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ASSESSING THE EUROPEAN CRITERIA IN BOSNIA AND HERZEGOVINA: A LITMUS TEST FOR THE EUROPEAN UNION

Bedrudin BRLJAVAC¹

So far many scholarly analyses were released and fierce academic debates pursued in which the European Union member states are criticized for not speaking “with a single voice” with regards to its common and harmonized policies in international politics. Similarly, in this paper I analysed the European Union approach towards Bosnia and Herzegovina in terms of all-embracing Europeanization process of BiH from the perspective of the EU's capabilities to influence domestic policy-making process in the country. Although it is very difficult to find the most appropriate and feasible model in a multi-ethnic and multi-ethnic Bosnia the EU should have more harmonized and clear policy approach towards this country. We came to conclusion that the EU is deeply divided, incoherent, and weak in terms of its Europeanizing policies in BiH thus further deepening political impasse in the country. This also proves that to some extent the EU itself is responsible for long-lasting status quo in the country since it is today having a role of international player from which Bosnian ordinary citizens have quite high expectations. This is in fact seriously undermining the credibility of the EU since it could not so far assert and prove itself as an attractive and powerful actor that is capable of resolving cumbersome ‘Bosnian complex story’.

1 ‘THE BOSNIAN STANDARDS’ FOR THE EU

Although today very often it can be read in newspapers and scholarly papers that Bosnia and Herzegovina is passing from the Dayton era to the Brussels era it is far from truth that the European Union has developed successful and useful policy instruments in the country. A recent statement delivered by Milorad Dodik, the populist leader of the most popular Bosnian Serb party -

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the Union of Independent Social Democrats (SNSD), in relation to appointment of Peter Sørensen as a new Head of EU Delegation to Bosnia and Herzegovina, that he has set measures and conditions in order to establish good cooperation with the European Union provide indicative picture of unclear and complex relations between Bosnia and Herzegovina (hereinafter, Bosnia or BiH) and the European Union. In fact, Dodik said that Sorensen will have a partner in Republika Srpska only if the solutions for Bosnian problems are not imposed from international community.² Thus, even before the international official came to Bosnia Bosnian politics has prepared some standards and conditions to be respected and considered in his work with local politicians. This is quite a paradoxical situation since it is the EU which is setting the standards to be implemented rather than politicians from the potential candidate and candidate countries. In fact, he and, in other instances, a number of local politicians re-modify the European standards in line with their "Bosnian standards" built in particularistic ideological interests. As a result, such political positions and views the Bosnian politicians hold clearly display, more than anything else, a seriousness of the credibility crisis that the European Union member states are facing in Bosnia and Herzegovina.

Put differently, the promise of European Union membership has not be "sufficient instrument" for the Bosnian politicians to make them respect the European values, norms and rules and work on their implementation into domestic policies. Although ruling political elites are from time to time making statements that their objective is the accession into the EU most of them are doing very little to make the country closer to Brussels. Furthermore, most of the ruling Bosnian politicians are still living in the past while the EU-related agenda should encourage them to look towards common and peaceful future. Such political constellations explicitly demonstrate deepness and seriousness in which Bosnian political sphere is confronted with since the very end of the war in Bosnia 1992-1995. Rather than focusing on issues related with the European integration and the well being of the ordinary citizens, politicians in Bosnia emphasize politics which appeal to emotions thus further increasing inter-ethnic polarization and disputes. That is, it is clearest indication of the post-war arrogance and irresponsible political rhetoric of ethno-nationalist political elites. As Kurt Bassuener points out, "the Dayton constitution makes leveraging fear politically profitable and politicians unaccountable. Bosnian politicians pursue their self-aggrandizing, maximalist goals at the expense of the general welfare."³ As a result, under the domination of the same nationalist political elites Bosnia has been suffering more than a decade long status quo. There is no doubt that the Bosnian political discourse is completely dominated by ethnocratic political elites in every aspect of political, economic, administrative and social state of affairs.

As a matter of fact, ethno-nationalist parties have been dominating political life in Bosnia from the first democratic elections held in 1990. Such a trend of preferring strictly ethnic parties by BiH electorate has repeated each election with the only exception of the elections from 2000 when Social Democratic Party, (Socijaldemokratska partija, SDP), a multi-national political party, won the elections. Thus, a political competition for votes has been based mainly on extremist rhetoric, so-called politics of outbidding, has continuously taken place in the post-war BiH as nationalist parties have cemented their early

² Dejan Šajinović, "Nema razgovora dok se narušava Dejton," *Nezavisne novine*, 24 July 2011.

³ Kurt Bassuener, *How to pull out of Bosnia-Herzegovina's dead-end: A strategy for Success* (Sarajevo: Democratization Policy Council, 2009), 1.

seize of power in successive elections.⁴ However, on very important issues ethnic political leaders could not reach necessary compromises for the whole country to continue its reform process toward the EU membership. As Nadaždin-Defterdarevic argues: “*the dominance of nationalist parties perpetuates a climate of ethnic intolerance and political exclusion. Monopoly position of any political actor directly threatens the core of democracy which best flourish within the environment of political pluralism and mutual dialogue. The monopoly of nationalist parties in decision-making in BiH perfectly confirms that*”.⁵ In addition, the EC concluded: “In BiH, nationalist rhetoric by key political leaders is challenging the arrangements established by the Dayton/Paris peace agreement and has stalled reforms. Much needed reforms of the police and of the constitutional framework have failed to make progress”.⁶ Although domestic political leaders are rightly blamed for slow reform process in the country rarely is the position and responsibility for the deadlock sought among the European Union member states. Since Europeanization process is a two-way street both the EU and aspirant country hold a responsibility for the pace of the process. Thus, the research question on which this paper is concentrated is: why is the European Union, to some extent, responsible for the long-lasting political deadlock in Bosnia and Herzegovina?

2 RELATIONS BETWEEN BIH AND THE EUROPEAN UNION

Since the early independence of BiH in 1992 it has established diplomatic relations with the European Union. However, BiH and the European Union have been in tight economic and political relations only after the war in Bosnia. That is, in the aftermath of the war in Bosnia which ended in December 1995 the European Union has intensified its strategic activities towards the western Balkans region in whole, including Bosnia. The end of the war was the shift in the EU governance towards the western Balkans in general and BiH in particular. That is, the EU proposed one after another the initiatives that were supposed to strengthen the European perspective of BiH.⁷ The first such initiative came from France during its EU presidency in December 1996 within the framework of the so-called Royaumont Process. The initiative’s main objective was the stabilization and peace-building in South-East Europe. The Royaumont Process was the first regional strategy towards the WB. Furthermore, the EU developed a regional approach launching a political and economic conditionality for the development of bilateral relations. Better to say, through the PHARE and OBNOVA humanitarian programmes, beginning in 1997, the EU initiated for the first time in the region political and economic conditionality as its economic assistance under the mentioned initiatives was provided on condition that recipients respect human rights, democracy, and the rule of law.⁸ This was a clear sign that the EU has changed its approach towards western Balkans region and towards Bosnia from passive and incoherent to more active and united one. That is, the EU member states have understood that without stable and peaceful western Balkans it is impossible to expect stability and

⁴ See Jarstad, Anna. *Dilemmas of War-to-Democracy Transitions*, paper presented at the conference ‘State, Conflict, and Democracy’, 12–13 May 2006. Lund: Lund University.

⁵ Personal interview with Mirjana Nadaždin-Defterdarevic, Professor of Law, University of Džemal Bijedić, Mostar.

⁶ See European Commission. *Commission Staff Working Document: Bosnia and Herzegovina 2007 Progress Report*, Brussels: European Commission.

⁷ Emir Hadžikadunić, *Od Dejtona do Brisela* (Sarajevo: ACIPS, 2005), 51.

⁸ Ana E. Juncos, “The EU’s post-conflict intervention in Bosnia and Herzegovina: (re)integrating the Balkans and/or (re)inventing the EU?,” *Southeast European Politics*, 6, 2 (2005), 96.

security in the European bloc itself. The intensification of the Kosovo war in 1999, however, showed that existing EU strategy based on the Regional Approach was weak to adequately face the new challenges in the region. In fact, the war in Kosovo made EU leaders to rethink their approach towards the WB.

In this light, in June 1998 the EU-BiH Consultative Task Force was established. Its major area of responsibility was to provide technical and expert advice in the field of judiciary, education, media, administration, and economy. In Susko's words, this marked BiH official approximation towards the EU membership.⁹ Furthermore, the same year in June the EU and BiH officials signed the "Declaration of Special Relations between EU and BiH". Then in 1999 the EU has initiated Stabilisation and Association Process (SAP) establishing more concrete and tangible political and economic links with the regional countries. The newest Approach was based on the principle of conditionality as the central tool for advancing the EU relations with the Balkans countries while also renewing the set of policies: (1) financial assistance, (2) unilateral trade preferences and (3) enhanced cooperation agreements.¹⁰ Later in June 2000 in the Feira European Council, the member states agreed that all the SAP countries, including Bosnia, are potential candidates for future EU membership. Also, on 8 March 2000 the EU Commissioner Chris Patten announced the Road Map for BiH as the first step in the framework of SAP. The document identified 18 initial steps which had to be implemented and which could lead to a feasibility study for a SAA with the EU. On 24 November 2000 in Zagreb Summit the relations with EU were further strengthened. In exchange for an EU offer of a future membership, the WB countries were ready to implement all necessary measures of the SAA when signed. Furthermore, the Thessalonica Summit of June 2003 was critical event to clarify that the SAA signed with the WB countries was to be the first and the last contractual agreement which will lead the target countries to the EU membership. A new European partnership with Bosnia and Herzegovina was adopted by the Council on 18 February 2008. Following a difficult and slow reform process Bosnian government signed a Stabilisation and Association Agreements (SAA) with the EU in June 2008, which was the first pre-accession tool towards the country's EU membership.¹¹ Since then little progress has been done due to harsh ethno-nationalist rhetoric. Also, the EU is not faultless for the long-lasting status quo in Bosnia.

