhism spread in all the Baltic States.[38]

Another possible ancient connection between the Indians and the Balts has to do with economic relations and trade, maritime trade in particular. The Silk Route and the Amber Road, two ancient trade routes, help assume the existence of Indo-Baltic trade connections. Historical evidence suggests that, since pre-historic times, amber was found, used, and exported by tribes inhabiting the shores of the Baltic Sea.[39] Thus it may be maintained that amber might have come to India through ancient traders. The Balts traded amber to the Roman Empire, while the latter traded directly with South India. Amber beads have been available in Indian market since ancient times. In particular, amber has been imported to India by the Oxus-Taxila route since the sixth century BC.[40]

Revived after independence, Indology and Oriental Studies in the Baltic States show that there has been a deep and long-standing interest in the ideas and culture of India. Keen interest in India's religions, philosophy, culture, customs, myths, spirituality, etc. has contributed to the formation of a strong tradition of Oriental Studies in the Baltic States. Today Indology remains one of the important branches of the Baltic Oriental Studies.

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[37] Mall, Linnart, Studies in the Astasahasrika Prajnaparamita and other Essays, Delhi: Motilal Banarsidass, 2005, p. 194.

[38] Belka, Lubos, "Buddhism in Estonia", Religion, State and Society, vol. 27, no. 2, 1999, pp. 245-248, p. 245.

[39] Charpentier, Jarl, "The original home of the Indo-Europeans: Two Lectures Delivered at the School of Oriental Studies, London, on 10th and 17th June 1925", Bulletin of the School of Oriental Studies, University of London, vol. 4, no. 1, 1926, pp. 147-170, p. 162.

[40] Prasad, Prakash Charan, Foreign Trade and Commerce in Ancient India, New Delhi: Abhinav Publications, 1977, p. 215.

4. India in Oriental Studies of the Baltic States

Baltic Indologists have demonstrated great interest in Rabindranath Tagore and his philosophy. In this respect, Karlis Egle of Latvia is a great source. His translations from English have introduced the works by Rabindranath Tagore to Latvian people. Latvian translators of Indian prose and poetry were the first who, as early as the beginning of the 20th century, initiated studies of India, which was already perceived as a country with an ancient and diverse culture. The Latvian poet Rainis, alongside other Latvian litterateurs of the time mentioned earlier in this paper, explored Indian philosophy.

Since the 19th century, many Baltic intellectuals have been interested in studies about India. Linnart Mall is an eminent personality who has significantly contributed to Buddhist studies and, more generally, to the development of Oriental Studies in Tartu University in Estonia. Mall studied Indian languages of Hindi and Sanskrit and translated many religious and ancient literary texts. During his "academic exile" in the 1970s, Mall published his translations on a yearly basis thereby braving the strict Soviet ban on religious studies. *Dhammapada*, *Diamond Sutra*, *Bhagavadgita*, etc. are but a few of his works published in Estonian during this period. Mall also translated into Estonian "Twenty-Five Tales of the Vetala", a famous collection of ancient tales, and *Sukasaptati*, ("the Parrot Book").[41]

Latvian interest in Indology was observable even in the Soviet period. Translations of Indian texts by Rabindranath Tagore and others into Latvian were available to Latvian readers. In post-Soviet Latvia, Viktors Ivbulis, Professor in Oriental Studies at the University of Latvia, has become the leading scholar in Indology. In 2002, the Indian government recognised the significant contribution made by Ivbulis, the first Latvian scholar to translate the works of Tagore from the Bengali originals, by awarding him the prize of the West Bengal State. According to Ivbulis, the interest in Tagore could be traced back to the times of William Jones. A nine-volume translation of Tagore's works was published between 1925 and 1939 in Latvia. Works by Tagore inspired Ivbulis to start his own research. As a result, Ivbulis wrote articles and books devoted to Tagore for over three decades. He said:

[41] Mall, p. 196.

> Sir William Jones's translation of Sakuntala appeared in 1789. Europe, which was then trying to develop romanticism, saw in it a culmination of their aspirations. The translation profoundly influenced the Oriental scholars in Germany and Latvia was long under the dominance of Germany. Love for Sanskrit plays came through German Imperialism in the 19th century. Tagore became popular in the 1920s after the Nobel award and he was thought of as a mystic. But we saw him as one among ourselves. We always see India close with brotherly attachment. Our freedom struggle is also not different from that of India.[42]

In Lithuania, academics got interested in Indian studies, too, especially because of the affinity between the Lithuanian language and Sanskrit. Vydunas (Vilhelmas Storost, 1868-1953) could be referred to as one of the most prominent Indology scholars during the Soviet era. In Lithuania, he is placed on a par with such Indian leaders as Mahatma Gandhi, Rabindranath Tagore, and Sri Aurobindo. Vydunas was interested in Indian philosophy, in particular, Hindu religious philosophy and spirituality to such an extent that he created a system of philosophy school based on Vedanta.[43] In her lecture delivered at the Indian Council of World Affairs on 11 November 2011, Ms. Asta Skaisgiryte Liauškienė, Vice-Minister of Foreign Affairs of the Republic of Lithuania, acknowledged that Indian philosophy has been popular in Lithuania since as far back as the 19th century. In the 20th century, intellectuals involved in the Lithuanian national movement relied on the Gandhian way of gaining independence. Gandhi, Vivekananda and Tagore were translated into Lithuanian so as to be accessible to the broad masses of the population of Lithuania. Ms Liauškienė also mentioned the fact that Hermann Kallenbach, Gandhi's close friend, was a Lithuanian. Sonja Schlesin, Gandhi's private secretary in South Africa, was Lithuanian, too. All this suggests that, through personal relations, Lithuania was connected to Indian leadership during Gandhi's period.[44]

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[42] Kumar, Amshan, "Lapping up Indian literature", The Hindu, 8 March 2002, http://www.hindu.com/thehindu/fr/2002/03/08/stories/2002030801490600.htm

[43] Ministry of External affairs, Government of India, "India-Lithuania relations", January 2012, http://meaindia.nic.in/mystart.php?id=50044494

[44] Liauškiene, Asta Skaisgiryte, Vice-Minister, Ministry of Foreign Affairs of the Republic of Lithuania, "Lithuania: A hub in the centre of Europe", Lecture delivered to commemorate the 20th anniversary of Indo-Lithuanian diplomatic relations, 11 November, 2011, http://icwadelhi.info/index.php?option=com_seyret&Itemid=0&task=videodirectlink&id=16

In 1996, a separate centre for Indian studies, under the Department of Oriental Studies, was established at Vilnius University, Lithuania. Among other valuable contributions, special mention should be made of Professor Audrius Beinorius' monograph, *Imagining Otherness: Postcolonial Perspective to Indian Religious Culture*.[45] In his critically acclaimed book, Beinorius sought to develop a new perspective on the religions of India in the 21st century.[46]

In this way, Indian culture, philosophy, literature, history and Hindi are widely taught at university level across the Baltic States. For its part, the Government of India encourages research and donates books to Baltic universities. In January 2011, the Indian Council of Cultural Relations and Mykolas Romeris University (Vilnius) signed a Memorandum of Understanding in order to establish the first ever Chair of Indian Studies in the Baltic States. The Memorandum came into effect on 1 September 2011.

Academic collaboration and educational opportunities are two important factors that can promote bilateral relations. Jawaharlal Nehru University (JNU), one of the premier centres of academic excellence in social sciences in India, is the most important institution that currently promotes comprehensive studies on the Baltic States in India. An area of research and teaching devoted to the Baltic States has been developed under the auspices of the Centre for Russian and Central Asian Studies of the School of International Studies, JNU. In particular, the course "Politics and Society in the Baltic States" has been offered by the author of the present article to students of M. Phil programme. Since 2009, JNU students have submitted several dissertations on various subjects pertaining to Estonia, Latvia and Lithuania realities. Topics explored include political change, EU integration, political parties, labour market, globalisation, economic transition, democracy, civil society, energy security, Russia's relations with the Baltic States, and so on. Research on the Baltic States is still in its earliest stages, and publications on the subject are forthcoming. JNU has developed closer academic collaboration with prominent educational institutions in the Baltic States, such as the University of Latvia and Vilnius University, Lithuania.