3 THE EUROPEANIZATION PROCESS AND BIH

Since Bosnia and Herzegovina has been more than a decade passing through deep and thorough European Union-related reform process, in the literature of the European integration better known as Europeanization process, the European Union is expected to develop more clear-cut and coherent strategy toward this EU aspirant country. That is, Domm stresses that "the recommendation here is for the EU, aided by the EEAS, to move

⁹ Dževada Šuško, "EU Enlargement and the Case of Bosnia and Herzegovina: A Brief Historical Sketch," *Journal of the Faculty of Arts and Social Sciences of International University Sarajevo*, 2, 1 (2009), 104–105.

¹⁰ Christian Pippan, "The rocky road to Europe: the EU stabilization and association process for the Western Balkans and the principle of conditionality," *European Foreign Affairs Review*, 9, 2 (2004), 221–229.

¹¹ Elitsa Vucheva, "Bosnia signs EU pre-accession deal," *EUobserver*, 17 June 2008.

towards a more coherent, credible policy towards Bosnia.¹² In fact, Europeanization process is not only about adopting and implementing EU policies, rules, norms and values into the domestic economic, legal and political context it is equally important that the EU has set clear standards, measures and rules which are to be adopted by aspirants on the membership. As Anastasakis and Bechev conclude, “the criteria and benefits of (EU) conditionality must be visible not just to the elites but also to the citizens, in order to sustain momentum for reform along the long and difficult road to accession.¹³ Better to say, Europeanization process as a comprehensive reform and transformation oriented process is a two-way street between the European Union and the countries that aspire for the EU membership. That’s why, it is of paramount importance that the roles and responsibilities both of the European Union and the EU aspirants, in this case Bosnia, are clearly defined and stressed. Otherwise, the Europeanization will become a process that could be understood and implemented in practice in many different ways by all actors included, and especially by obstructionist, extremist and even anti-European forces.

The concept of Europeanization has become very popular and fashionable term within the study of European integration and the EU foreign policy. There have been a variety of definitions made in relation to Europeanization. However, most of them interpret this process as reform process in domestic political and economic system affected by policies decided at the European level. In more global terms, Anastasakis argues that “Europeanization is a means and an end; it is method as well as substance; it is a project and a vision. It signifies a certain political, socioeconomic, and cultural reality, but it is also an ideology, a symbol, and a myth. It has universal value by virtue of its historical, holistic, and globalizing nature.¹⁴ In addition, Europeanization can be comprehended from the angle of “top-down approach” as some form of domestic change that is caused by European decision-making. Similarly, Radaelli defines Europeanization as a “processes of (a) construction, (b) diffusion and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, ways of doing things and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourses, identities, political structures and public policies”.¹⁵ However, very often it happens that European norms and values are in clash with EU aspirant's values and norms. As Rory Domm argues “despite the rhetoric, Europeanization, whereby vast numbers of detailed, non-negotiable rules are adopted by applicant countries, is hardly always consistent with local ownership.¹⁶ Therefore, it is crucial that the EU find the way and develop solid methods how to diffuse and transmit its rules, policies, values and a European paradigm as an overall concept. It is even more challenging in the multi-ethnic and multi-cultural communities such as Bosnian one since it is of crucial importance to help the country enter the EU and ensure that fundamental balance among ethnic groups is guaranteed.

¹² Rory Domm, “Next steps on Bosnia-Herzegovina: key elements to a revised EU strategy,” *Southeast European and Black Sea Studies*, 11, 1 (2011), 64.

¹³ Othon Anastasakis and Dimitar Bechev, *EU Conditionality in South East Europe: Bringing Commitment to the Process* (Oxford: European Studies Centre, St Antony’s College University of Oxford, 2003), 5.

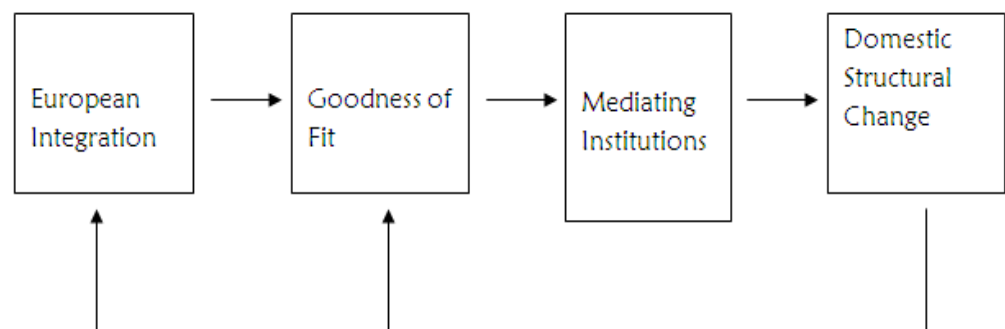
¹⁴ Othon Anastasakis, “The Europeanization of the Balkans,” *The Brown Journal of World Affairs*, 12, 1 (2005), 77–78.

¹⁵ Claudio M. Radaelli, “Wither Europeanization? Concept stretching and substantive chance,” *European Integration Online Papers*, 3, 7 (2000). Available at <http://eiop.ot.at/eiop/comment/1999-007c.htm> (February 2011).

¹⁶ Rory Domm, “Next steps on Bosnia-Herzegovina: key elements to a revised EU strategy,” *Southeast European and Black Sea Studies*, 11, 1 (2011), 58.

In fact, Europeanization is a logical extension of the EU integration theory. It gained special popularity among academia during the 1990s and beyond.¹⁷ Europeanization process may have two functions. First, it explains the influence of the European politics and institutions on the domestic politics. Second, Europeanization stresses the process of change through which domestic actors adapt to European integration. Such an Europeanization effect is best illustrated through the ‘basic paradigm’, although very general one (Figure 1). The paradigm emphasizes that European integration process leads to pressures to make necessary adjustments and structural adaptations which are then influenced by a domestic factors, and finally to outcomes.¹⁸ Indeed, the Europeanization has critical transformative power in the member states which are ready to adopt required policies and laws in line with the clear-cut EU agenda. Here, a degree of pressure created by the process of Europeanization is of crucial importance. That is, this pressure is a function of the degree of fit (misfit) or congruence (incongruence) between “Europe” and the domestic level.¹⁹ As a result, degree of fit or misfit leads to adaptation pressures. Simply put, if the EU policies and its standards and criteria are similar to those at the domestic level then pressure for reform is much lower and so substantive. The pressure from the EU institutions is greater and more substantial when the internal dynamics in the EU aspirant are obstructionist and even Euro-sceptic. However, such pressure is a necessary but not a sufficient condition for reforms to be made by domestic actors.²⁰ The most important thing is that internal political and social actors, and ordinary citizens especially, among the EU applicants are likely to act and behave in line with values, norms, regulations and standards that are previously accepted in the EU community as a democratic, liberal and prosperous. Thus, the EU is there to “show the way, while domestic forces will continue to walk on that way” making necessary adjustments and adopting required EU-agenda.

FIGURE 1: EUROPEANIZATION AND DOMESTIC CHANGE



Source: Risse et al. (2001, 6) in Cowles et al.

¹⁷ Robert Ladrech, “Europeanization of Domestic Politics and Institutions; the Case of France,” *Journal of Common Market Studies*, 32, 1 (1994), 70.

¹⁸ Thomas Risse, Maria G. Cowles and Caporaso James, “Europeanization and Domestic Change: Introduction,” in *Transforming Europe: Europeanization and Domestic Change*, ed. Maria G. Cowles et al (Ithaca and London: Cornell University Press, 2001), 6.

¹⁹ James Caporaso, “The Three Worlds of Regional Integration Theory,” in *Europeanization: New Research Agendas*, ed. Paolo Graziano and Maarten P. Vink (London: Palgrave Macmillan, 2008), 28.

²⁰ Tanja Borzel and Thomas Risse, “Conceptualizing the Domestic Impact of Europe,” in *The Politics of Europeanization*, ed. Kevin Featherstone and Claudio M. Radaelli (Oxford: Oxford University Press, 2003), 1.