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[45] Beinorius, Audrius, Imagining Otherness: Postcolonial Perspective to Indian Religious Culture, Bibliotheca Orientalia et Comparativa, 7, Vilnius: Kronta, 2006.

[46] Beinorius, Audrius, "Buddhism in the early European imagination: a historical perspective", Acta Orientalia Vilnensia, vol. 6, no. 2, 2005, pp. 7-22.

5. Bilateral relations between India and the Baltic States since 1991

India first recognised the Baltic States on 22 September 1921, when the nations became members of the League of Nations[47] and then in 1991. By 1992, India had established diplomatic relations with all the three Baltic States. Since 1993, many high-level mutual visits have taken place and several agreements have been signed between India and Latvia, Lithuania, and Estonia. Most recently, visits from Estonia to India have been paid by Urmas Paet, Foreign Minister (November 2008), Ene Ergma, Speaker of Estonian Parliament (April 2010), Artis Kampars, Latvian Economics Minister, accompanied by a business delegation (February 2010), and Marko Mihkelson, Chairman of Foreign Affairs Committee of Riigikogu (March 2012). Prominent Indian figures visited Estonia, viz., Preneet Kaur, Minister of State for External Affairs, (May 2011), P.K. Bansal, Minister of Parliamentary Affairs and Science & Technology (June 2011), and Kapil Sibal, Minister of Human Resource Development and Communications and Information Technology (September 2011).[48] From India, the recent high-level visits to Latvia were paid by Anand Sharma, Minister of State for External Affairs, (March 2007) and Preneet Kaur, Minister of State for External Affairs, (March 31-April 2, 2011).[49] From

[47] It has been reported that the three Baltic States were admitted to the League of Nations on 22 September 1921, and since India recognised Estonia on 22 September 1921, it could be assumed that India recognised Latvia and Lithuania on this date, too. See Estonian Ministry of Foreign Affairs, "Estonia-India bilateral relations", April 2012, www.vm.ee/?q=en/node/95. India was one of the founding members of the League of Nations. Though India was under British rule, in response to Indian people's committed and selfless contribution to British Raj during WWI, British government decided to pursue some reforms granting India a sort of autonomy for self-rule. Government of India Act (Montague-Chelmsford Reforms) of 1919 granted provincial autonomy and allowed elected representatives of India in the provincial administration. The idea of national self-determination was supported by leaders like Woodrow Wilson, who believed that India should have dominion status. However, this proposal was rejected by Gandhi as he was not ready to compromise the idea of full independence for India. India's membership in the League was the result of several Imperial conferences held from 1907. For details see V.P. Menon, Transfer of Power in India, Princeton: Princeton University Press, 1957; Dina Nath Verma, India and League of Nations, Patna: Bharati Bhavan, 1968.

[48] Ministry of External Affairs, Government of India, "India-Estonia relations", February 2012, http://meaindia.nic.in/mystart.php?id=50042458

[49] Ministry of External Affairs, Government of India, "India-Latvia relations", January 2012, http://meaindia.nic.in/mystart.php?id=50044490

Lithuania, Vygaudas Usackas, Lithuanian Foreign Minister (December 2009) and a three-member Lithuanian parliamentary delegation headed by Deputy Speaker Algis Kaseta (November 2010) visited India. From India, Preneet Kaur, Minister of State for External Affairs, paid a visit to Lithuania in March 2011 and in June 2011.[50]

Since the beginning of the reestablishment of diplomatic relations, India has signed several important bilateral agreements with all the three Baltic States. Important agreements signed between India and Estonia include Agreement on Principles of Cooperation (October 1993), Agreement on Trade and Economic Cooperation (October 1993), Agreement on Economic and Technical Cooperation (October1993), Agreement on Cooperation in the Spheres of Culture, Education, Science, Sports, Arts, Mass-Media, Tourism and Youth Affairs (October 1993), Protocol on Bilateral Foreign Office Consultations (August 1995), Agreement on Cooperation in the Fields of Science and Technology (February 1999), Joint Business Council Agreement (FICCI & Estonian Chamber of Commerce) and Double Taxation Avoidance Agreement (September 2011). An Agreement on Promotion and Protection of Investments is currently under negotiation.

India has signed a number of agreements with Latvia with regard to strengthening bilateral relations and promoting trade and investment and cultural relations. Among these are Declaration of Principles and Directions of Co-operation (September, 1995), Protocol on Foreign Office Consultations (September 1995), Air Services Agreement (October 1997), Agreement on the Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation (27 June 2001), Cultural Exchange Programme (May 2006), and Bilateral Investment Protection Agreement (February 2010).[51]

The important agreements signed between India and Lithuania include Agreement on Trade and Economic Cooperation (July 1993), Protocol on Bilateral Consultations between the two Foreign Offices (August 1995), Agreement on Air Services (February 2001), Agreement on Cooperation in

[50] Ministry of External Affairs, Government of India, "India-Lithuania relations", January 2012, http://meaindia.nic.in/mystart.php?id= 50044494

[51] Ministry of External Affairs, Government of India, "India-Latvia relations", January 2012, http://meaindia.nic.in/mystart.php?id=50044490

Spheres of Culture, Science and Education (February 2001), Agreement on Economic and Technical Cooperation in February 2001, Bilateral Investment Promotion and Protection Agreement (March 2011), and Double Taxation Avoidance Agreement (July 2011).[52]

In addition, other institutional instruments have been set up to promote bilateral relations. The Centre for Latvian-Indian Culture in Riga (1994), Latvian-Indian Friendship Society (1998)[53] and India-Lithuania Forum (2010) are but a few examples. In December 2010, an India-Latvia Parliamentary Friendship Group in Latvian Saeima was set up. The Baltic States experience a great wave of interest in Indian tradition and culture, in particular dance, music, yoga, Ayurvedic medicine, etc. For example, there is a number of Ayurveda and yoga centres across the region. In addition, the ISKCON movement enjoys popularity in all the three Baltic States.

The Baltic States are beneficiaries of the Indian Technical and Economic Cooperation Programme (ITEC). The ITEC offers a broad range of courses in various subjects, notably banking, mass communications, English, financial management, urban development management, human resource development, foreign trade, auditing, and so on. As regards Baltic specialists, a large number of professionals including medical doctors, environmental protection experts, economists, linguists, and Foreign Ministry staff have undergone training in India. In their turn, the Baltic States provide training to Indian nationals in a wide range of subjects, medicine in particular, through various educational institutions.

6. Economic relations between India and the Baltic States

Baltic media have reported that India's economy is estimated to become the fifth largest in the world by 2025. If this is to happen, Indian economy will probably be larger than German economy. Citibank forecasts state that India might even grow into the world's largest economy by 2050. Taking the

[52] Ministry of External Affairs, Government of India, "India-Lithuania relations", January 2012, http://meaindia.nic.in/mystart.php?id= 50044494

[53] Ministry of Foreign Affairs, Republic of Latvia, "Relations between Latvia and India", 15 October 2007, http://www.am.gov.lv/en/security/news/4457/?pg=7955

forecasts of Baltic media into account, this is the right time to see how the Baltic States can establish closer relations with India.[54]