3.1 The EU conditionality in BiH

Europeanization process in aspirant countries such as Bosnia and Herzegovina itself is to a largest extent driven by the so-called EU conditionality that stimulates domestic reforms. Better to say, the EU conditionality is based on “strict conditions” that the candidate or potential candidate countries have to meet in order to become full members in EU.²¹ Pridham applied the concepts of ‘convergence’ and ‘conditionality’ to analyse the EU’s influence on Central and Eastern European countries and any other country which has EU aspirations.²² The interactive theoretical approach stresses both structural factors and the role of political actors. That is, the EU effects are felt at different levels, including the formal level of regime change and its more complex types of influence on elite attitudes, external policy interests, economic changes, civil society, and the general public.²³ As Schimmelfennig and Sedelmeier argue, “the dominant logic underpinning EU conditionality is a bargaining strategy of reinforcement by reward, under which the EU provides external incentives for a target government to comply with its conditions”.²⁴ So far, the EU has established several strategic tools through which it attempts to press the process of institutional adjustment to EU standards and values. Overall, the EU conditionality in the Western Balkans, including Bosnia, is established by the following tools:

1. the general Copenhagen criteria – political, economic and acquis-related – applied to all candidate and potential candidate countries;
2. the 1997 Regional Approach and the 1999 SAP;
3. country-specific conditions to be met before entering the SAA negotiation phase and conditions arising out of the SAAs and the CARDS framework;
4. conditions related to individual projects and the granting of aid, grants or loans;
5. conditions that arise out of peace agreements and political deals (e.g. Resolution 1244 of the UN Security Council, and the Dayton, Ohrid, and Belgrade agreements).²⁵

The EU conditionality is aimed at integrating the Balkan states into the EU: its intention is to promote reform, to prescribe criteria attached to EU-granted benefits, and to differentiate among countries by assessing each on its own merit.²⁶ Although it is often taken for granted that EU member states possess wide-ranging conditionality power which can “naturally” press domestic officials to implement required EU-related agenda often it results in opposite direction as EU aspirants demonstrates significant level of resistance. That is, while many expected that Europeanizing reform process will have critical impact on the crisis-driven western Balkans region and especially Bosnia as it’s very unstable part the entire process resulted in fixed positions of ethno-nationalists that are only declaratory ready for Brussels. In addition, the idea that EU conditionality will work in Bosnia and solve its post-war political, economic and legal problems seems to result in complete disappointment as

²¹ See Gergana Noutcheva. *EU Conditionality, State Sovereignty and the Compliance Patterns of Balkan States*, Centre for European Policy Studies, Paper prepared for the 3rd Pan-European Conference on EU Politics, ECPR. Istanbul: Bilgi University, 2006.

²² Geoffrey Pridham, *The Dynamics of Democratization* (London: Continuum, 2000), 1.

²³ Geoffrey Pridham, “Rethinking regime-change theory and the international dimension of democratization: ten years after in East-Central Europe,” in *Prospects for democratic consolidation in East-Central Europe*, ed. Geoffrey Pridham and Attila Agh (Manchester and New York: Manchester University Press, 2001), 54–96.

²⁴ Frank Schimmelfennig and Ulrich Sedelmeier, “Governance by conditionality: EU rule transfer to the candidate countries of Central and Eastern Europe,” *Journal of European Public Policy*, 11, 4 (2004), 670.

²⁵ Othon Anastasakis and Dimitar Bechev, *EU Conditionality in South East Europe: Bringing Commitment to the Process* (Oxford: European Studies Centre, St Antony’s College University of Oxford, 2003), 8.

²⁶ *Ibid.*, 1.

seen so far. In that regard, Sebastian points out that the EU jeopardized and failed to link the power and incentives inherent in its accession conditionality to the constitutional reform process in Bosnia.²⁷ As Noutcheva notes: in essence, the reforms demanded by the EU as conditions for establishing contractual relations with BiH link its membership prospects to changes in the internal state structure of BiH.²⁸ However, internal politics in Bosnia could not be significantly affected by EU promise of membership.

3.2 The EU's Capability-Expectations Gap

The scholarly works and literature on the European integration has been full of praise, potential and arguments perceiving of the EU as a normative, civilian, humanitarian, and even military actor at the international stage. However, the most important thing here is to understand and evaluate practical relevance and concrete results of such academic statements. In other words, it is of utmost importance to measure and explain whether there is relevance between the idea of "European actorness" and tangible results achieved in practical delivery. Thus, in 1993 it was Christopher Hill who analysed the European Union from the angle of its international role and came to conclusion that there is the so-called "capability–expectations gap" - between what the EU has been talking to be doing and what it is actually able to deliver in practice. Hill points out that the capability–expectations gap has resulted from three closely related factors: namely, the ability to agree, resource availability, and the instruments at the EU's disposal.²⁹ As Toje claims, "without capabilities and frameworks in place, the lack of agreement on foreign policy goals and the means by which they are to be attained could remain clouded in ambiguity".³⁰ That is, for the EU to promote itself as a capable and powerful actor in global politics it is important that it shifts from mere rhetoric about its "actorness" to resolving acute problems in world and in its neighbourhood. As Hill claimed, if the capability–expectations gap is to be closed, the notion of European international activities must be grounded in demonstrated behaviour rather than potential and aspirations.³¹

In this light, it is important to understand the role and potential of the EU to press for reform process in Bosnia in order to make this country success story instead of the "sick man of Europe". To put it differently, without confronting Bosnian malaise seriously and constantly accusing the domestic ethno-nationalist political elites inflammatory rhetoric as a primary reason for years-long deadlock the EU is pursuing risky policy which describes it as a weak and not-serious-enough to challenge sensitive global problems. In fact, eighty-eight percent of Bosnians support Bosnia's European ambitions, according to the poll conducted by the Bosnian agency for European integration for which 1,200 people were questioned.³² Furthermore, the poll results show that support for EU membership is strongest in Bosnia's Muslim (Bosniak) community with 97 percent in favour, while 85 percent of Bosnian Croats support it and 78 percent of Bosnian Serbs.³³ Such a significant

²⁷ Sofia Sebastian, "The Role of the EU in the Reform of Dayton in Bosnia-Herzegovina," *Ethnopolitics*, 8, 3–4 (2009), 344.

²⁸ Gergana Noutcheva, "Fake, partial and imposed compliance: The limits of the EU's normative power in the Western Balkans," *Journal of European Public Policy*, 16, 7 (2009), 6.

²⁹ Christopher Hill, "The Capability–Expectations Gap or Conceptualising Europe's International Role," *Journal of Common Market Studies*, 31, 3 (1993), 315.

³⁰ Asle Toje, "The Consensus–Expectations Gap: Explaining Europe's Ineffective Foreign Policy," *Security Dialogue*, 39, 1, (2008), 132.

³¹ *Ibid.*, 123.

³² See Eubusiness. *Nine in 10 Bosnians want EU membership: poll*, 24 March 2011. Available at <http://www.eubusiness.com> (November 2011).

³³ Mikel Kotonika, *Waitlisted: The Western Balkans* (Washington DC: Center for Strategic and International Studies, 2011).

number of proponents for EU integration among the citizens of all the three ethnic groups are an opportunity for the EU to prove its practical capabilities. However, there is a question mark whether the EU can meet the expectations of the Bosnian citizens? Does it have the necessary tools and resources to help resolve a Bosnian enigma? Therefore, as Hill stresses it is very important for all sides involved to measure the effectiveness of current Europeanization process in Bosnia and sketch “a more realistic picture of what the Community (EU) does in the world”.³⁴ Very often the EU leaders are concerned with preserving peace and security in BiH while the biggest problem that country faces is ethnic mistrust and deep ethno-nationalist polarization.

3.3 The EU's Main Instruments

The EU has established bodies and instruments through which it attempts to speed up Bosnia on the road to full membership. One such body is the European Union Special Representative in BiH (EUSR) which is currently acting as a High Representative as well. The EU so far has launched 11 EUSRs in the crisis spots around the world.³⁵ In March 2001 Lord Paddy Ashdown was named as the first EUSR in BiH. The main and the most important duty of EUSR has been to help the BiH government in making EU reforms. As the Commission stresses, the mandate of the EUSR is to promote overall political coordination and offer the EU advice and facilitation to BiH to help the country meet necessary requirements for the EU membership.³⁶ The EUSR's Special mandate is derived from the European Union's policy objectives in Bosnia and Herzegovina. These include, in particular, helping achieve progress in implementing the Dayton Peace Agreement as well as in the Stabilisation and Association Process, the process by which BiH moves towards the European Union.³⁷ In addition, the EUSR regularly reports to the Council of the European Union, the inter-governmental body representing the 27 EU member states, through the High Representative for the Common Foreign and Security Policy and Secretary-General of the Council. Thus, the EUSR has been of crucial importance to put pressure on domestic political leaders to continue with the EU-related reform process. However, due to vague position of the EU on the Bosnian crisis the EUSR has played unclear and ambiguous role.

Thus, very often there has been serious imposition of reform process from the HR/EUSR on local politicians. Probably this was clearest during recent police reform. The Commission Feasibility Study published in November 2003 identified weaknesses in the policing system in BiH and concluded that it is necessary to “proceed with structural police reforms with a view to rationalizing police services”.³⁸ As BiH political elites could not make compromise on the necessary reforms the EUSR imposed the reforms on them and thus solved the deadlock. This finally enabled the EC to recommend the start of SAA negotiations with the BiH government on 21 October 2005. However, such an imposition was clear forced Europeanizing

³⁴ Christopher Hill, “The Capability–Expectations Gap or Conceptualising Europe's International Role,” *Journal of Common Market Studies*, 31, 3 (1993), 306.

³⁵ Toby Vogel, “Extended mandates for Special representatives,” *European Voice*, 22 July 2010.

³⁶ See European Commission. *Commission Staff Working Document, Bosnia and Herzegovina 2009 Progress Report accompanying the Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2009–2010*. Brussels: European Commission.

³⁷ See EUSRBiH. *European Union Special Representative for BiH: EUSR Mandate*, Official Website of EUSRBiH. Available at <http://www.eusrbih.org/gen-info/?cid=2000,1,1> (November 2011).

³⁸ See European Commission. *Report from the Commission to the Council on the preparedness of Bosnia and Herzegovina to negotiate a Stabilization and Association agreement with the European Union*, in Brussels, 18 November, 2003. Available at <http://www.dei.gov.ba> (November 2011).

reform. Previous HR Petritsch summarized the situation by stressing: “*I furthermore wanted to move this country away from a situation where it seemed, that fundamental changes – at times even alien to its local traditions – were being simply imposed on this state and its citizens. More often than not – the country was treated as object*”.³⁹ BiH future in the EU is thus highly uncertain and even problematic because of the underdeveloped domestic policy-making structures and serious marginalization of both political representatives and ordinary citizens from open democratic deliberation. Furthermore, the High Representatives and international community are often behaving in an imperial and authoritarian way even going so far and while the dismissing obstructionist public officials thus clearly contradicting the most basic principles of the rule of law.⁴⁰ That is, coerced Europeanization by the EUSR has hampered genuine democracy to flourish. Thus, the EU is implicitly paralysing active involvement in policy-making and political responsibility of the Bosnian politicians.

Additionally, very often disunited and unclear position of the EU member states makes the role of the EUSR in BiH ineffective and highly irrelevant. For instance, the status of the double-hatted OHR/EUSR was sometimes very unclear and disputed. Thus, commenting on the appointment of Lord Ashdown as the EUSR the EUPM official claimed that without dedicated EUSR staff, it was felt that “he was the right person for the job...but he never really was the EUSR”.⁴¹ Also, another EUPM official put it that “the EUSR position was essentially irrelevant”.⁴² This was the case when in January 2009, the international community’s High Representative and the EUSR in Bosnia and Herzegovina (BiH) unexpectedly announced his resignation in order to take up the post of Slovak Foreign Minister instead. From his early mandate he knew very well that his position was like ‘riding a dead horse’ as he used to say. Therefore, as Judy Batt points out, “the abrupt departure of HR/EUSR Lajcak has exposed drift and disarray in the EU’s policy towards BiH”.⁴³ It would not be far from truth to say that Lajcak did not have clear-cut message of support from Brussels which would help him to do his job effectively. As the International Crisis Group pointed out in its report, “There is some reluctance in Brussels for taking up such responsibilities, especially if its means deployment of the largest ever EUSR office, and increased EC funding.”⁴⁴ As the EU has launched stronger EUSR only recently the time will show if straightened role in BiH will produce any significant results.

4 FROM ‘THE AMERICAN DOMINATION’ TO THE BRUSSELS ERA

Today, it is the EU rather than other bigger world players from international community such as USA, Russia, and China, more heavily involved in the political and economic affairs in the western Balkans and in Bosnia and Herzegovina particularly. As Giulio Venneri claims, “today, the keys of the

³⁹ See Wolfgang Petritsch. *My lessons learnt in Bosnia and Herzegovina*, paper presented at 9th International conference, Balkan Political Club, Sarajevo, 6 May 2006.

⁴⁰ See Marko, Josef. *Post-conflict Reconstruction through State and Nation-building: The Case of Bosnia and Herzegovina*, in European Diversity and Autonomy Papers EDAP 4/2005. Available at <http://www.eurac.edu/edap> (November 2011).

⁴¹ Jari Mustonen, “Coordination and Cooperation on Tactical and Operational Levels: Studying EU-ESDP Crisis Management Instruments in Bosnia and Herzegovina,” *CMC Finland Civilian Crisis Management Studies*, 1, 1 (2008), 20.

⁴² Ibid.

⁴³ Judy Batt, *Bosnia and Herzegovina: the international mission at a turning point* (Madrid: FRIDE Policy Brief, 2009), 1.

⁴⁴ See European Commission. *Commission Staff Working Document: Bosnia and Herzegovina 2007 Progress Report*, Brussels: European Commission.

Bosnian future are mostly in the hands of the EU".⁴⁵ During the Yugoslavian crisis in the early 1990s the EU had played very weak and incoherent role due to a serious lack of commitment and political will of its member states to pool more sovereignty in order to build stronger and more coherent security and defence policy at the European level. As Javier Solana points out, "when the Yugoslav wars broke out in the 1990s we watched as our neighbourhood burned because we had no means of responding to the crisis."⁴⁶ Although, at the beginning of the Yugoslav crisis the Luxembourg Foreign Minister Jacques Poos, then head of the EC Presidency, declared that the organization would intervene in the Yugoslavian crisis because it was "the hour of Europe, not the hour of the United States" the opposite proved true since it was a diplomatic fiasco for Europe and a diplomatic and military domination of the USA. Thus, famous Henry Kissinger's question, "what is Europe's phone number?" proved its relevance here. What's more, it was only with the US leadership and initiative which created the Dayton peace agreement in November 1995, ending a brutal three and one-half year bloody war in Bosnia.⁴⁷ However, when the war in Bosnia ended the EU member states developed more strategic and tangible approach towards the Western Balkans countries. There has been an understanding that instability and possible conflicts in the region pose direct and serious threat to the EU. That is, Pierre Andrew states that the among the EU member states a potential instability in the Balkans is widely perceived as the major threat to European security and prosperity.⁴⁸

As a response, the EU developed more pro-active and comprehensive security and defence policy at the European level. As pointed out by Chris Patten, the European Commissioner for External Relations, "the dreadful humiliation Europe suffered in the Balkans in the early nineties also made us realise that Europe had to finally get its act together."⁴⁹ Among other things, in December 2004, the EU launched a peacekeeping military operation in BiH, replacing NATO's SFOR mission. In addition, the EU sent its Police Mission to Bosnia in January 2003 to replace the UN's International Police Task Force (IPTF) as part of the broader rule of law strategy in BiH and in the region. On the other hand, the US put diplomatic and military priority and deployed most of its troops in Iraq and Afghanistan. Following initiation and later signing of SAA the western Balkan countries the region shifted from the US-dominated Dayton era into the EU-dominated Brussels era. As Javier Solana, the former High Representative of the EU pointed out, the most fundamental objective of the EU at this transition stage is to move from "the era of Dayton" to "the era of Brussels".⁵⁰ However, the Brussels era has not passed without challenges and without serious structural problems. In other words, the EU's approach to the Western Balkans has exposed policy gaps, which have directly undermined the effectiveness of the European integration as a motor of democratic transformation and Europeanisation.⁵¹ The EU

⁴⁵ Giulio Venneri, *Modelling States from Brussels? A Critical Assessment of the EU-Driven State-building of Bosnia and Herzegovina* (Nicosia: Cyprus Centre of European and International Affairs), 8.

⁴⁶ See Javier Solana. "EU makes its mark on the world stage." *Guardian*, 11 October 2009, Available at <http://www.guardian.co.uk> (November 2011).

⁴⁷ Julie Kim, *Bosnia: Overview of Current Issues* (Washington DC: Congressional Research Service, Library of Congress, 2008), 1.

⁴⁸ Andrew J. Pierre, *Debalkanizing the Balkans: Security and Stability in Southeastern Europe* (Washington DC: United States Institute of Peace, 1999).

⁴⁹ See Chris Patten. *Europe in the World: CFSP & its relation to development*, address by Chris Patten, European Commission for External Relations, Overseas Development Institute, 7 November 2003.

⁵⁰ See Javier Solana. "The European Journey." *Balkan Crisis Report no. 493*, 2004. London: Institute for War and Peace Reporting. Available at <http://www.iwpr.net> (November 2011).

⁵¹ Denisa Kostovicova, "State weakness in the western Balkans as a security threat: the European Union approach and a global perspective," *Western Balkans security observer*, 2, 7–8 (2007), 10–15.

member states are sometimes behaving helpless and without clear vision with regards to current Bosnian crisis as they did during the Bosnian war.