Concerning the development of economic relations with India, two important cooperation frameworks remain significant: the European Union and the Baltic Sea Region (BSR). India has good relations with the EU and many countries in the BSR. Currently the EU is one of the main sources of investment in India. Bilateral economic data on India's trade with the Baltic States shows an increasing trend. As per Indian trade data, in 2009-10, bilateral trade between India and Latvia stood at $202 million.[55] According to Lithuanian trade data, bilateral trade was $117.9 million in 2009 and $184 million in 2010. In January-November 2011, India-Lithuania bilateral trade stood at $200 million.[56] India's trade with Estonia is also modest. In 2011, Estonia's trade with India constituted 0.5% of Estonia's total trade.[57] Major items of import from India include pharmaceuticals, cosmetics, textiles, cotton, leather products, tea, and metals. Imports from Estonia include copper, iron and steel, paper products, and machinery. In Lithuania, major items of import from India include pharmaceuticals, cosmetics, textiles and consumer goods. Major items of export to India include machinery and mechanical appliances, high-tech optical instruments, base metals and articles of base metal, chemicals, sulphur, lime and cement. Logistics and information technology are two important areas of joint projects between India and Lithuania. Thus Indian Automatic Teller Machines (ATMs) are secured by Lithuanian software.[58] Indian exports to Latvia include tea, coffee, tools, pharmaceuticals, chemicals, garments, iron & steel, etc. Indian imports include chemicals, fertilisers, iron

[54] Tere, Juhan, "Estonian companies looking towards India", 19 January 2012, http://www.baltic-course.com/eng/good_for_business/?doc=51860

[55] Ministry of External Affairs, Government of India, "India-Latvia relations", January 2012, http://meaindia.nic.in/mystart.php?id=50044490

[56] Ministry of External Affairs, Government of India, "India-Lithuania relations", January 2012, http://meaindia.nic.in/mystart.php?id= 50044494

[57] Ministry of External Affairs, Government of India, "India-Estonia relations", February 2012, http://meaindia.nic.in/mystart.php?id=50042458

[58] Liauškiene, Asta Skaisgiryte, Vice-Minister, Ministry of Foreign Affairs of the Republic of Lithuania, "Lithuania: A hub in the centre of Europe", Lecture delivered to commemorate the 20th anniversary of Indo-Lithuanian diplomatic relations, 11 November, 2011, http://icwadelhi.info/index.php?option=com_seyret&Itemid=0&task=videodirectlink&id=16

& steel, machinery, etc. There are around 42 registered Indian ventures in Latvia, which range from production to marketing to software development. Indian investment in Latvia constitutes about $1.7 million.

The processes of Europeanisation and globalisation pushed the Baltic States into global economy. Today, Baltic economy remains as a transit hub between East and West, including goods from China and Russia to reach western markets. For increased trade, the Baltic States have extended their diplomatic links to other parts of the world, including China, India, and Latin America. For example, former Latvian foreign minister Artis Pabriks has keenly encouraged commercial relationships with China and India.[59] For India, the friendly Baltic States act not only as a gateway to the EU and Russia, but also as unsaturated new markets that offer high potential of investment opportunities. Availability of high quality human resources is an added advantage for the Baltic States. Many Indian companies have started viewing the BSR as a region advantageous for India to enter into European market, while the BSR market itself is perceived as an added incentive to Indian investment.[60]

The BSR is in search of Indian investment in several sectors, notably life sciences, engineering, and IT & telecom. Meanwhile Indian companies like Indorama, Wipro, Tata Consultancy Services, Larsen & Toubro and Bharat Forge have started investing in the region.[61] The Indian government has also developed interest in the Baltic States. Tourism, construction of infrastructure and engineering technologies, pharmacy and financial services are potential areas of economic cooperation, including trade, between India and the Baltic States.

As EU members, the Baltic States could exploit several areas of India-EU "strategic partnership" in order to expand their relations with India by. Adopted in 2005 and revised in 2008, the Joint Action Plan is a comprehensive mechanism for strengthening political and economic policy dialogue and

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[59] David J. Galbreath, Ainius Lašas, and Jeremy W. Lamoreaux, Continuity and Change in the Baltic Sea Region: Comparing Foreign Policies, Amsterdam: Radopi, 2006, pp. 144-145

[60] Rajan, Nandagopal, "Indian investment can ride the Baltic tigers to destination Europe", Indian Express, 10 September 2007, http://www.indianexpress.com/news/indian-investment-can-ride-the-baltic-tigers-to-destination-europe/215411/3