5 THE EU'S CREDIBILITY CRISIS IN BIH

It is today more than obvious that the US is not so active and present in the western Balkans, including BiH, in terms of military, diplomatic and political impact as it was in the 1990s. Thus, after the US shift in its foreign policy of prioritizing other regions more than Bosnia such development has left significant diplomatic space for other global powers such as the EU to assert its influence in this highly problematic country. As a result, Hadžikadunić believes that gradual withdrawal of the US from the western Balkans towards more critical world regions has signalized leaving the Balkans region to the EU as its natural and strong ally.⁵² Although the Union developed new institutional relations with the regional countries through newly initiated SAA it has faced a lot of challenges, and especially in Bosnia. The SAA include provisions and measures for future EU membership of the western Balkan countries. In fact, SAA is similar to the Europe Agreements that the EU signed with the Central and Eastern European countries in the 1990s and to the Association Agreement with Turkey. However, since a long-lasting political malaise in Bosnia it is obvious that the “EU's carrot” in the form of SAA has not worked with the local country's officials. In fact, Bassuener and Lyon in this light claim that not only did the SAA not generate momentum, but Republika Srpska (RS) is busy unravelling some of the hard-won gains of the previous 13 years, including reforms required by the EU as preconditions for signing the SAA.⁵³ That's why, more than ever before the EU leaders' duty is to make the bloc's values, norms, and standards more attractive and more concrete both for Bosnian politicians and its citizens. Otherwise, it could happen that the European integration becomes irrelevant topic among the domestic politicians and ordinary citizens.

In fact, so far the “EU sticks” have not been effective and influential in interactions with the Bosnian political elites. Better to say, the EU has not developed adequate “stick policy” which could be applied towards the politicians, political parties, and organizations that support policies that are opposed to Euro-Atlantic integration principles and that question the state institutions. Thus, only recently has the EU foreign minister Lady Ashton demanded that her new Bosnian envoy, part of her newly created diplomatic service, be given new powers by the Council of EU foreign ministers to impose travel bans and asset freezes on obstructionist Bosnian politicians.⁵⁴ Even the EU financial aid directed for the country has not been enough motor force that would motivate domestic politicians to implement necessary measures that Brussels had set beforehand. For instance, the EU provides targeted assistance to candidates and potential candidates' countries through IPA (Instrument for pre-accession assistance) which supersedes the five previously existing pre-accession instruments, Phare, ISPA, SAPARD, Turkey instrument, and CARDS. Thus, the European Commission has allocated 440 million Euro of support to BiH in its transition from a potential candidate country to a candidate country for the period 2007-2011 under the IPA. BiH as a potential candidate is currently eligible for assistance to

⁵² Emir Hadžikadunić, *Od Dejtona do Brisela* (Sarajevo: ACIPS, 2005), 23.

⁵³ Kurt Bassuener and James Lyon, *Unfinished Business in Bosnia and Herzegovina: What Is To Be Done?* (Washington DC: United States Institute of Peace, 2009), 2.

⁵⁴ See article of Bruno Waterfield, “Baroness Ashton moves to take control of Bosnia,” *Telegraph*, 27 July 2010.

transition and institution building and cross-border cooperation. However, the EU has in some instances cut its financial assistance to BiH due to slow reform process. Still, in this way the EU has further pushed the country behind other regional countries on the road to Brussels. Very often it seems that the EU does not know the social and political dynamics that define Bosnian society and that's why it is making same mistakes over and over. Kostovicova argues that the EU policies in the Western Balkans have inadequately addressed a transnational dimension of the region's transition from Communism and war.⁵⁵ The EU is in fact making wrong steps in BiH because it accepted the "one size fits all" model of helping transitioning countries.

5.1 The Incoherent European Union in BiH

As it has become serious problem in the EU that its member states hold different and often very opposing interests, as was the best reflected during the Iraq war, the similar scenario happened in Bosnia. That is, very often the EU leaders seem much divided and deliver oppressing messages when the European integration reforms in Bosnia are concerned. In view of the former US Ambassador Charles English, "part of the problem is that the EU itself is divided about Bosnia. Among member states, only a handful, most notably the UK, appear to have a clear grasp of the dangers posed by Bosnia's current political dynamics".⁵⁶ Probably the best demonstration and proof to this fact has been diverse views and opinions of the EU officials regarding the future design and content of the Bosnian constitutional framework. In fact, the Bosnian authorities are expected to implement the European democratic values and effective bureaucratic standards that are based on the Copenhagen and Madrid criteria, respectively. However, although the Copenhagen and Madrid criteria propose what are the standards and measures that have to be implemented by the Bosnian politicians the EU member states have not demonstrated a common and principled position on the necessary constitutional changes. Thus, while EU officials have been vocal in their demands and calls for constitutional change, they have not been clear enough and committed about the specific requirements expected.⁵⁷ As a result, the EU member states are as divided as the local politicians are over the design and shape of the future Bosnian constitution. The EU officials hide behind the premise they should not interfere into the internal political sphere because it is not democratic although they know that Bosnia is a "special case" which needs a "special treatment".⁵⁸ This has resulted in a huge EU credibility crisis in Bosnia.

Over time there have been even oppressing messages from the EU politicians and officials regarding the content and degree of reform within the country's constitution. To clarify, the European Commission President Barroso pointed out that while constitutional reform was not a strict condition for signing the SAA, "there is [a] link between these two processes. . . . The EC and EU have to be convinced that they have a partner in BiH, which will be capable to respect its promises and implement the Agreement that we negotiate now".⁵⁹ Thus, this has been a sort of informal requirement that the

⁵⁵ Denisa Kostovicova, "State weakness in the western Balkans as a security threat: the European Union approach and a global perspective," *Western Balkans security observer*, 2, 7–8 (2007), 10–15.

⁵⁶ See article of Adam Tanner, "Bosnian Serb leader threat to stability: U.S. Cables," *Reuters*, 6 April 2011.

⁵⁷ Sofia Sebastian, *Breaking the Impasse: Constitutional Reform in Bosnia* (Madrid: FRIDE, 2011), 4.

⁵⁸ Miroslav Lajcak, *EU-Integration of Bosnia and Herzegovina – A Mission Impossible?* (Vienna: Renner-Institut, 2008).

⁵⁹ See Jose Manuel Barroso, cited in *OHR, BiH Media Round-up*, 18 February 2006.

EU officials expect from the Bosnian political representatives to implement in order to speed up the whole European integration process. However, there have been a number of European leaders who do not support the idea that Bosnia needs a new or modified constitution in order to enter the EU family. For instance, Welner Almhofer, Austrian Ambassador to BiH, claims that the European Union had never set the successful implementation of constitutional reforms as a condition for BiH's EU membership.⁶⁰ Better to say, the EU authorities have perceived the constitutional reform as an informal conditionality without clearly stated rewards or punishments for BiH politicians.

Even though the EU leaders have often stressed that BiH cannot realize its EU aspirations if it does not reform its constitutional framework most of them have not explicitly stated what are these constitutional reforms expected from the Bosnians. This happened to a large degree due to diverse national interests of the EU member states on foreign policy questions and due to vagueness of the Copenhagen and Madrid criteria that are open to political manipulation. As Govedarica points out: "It is true that the EU has had no clear stance towards Bosnia. For a long time the EU officials have believed that the mere process of European integration will solve the country's problems. However, when it was clear that it was not the case then the EU could not find adequate alternative instrument".⁶¹ Better to say, since the EU has not stressed clearly the measures required the Copenhagen and Madrid criteria can be understood in thousand of different ways as is the case with the Bosnian elites. As a result, Bosnian Muslims want to enter Brussels as a country with strong and powerful central state. Bosnian Croats are in support of highly decentralized country. Bosnian Serb leaders see Bosnia in the EU as a weak central state with strong entities. Therefore, as Karajkov points out, that "in order to be meaningful, constitutional changes would need to reformulate the country's power structures and the way they are shared by the three ethnicities".⁶² Obviously, the EU should be setting the standard to solve the Bosnian impasse instead of leaving to Bosnian politicians to choose from "the menu what they like and rejecting what they do not like".

6 'THE DAYTON 2' FAILURE

The current constitutional framework in BiH is based on the Dayton Peace Agreement signed in 1995. In fact, the Dayton Agreement established the Constitution of BiH in an annex of the Agreement deciding on the division of the country into two Entities: the Bosniak/Croat Federation of BiH (mainly controlled by the Bosniaks and Bosnian Croats), and the Republika Srpska (mainly governed by the Bosnian Serbs). Both countries' entities have their own political and administrative structures. The Federation of BiH is divided into three levels: the Entity level, the Cantonal level, and the Municipal level. The RS does not have a cantonal level, it only has municipalities. Overall, the DPA has succeeded in keeping BiH as an independent and sovereign country with a joint multi-ethnic government. Thus, the current political

⁶⁰ See Welner Almhofer, Austrian Ambassador to BiH, cited in *OHR, BiH Media Round-up*, 26 January 2006.

⁶¹ Personal interview with Dobrila Govedarica, Executive Director, Open Society Fund, Bosnia and Herzegovina.

⁶² Risto Karajkov, "From Dayton to Butmir: The Future of Bosnia," *World Politics Review*, 12 November 2009. Available also at <http://www.worldpoliticsreview.com/articles/4614/from-dayton-to-butmir-the-future-of-bosnia> (November 2011).

system in Bosnia is a product and result of the DPA.⁶³ DPA has many important legal principles which can also be seen within constitutional frameworks in other Western democratic countries. For instance, in the Article I, it is stated that BiH shall be a democratic state, which will operate under the rule of law and with free and democratic elections.⁶⁴ Also, one of the most important goals of the DPA, restoration of security and physical infrastructure, has been satisfactorily met. However, the broader objective of organizing a multi-ethnic, democratic, and economically self-sustaining country is still a long way to happen.⁶⁵ That is, while the DPA brought the war to an end and laid the foundation for consolidating peace; many observers also believe that the agreement as a document reflects wartime circumstances cannot by itself ensure BiH's future as a functioning and self-sufficient democratic state.⁶⁶

However, local political elites in BiH have for years been in the negotiations about the possible changes in the constitution but they could not reach a necessary compromising solution. Since domestic politicians could not agree on necessary changes within the constitution it has become more than obvious that external mediation is deadly required if any significant progress is expected. And this happened when the EU authorities decided to take decisive and concrete diplomatic lead in fixing Dayton and thus paving a way for a new era of functional, self-sustaining and democratic BiH. Thus, during the Swedish EU Presidency there has been such initiative on the constitutional reform on 10 October and again on 20-21 October, when Carl Bildt, Sweden's foreign minister, Olli Rehn, the European commissioner for enlargement, and Jim Steinberg, the US deputy secretary of state, called most of Bosnia's political party leaders together at Butmir, outside Sarajevo, where they outlined a 'package' of reforms necessary, as they sold it, for deeper Euro-Atlantic integration of their country.⁶⁷ The meetings recalled similar talks held almost 15 years ago, at another military base in Dayton, Ohio. In media, the meeting in Butmir was called 'Dayton 2' which best demonstrates its importance for the BiH future governance. Also, the Butmir talks followed the international community's heightened and often-repeated concerns that Bosnia is in the midst of its worst political crisis since the end of the war.⁶⁸ Also, the Venice Commission was informally involved in the drafting process of the constitution. However, it ended in complete failure. Bosnian Serb representatives rejected the proposed reforms as too drastic while Bosniak and Croat leaders described them as insufficient to solve the long-standing political stalemate. Thus, ambiguous and ill-prepared EU-US initiative at the Butmir NATO base just contributed to deepening of current crisis rather than resolving it.⁶⁹

It would be unrealistic to say that the EU and US official did not try to propose same possible changes into the constitution. However, even they

⁶³ Florian Bieber, *Post-war Bosnia: ethnicity, inequality, and public sector governance* (London: Palgrave Macmillan, 2006), 40.

⁶⁴ See DGFA. *The General Framework Agreement for Peace in Bosnia and Herzegovina*, 1995, available at: www.ohr.int/dpa (November 2011).

⁶⁵ Ivo H. Daalder and Michael B.G. Froman, "Dayton's Incomplete Peace," *Foreign Affairs*, 78, 6 (1999), 106–113.

⁶⁶ See Paddy Ashdown. *A superb agreement to end a war, but a very bad agreement to make a state*, Former HR in BiH, Lord Paddy Ashdown, Farewell, Sarajevo, *The Guardian*, 2 November 2005. Available at <http://www.guardian.co.uk/article/0..i6064.8Q.oo.html> (November 2011).

⁶⁷ See Kurt Bassuener, "It is Time for Plan B for Bosnia," *European Voice*, 22 October 2009.

⁶⁸ Risto Karajkov, "From Dayton to Butmir: The Future of Bosnia," *World Politics Review*, 12 November 2009. Available also at <http://www.worldpoliticsreview.com/articles/4614/from-dayton-to-butmir-the-future-of-bosnia> (November 2011).

⁶⁹ Florian Bieber, *Constitutional reform in Bosnia and Herzegovina: preparing for EU accession* (Brussels: European Policy Centre, 2010), 1.

did not clearly know how that changes should like and why they should be adequate to the country's future. Although EU and US seemed united and coherent in the Butmir process the whole negotiations ended in huge failure as domestic leaders could not be persuaded by the suggested measures. However, as Bosnia is for a long time passing from the Dayton era to the so-called Brussels era the EU is the most responsible actor for Butmir's constitution failure. In fact, while the US could be more relaxed in the Butmir talks because it once in the past in 1995 saved the Bosnian future to some extent these talks now were a litmus test for the EU and its failure would be a double failure for the EU member states after their `Dayton fiasco`. As Joseph points out, "Washington's central policy challenge has shifted from getting the Bosnians to cooperate to goading the Europeans to act. Although Brussels has far more at stake than Washington does, and although it finally has a collective foreign minister, it still act only when galvanized by the Americans or by crisis or both".⁷⁰ That is, the EU does not know how to behave like a global player what is happening in Bosnia. What's more, civil society was completely excluded from the Butmir negotiations. This was a clear threat to democratic deliberation that EU diplomats claim to be an important European value. Furthermore, the Butmir meeting has not even mentioned a controversial principle of ethnic voting. Even though the EC clearly stressed that the 'entity voting' has often prevented swift adoption of legislation which hinders country's rapid progress towards the EU membership.⁷¹ Thus, Butmir talks were a good showcase for domestic and global public that international community is still relevant actor in Bosnian enigma. However, status quo remained. Thus, the Prime Minister Milorad Dodik of the Republic of Srpska, a main opponent of the Butmir negotiations, called them "an unnecessary adventure".⁷²

7 CONCLUSION

It is no doubt unavoidable component within the all-embracing transition process that the European Union expects Bosnian government to implement necessary economic, political, legal and administrative reforms as a part of the country's Europeanization process through which it has been going through since late 1990s. However, Bosnia and Herzegovina is for a long time in a deep and serious political impasse situation due to opposing views of the three ethnic groups on the future design of the country's constitutional framework and the country in general. Many pessimistically claim that there is no viable solution and modus operandi that could resolve complex and enigmatic Bosnian multi-cultural and multi-ethnic society. On the other hand, many still believe that the EU, as a common objective of most of ordinary citizens and their political representatives from all three ethnic groups, can be a solution to the Bosnian deep problems. Therefore, the EU is to a large extent responsible for the current status quo since its member states are not united in terms of defined standards and measures expected from the Bosnian politicians. It seems that European leaders believe that mere process of European integration of Bosnia will bring stability, prosperity and

⁷⁰ Edward P. Joseph, "Bosnia and Herzegovina," in *Western Balkans Policy Review, A Report of the CSIS Lavrentis Lavrentiadis Chair in Southeast European Studies*, ed. Janusz Bugajski (Washington DC: Center for Strategic and International Studies, 2010), 62.

⁷¹ See European Commission. *Commission Staff Working Document, Bosnia and Herzegovina 2009 Progress Report accompanying the Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2009–2010*. Brussels: European Commission.

⁷² Risto Karajkov, "From Dayton to Butmir: The Future of Bosnia," *World Politics Review*, 12 November 2009. Available also at <http://www.worldpoliticsreview.com/articles/4614/from-dayton-to-butmir-the-future-of-bosnia> (November 2011).

genuine reconciliation to the country. That is, the European politicians expect the Bosnian political elites to make necessary reforms including constitutional changes that will satisfy all three ethnic groups although they know that it is a sort of mission impossible. Although the Copenhagen and Madrid criteria propose what are the standards and measures that have to be implemented by the Bosnian politicians the EU member states have not demonstrated a common and principled position on the necessary constitutional changes. As a result, BiH politicians successfully manipulate with reluctance and ambiguous opinions of the EU leaders. This is a serious credibility gap and erosion of an image for the EU since it could not assert and present itself as an attractive and powerful actor that is capable of solving the Bosnian status quo.

In spite of the fact that the European Union has deployed a variety of strategic tools, instruments and bodies in the post-war BiH in order to help the country's reform process on the road to the EU membership it is difficult to say that such approach and method used has been successful and useful. For instance, very often disunited and divided position of the EU member states makes the role of the EUSR in BiH ineffective and highly irrelevant as happened to former EUSR Miroslav Lajcak. Furthermore, as pivotal agreement, the SAA, has not produced expected momentum for reform process in Bosnia and it should be examined in order to make it in line with real needs and expectations of BiH. The whole process is too technocratic and ordinary citizens very often are not even aware what is the EU trying to do in their country and why they do not see economic and material benefits of the European integration as it has promised. I think that EU leaders are very often making the same mistake of ignoring the real problems of Bosnia because they believe that mere European integration process will make the country democratic, stable and peaceful. The EU as an abstract idea will for sure fail in BiH, and in every other place, if not supported by concrete measures and clear agenda by the EU itself. It seems that the European diplomats are making the same mistake again and again since BiH politicians thus manipulate with their reluctance and ambiguous positions. As a result, the European diplomats stay in a vicious circle between their 'European values' and radically opposing interests of the three ethnic elites. The EU should develop stronger and more committed approach towards Bosnia to rebuild its credibility through a unified position on a long-term strategy for the country. Simply put, if the EU does not define clearly and openly what it expects from the Bosnian government then a Bosnian politicians will understand the EU standards and criteria as they wish. Paradoxically, but they will see the EU as a community allowing development of divided ethno-nationalist communities.