[61] Mishra, Gaurie, "Baltic region wants Indian investments", 10 September 2007, http://articles.economictimes.indiatimes.com/2007-09-10/news/27687770_1_indian-companies-investments-baltic-sea-region

cooperation, bringing together peoples and cultures and developing trade and investment.[62] As a bloc of 27 states, the EU is India's largest trading partner. In 2010, India remained EU's eighth largest trading partner. In addition, the EU is one of the largest sources of FDI inflows to India. The most important EU countries that invest in India are the UK, Germany, France, the Netherlands, and Italy. It is believed that the Baltic States benefit from India-EU business links. The India-EU Broad Based Trade and Investment Agreement (BTIA) negotiations are another instrument where the Baltic States can pursue their interest as EU members.

Since 2007, twelve rounds of negotiations have taken place. The last round of negotiation was held in New Delhi on 10 February 2012. The joint statement from India and the EU declares that both sides are committed to working together with a balanced and result-oriented approach, considering the respective development priorities based on common shared values of democracy, rule of law, civil liberties, fundamental freedoms, and respect for human rights.[63] During the summit, both sides welcomed the Joint Declaration on Enhanced Cooperation in Energy and reaffirmed their commitment to strengthening cooperation in energy, clean development, and climate change. In addition, the parties discussed various global and regional issues in pursuit of joint action and cooperation. Both the EU and India condemned terrorism. The summit called for peaceful uses of nuclear energy. Substantial discussions were held on cooperative engagement in energy cooperation, science and technology, culture, counter-terrorism, piracy and cyber-security.[64]

Conclusions

India's political leadership views the Baltic States as distinct cultural entities with linguistic and cultural traditions similar to those of India, which could be relevant in developing meaningful relations. For their part, the Baltic States

[62] Ministry of External Affairs, Government of India, India-EU Relations, January 2012, http://meaindia.nic.in/staticfile/EUJan2012.pdf

[63] Ministry of External Affairs, Government of India, Joint Statement from India and the European Union on the 12th India-EU Summit, February 10, 2012 http://meaindia.nic.in/mystart.php?id=530519010

[64] Ibid.

have a respectable and friendly perception towards India. The author's personal interactions with Baltic (Latvian and Lithuanian) scholars and his recent visit to Latvia have formed the impression that people in these countries feel a genuine and somewhat nostalgic affinity with India, its culture, religions, philosophy, and spirituality. Thus, for example, Baltic people believe that their ancestral connections are similar to those of Indians. They believe that the Indians and the Balts have common cultural roots. For instance, certain fabric designs in Latvia are similar to Indian designs. To summarise, in the minds of people of the Baltic States, India evokes notions of a distinct culture.

Since the re-establishment of diplomatic relations in 1992, India's cooperation with the Baltic States has evolved in a friendly way based on mutual understanding in various spheres, including diplomatic relations, economy, trade, science, education, culture, and parliamentary affairs. The Baltic States are looking for expanding the horizon of their international relations beyond Europe and towards Asia. They have also begun to perceive India as a serious partner. However, the relations between India and Baltic states are still in their early stages. In comparison to China's involvement in the region, India's presence in the Baltic States seems to be minimal even though India projects itself as an emerging global power and an attractive destination for foreign investment. Geographic distance and high costs may be two major challenges that affect the speed and time of enhancing relations. As regards opportunities, the existing framework of "strategic partnership" between India and the EU could be exploited by the Baltic States in order to strengthen the region's relations with India. There are remarkable prospects and a potential for further developing and strengthening the cordial and friendly relations between India and the Baltic States. Regrettably, to date India does not have embassies in any of the Baltic States. It is suggested that India's political establishment should take more interest in enhancing the mutually beneficial cooperation with the Baltic States, three of the 27 EU members, by establishing embassies, and especially in Lithuania, the hub of Europe, which takes up the EU presidency in 2013, in order to expand India's presence in this part of the EU.