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PARTY COALITIONS IN LOCAL LEGISLATURES IN SLOVENIA AND SOUTH DAKOTA: A RESEARCH NOTE

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While our understanding of party politics in national legislatures is quite sophisticated, the phenomenon of local inter-party cooperation has gone largely unexamined. This article investigates party coalitions in local legislatures in South Dakota and Slovenia using a most-dissimilar design. The data presented includes my own interviews with informants in five municipalities in Slovenia and—for the first time anywhere—party coalition data on county commissions in a US state. Both data sources demonstrate a similar propensity among local legislators to engage in broad-spectrum party cooperation. In particular, among South Dakota counties with non-single-party commissions, a clear majority had bipartisan coalitions using a stringent measure, even when controlling for the presence of non-aligned legislators, population size, which party was in the majority, and the electoral system. Some evidence suggests that political culture affects bipartisan cooperation; fiscally-conservative Republican counties are more likely to include a Democrat in their governing coalition than morally-conservative counties. Three factors explain the presence of these broad-spectrum coalitions: (1) local legislatures' decisions are primarily administrative in nature, (2) tiny legislatures are less partisan than larger ones, and (3) the "personal vote" for candidates diminishes the role of party.

Our understanding of party politics in national legislatures is quite sophisticated and has grown substantially in recent years.² However, research on parties in local legislatures remains relatively unexplored even

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² See Kenneth Janda and Jin-Young Kwak, *Party Systems and Country Governance* (Boulder: Paradigm Publishers, 2011); see also Thomas E. Mann and Norman J. Ornstein, *The Broken Branch: How Congress is Failing America and How to Get it Back on Track* (Oxford: Oxford University Press, 2006); Nelson W. Polsby, *How Congress Evolves: Social Bases of Institutional Change* (Oxford: Oxford University Press, 2004); Barbara Sinclair, *Party Wars: Polarization and the Politics of National Policy Making* (Norman: University of Oklahoma Press, 2006); Peter Trubowitz and Nicole Mellow, "Going Bipartisan": Politics by Other Means," *Political Science Quarterly*, 120, 3 (2005), 433–453.

three decades after an important call for more work.³ While we see highly partisan battles in national legislatures in both Europe and North America, one recent study points to a propensity for broader party cooperation in Slovenian local legislatures.⁴ Otherwise, the phenomenon of local inter-party cooperation has gone largely unexamined by political scientists.⁵ This article adds to this nascent effort by investigating party coalitions in local legislatures in two disparate democracies (i.e., South Dakota and Slovenia). The Slovenian research, published in this journal, indicates that ad hoc coalitions are an everyday occurrence among local legislatures, with some left-right coalitions evident as well.⁶ For the first time anywhere, I present party coalition data on county commissions in a US state, which shows a similar propensity among local legislators to engage in bipartisan cooperation. I also identify—and evaluate—factors that explain the development of inter-party cooperation in local legislatures in these two divergent settings. If these factors remain important among local legislatures in other contexts, we may hold some hope of correcting the hyper-partisanship in national legislatures that often leads to gridlock.

1 RESEARCH DESIGN

This study uses a most-dissimilar design by comparing two radically different democracies. As explained by Lijphart, this approach differs from the most-similar design common to the study of comparative politics.⁷ In the most-similar approach, researchers select units of analysis so that numerous similarities serve as control variables which allow them to identify residual variables. These residuals can then be profitably proxied for a cause-effect relationship. On the other hand, in a most-dissimilar design, the objective is to identify similar outcomes among units that encompass radically divergent independent variables. These facts can then be held up to the light for further examination, which may yield an understanding of the common conditions that produce that outcome.

South Dakota and Slovenia lend themselves well to a most-dissimilar design of party coalitions in local government for a number of reasons. First, historical and cultural traditions between these two states differ dramatically. South Dakota has a long tradition of democratic politics; it joined the union in 1889 as the 39th state. Located in the wind-swept prairie of the Upper Great Plains, its population of 820,000 congregates in two regions: one along a major highway that hugs the Minnesota border to the east and the other in the historic Black Hills region in the west. South Dakota's political values include support for fiscal conservatism, a strong military, and rugged individualism with significant elements of moral conservatism in many eastern counties. On the other hand, Slovenia is a relatively young democracy. Although it has strands of older democratic traditions, the contemporary Republic of Slovenia held its first national parliamentary elections in 1990 and declared its independence from Yugoslavia a year

³ See Malcolm E. Jewell, "The Neglected World of State Politics," *The Journal of Politics*, 44, 3 (1982), 638–657.

⁴ See Miro Haček, Marjan Brezovšek and Irena Bačlija, "Demise of Political Parties: An Analysis of Coalition-Building on the Local Level in Slovenia," *Journal of Comparative Politics*, 3, 1 (2010), 44–58.

⁵ See Paul Brace and Aubrey Jewett, "The State of State Politics Research," *Political Research Quarterly*, 48, 3 (1995), 643–681; see also Malcolm E. Jewell and Sarah M. Morehouse, *Political Parties and Elections in the American States*, 4th edition (Washington DC: CQ Press, 2000).

⁶ Miro Haček, Marjan Brezovšek and Irena Bačlija, "Demise of Political Parties: An Analysis of Coalition-Building on the Local Level in Slovenia," *Journal of Comparative Politics*, 3, 1 (2010), 51.

⁷ Arend Lijphart, "Comparative Politics and the Comparative Method," *The American Political Science Review*, 65, 3 (1971), 687–691.

later. Sandwiched between the Alps and the Adriatic Sea, Slovenia's two million people are fairly evenly distributed throughout the country, with a significant population center in and around Ljubljana, its capital. Following their long experience with Communism, Slovenians continue to prefer a mixed economy which balances a vibrant welfare state and an export-oriented economy. They value non-confrontational cooperation through established structures, with an increasing emphasis on international, and specifically European, political institutions.⁸

Another primary difference between Slovenia and the US is the degree of centralization at the national level. Like other parliamentary systems, national power in Slovenia lies primarily with the prime minister and the cabinet who are selected by the largest parliament party in coalition with several junior partners. The US separates power between two strong and independent political actors: a President and the Congress.

Third, the two party systems are significantly different. Like other European party systems, Slovenia has many political parties; 58 were listed in 2008.⁹ Many parties are characterized by highly ideological schemas; at least six parties have been represented in recent parliaments. Slovenian voters align themselves along this wide spectrum using the classic capitalism-socialism divide.¹⁰ On the other hand, the US has a narrow, rigidified two-party system coupled with highly individualized behavior of masses and elites.¹¹ Both the Republican and Democratic Parties historically espouse capitalism with a very modest role for social welfare. Much more than their European counterparts, US parties are broad alliances of diverse elected officials and their supporters. In European parliamentary systems, individual parties typically offer policy solutions during the campaigns and resolve their inter-party differences after each election via often-treacherous coalitions. In the US, each party must address these personal and ideological differences internally via primaries and conventions. US voters usually have only two party choices, which are the result of this elaborate pre-election reconciliation of diverse leaders and their followers.

Central to the research at hand and a key difference between the United States of America and the Republic of Slovenia is the form of local self-government. Slovenian municipalities are the sole local government, combining the functions of various local US governments into a single entity. That is, the authority and work assigned to US counties, cities, townships, and school boards are unified into a single government in Slovenia: the municipality. Slovenian municipalities are somewhat reminiscent of the US national government in terms of the separation of power; an independently

⁸ James Gow and Cathie Carmichael, *Slovenia and the Slovenes: A Small State and the New Europe* (Bloomington, IN: Indiana University Press, 2000); Sabrina P. Ramet and Danica Fink Hafner, *Democratic Transition in Slovenia: Value Transformation, Education and the Media* (College Station: Texas A&M University Press, 2006); Rudi Rizman, *Uncertain Path: Democratic Transition and Consolidation in Slovenia* (College Station: Texas A&M University Press, 2006).

⁹ Miro Haček, "Non-Partisan Local Actors as the Element of Absorbed Local Democracy?" *Romanian Journal of Political Science*, 10, 1 (2010), 48.

¹⁰ See Marjan Brezovšek, Miro Haček, and Milan Zver, *Democratic Praxis in Slovenia* (Plzen: Aleš Čenek Publishing, 2007), 98–122, 134–149.

¹¹ William H. Flanigan, Nancy H. Zingale, Elizabeth Theiss-Morse and Michael W. Wagner, *Political Behavior of the American Electorate*, 12th edition (Washington DC: CQ Press, 2011), 45–58; see also Gary Jacobson, *The Politics of Congressional Elections*, 7th edition (New York: Longman, 2008), 112–138; Joseph A. Schlesinger, *Political Parties and the Winning of Office* (Ann Arbor: University of Michigan Press, 1994); James L. Sundquist, *Dynamics of the Party System: Alignment and Realignment of Political Parties in the United States, Revised Edition* (Washington DC: Brookings Institution Press, 1983).

elected executive—the mayor—has significant independent authority (politically, institutionally, and administratively). Slovenian municipal councils—which feature multiple parties and seven to 45 members, based on population—possess an independent legislative function.

While US Counties—the unit of analysis here—are a general-purpose government, they are not the only form of local government in the US. Cities and towns are also general-purpose governments. Moreover, many special-purpose districts (e.g., school boards, port authorities, and water districts) have substantial authority over a single policy area, including some shared and overlapping powers. In South Dakota, counties have state-specified responsibilities, which encompass a moderate scope of power as compared to other US states. These state-imposed mandates comprise criminal justice (including law enforcement, jails, and prosecution of crimes); transportation (e.g., secondary roads and public transit); social welfare (e.g., indigent health services and hospitals); and other administrative services (including holding elections and certifying official records). Counties in South Dakota do not get extensively involved in parks, libraries, or animal control, which are typically municipal functions. Lower education is the province of school boards; the state operates the institutions of higher education.

The form of county government in South Dakota is similar to other Midwest states; it includes a mix of elected executives and a strong legislature. While no central powerful executive is present in South Dakota counties, several executives are elected, especially in law enforcement (a sheriff and prosecutor) and other administrative officials (usually a treasurer, auditor, recorder of deeds, and an elections official, although these functions are often combined in various ways). The County Commission possesses dual roles as both a legislature, when they approve ordinances and budgets (including for the aforementioned officials), and executive functions over facilities, county personnel, and the remaining administrative areas.

While these radical differences in history, party politics, and governmental structure exist, we also note several commonalities between South Dakota and Slovenia. First, both are relatively low population states. However, South Dakota, which ranks 46th in population density among the US states, is more sparsely settled (4.1 inhabitants per square kilometer, 10.7/sq mi) than Slovenia. Slovenia's population density ranks low among European countries (101 inhabitants per square kilometer, 262/sq mi). Second, both states feature three layers of government. The US Constitution of 1789 established a federal system; the national government is legally dominant with unstated powers reserved for the states. In Slovenia, the emerging EU institutions (the EU Parliament, the euro currency regime, and the judiciary) form a confederation with some limits on the authority of the Republic of Slovenia. Local governments in both South Dakota and Slovenia are creatures of the states and subject to their control.

Hence, both South Dakota counties and Slovenian municipalities face severe restrictions from their immediate superordinate governments. In particular, the responsibilities and mandates forced upon them limit their ability to raise revenues, both the kinds of taxes and their level. Thus, in some ways, local governments in South Dakota and Slovenia share an inadequate capacity to govern.¹² Too many assigned functions and responsibilities coupled with inadequate revenue and authority means that

¹² Miro Haček and Irena Bačlija, "The Administrative Capacity of Slovenian Municipalities," *Lex Localis: Journal of Local Self-Government*, 7, 3 (2009), 307–308.

leading a local government in either South Dakota or Slovenia is a thankless job.

2 DATA SOURCES

As I mentioned above, the first study to recognize the rise of broad-spectrum coalitions was among Slovenian municipalities. Using elite interviews among the then-193 municipalities, Haček et al. found the vast majority of these councils produce informal, unstated coalition agreements among several political parties, including frequent left-right alliances.¹³ The most common alliances were ad hoc, or project-based, coalitions often orchestrated by strong mayors, who are more likely to be independents nowadays.¹⁴ My own interviews with informants in several municipalities in Slovenia substantiate these findings.

During 2009, I conducted interviews with at least two informants (one local party official and an independent observer) in each of five Central Slovenian municipalities on their administrative tasks and the role of political parties. The interviewees were promised confidentiality to encourage a frank discussion. The municipalities varied in population and partisan measures. For example, one rural municipality had only a few thousand residents; another larger municipality with tens of thousands residents had a significant industrial center with a huge manufacturing plant. A third municipality is a burgeoning bedroom community near the capital city of Ljubljana. All five municipalities were governed by a leftist or center-left mayor. Except for one rightist majority council, the councils were dominated by center and left parties. One municipal council had strong representation from a regional “local-first” party.

The interviews suggest that broad-spectrum party coalitions are a persistent and visible feature of these local councils. None had formal written party coalition agreements. However, four of the five municipalities demonstrated at least some success in reaching across the ideological divide to pass legislation. Only one council—the bedroom community—regularly voted on a strict party-line basis. The other four normally saw shifting alliances based on the particular bill, sometimes with party members splitting their votes. Nearly always, major legislation was guided by the mayor, usually in person behind closed-doors with councilors.

My in-depth interviews, then, further substantiate the work by Haček, Brezovšek, and Bačlija that broad-spectrum party coalitions exist among most Slovenian municipalities.¹⁵ This important finding provides the impetus and the point of departure for this study, which analyzes newly collected data from South Dakota. The database includes every commissioner from all 66 counties who took office after the 2008 elections.¹⁶ Four of these county

¹³ Miro Haček, Marjan Brezovšek and Irena Bačlija, “Demise of Political Parties: An Analysis of Coalition-Building on the Local Level in Slovenia,” *Journal of Comparative Politics*, 3, 1 (2010), 51.

¹⁴ Ibid, 51. See also Miro Haček, “Non-Partisan Local Actors as the Element of Absorbed Local Democracy?” *Romanian Journal of Political Science*, 10, 1 (2010), 41–42; Simona Kukovič and Miro Haček, “Non-Partisan Candidates and Lists at Slovenian Local Elections, 1994–2010,” *World Political Science Review*, 7, 1, (2011), article 4.

¹⁵ Miro Haček, Marjan Brezovšek and Irena Bačlija, “Demise of Political Parties: An Analysis of Coalition-Building on the Local Level in Slovenia,” *Journal of Comparative Politics*, 3, 1 (2010), 44–58.

¹⁶ The data were gathered by Ms. Katherine Chamberlain, my research assistant, in summer 2009 from publicly available sources, including Official Election Results from the South Dakota Secretary of State’s website, each of the 66 individual County Commission offices, and the South Dakota Association of County Commissioners.

commissions have three members; the remaining 62 counties elect five commissioners. The total number of commissioners was 322, of which 200 were Republican, 110 Democrats and twelve were elected as independents. As they assumed office in early 2009, fourteen counties had single-party legislatures, where all the commissioners were from only one party (ten Republican, four Democratic). South Dakota has fifteen larger counties (i.e., with populations of more than 10,000) and 51 smaller ones. Single-party commissions were slightly more likely in larger counties (five or 33.4%) than smaller counties (nine or 17.6%).

From here forward, this study analyzes the 52 remaining counties, which had non-single-party (NSP) commissions (i.e., at least one commissioner belonged to each of the two major parties). For these 52 NSP counties, we define a bipartisan coalition as any commission where either the commission chair or vice chair was a member of the minority party.¹⁷ This formal decision rule sets a high bar for coding commissions as bipartisan. It means that at least one member of the majority party granted formal leadership to a commissioner from the minority party. The process to elect chairs and vice chairs varies by county, but is usually a biennial event immediately after they assume office. While commissioners are certainly aware of each other's party affiliation, they tend to make leadership decisions based on a mix of seniority and respect. That is, the most junior members are not considered viable candidates for leadership positions. Instead, candidates are typically commissioners who are particularly hard-working, with a strong grasp of the process and issues facing the county.

Using this formal measure of bipartisan cooperation, 31 of the NSP counties—a clear majority (59.6%)—had bipartisan coalitions. Given the hyper-partisan environment of US and South Dakota politics, this result is surprising! In the state legislature, long-dominant Republicans regularly seek opportunities to deny power to minority Democrats. Yet, South Dakota county commissions operate in a much more bipartisan fashion than state and national legislatures.

3 INTRA-SYSTEM FACTORS

These data allow us to further explore what factors might explain this widespread bipartisan cooperation among county commissions in South Dakota. First, does which party hold the majority in these commissions matter? We might expect Republicans to be more reluctant to share power at the local level, since they have held it at the state level for more than a century. However, Republican-majority commissions were only slightly less likely to have bipartisan coalitions. Of the 35 Republican-majority NSP counties, 18 (51.4%) have bipartisan coalitions. Of the nine Democratic-majority NSP counties, six (66.7%) have bipartisan coalitions.¹⁸ One possible explanation arises from the number of conservative Democrats, who are more likely to get elected in Midwestern and Southern states than from other regions of the country. In South Dakota, several so-called “Blue Dog” Democrats have been elected to the Congress and the State Legislature in

¹⁷ Six counties do not elect vice-chairs, including three of the four three-member commissions.

¹⁸ A methodological problem that persists in this study is the small sample size. For example, with only nine Democratic-majority counties, a single county can shift the numbers significantly. So, we rely on large differences in the percentages as an indicator of consequence. This case, where Democratic commissions are 14% more likely to have bipartisan coalitions is considered only a slight difference.

recent years. Their fiscal conservatism might encourage Republicans to ally with them at the county level.

What can multi-party commissions tell us about inter-party cooperation? After the 2008 election, nine counties in South Dakota elected “independents” as commissioners. While these independents are non-aligned and do not truly represent a third party, they do open the prospect of examining the commissions with more than two parties represented.¹⁹ Seven of the nine counties with independents have bipartisan coalitions (77.7%). Surprisingly, all but one of these coalitions features Democratic-Republican alliances. That is, seven commissions exclude the single independent from their “Blue-Red” coalition. Restated, seven-ninth of the counties with an independent commissioner have bipartisan coalitions that is composed only of the two major parties. This is a puzzling outcome, because we assume that independents are more moderate than partisans. So, why do adherents of the two major parties choose a broader alliance, clearly reaching across the aisle to the other party, instead of a shorter distance to an independent? Only further research would fully answer this question, but perhaps it had something to do with the particularly quirky relationship between these independent commissioners and their colleagues. Nonetheless, the exclusion of independents does further demonstrate the clear willingness—perhaps eagerness—of partisan county commissioners to ally with the other party.

What other factors might explain the variation in bipartisan coalitions among South Dakota County Commissions? First, we explore whether the size of the county affects the likelihood of bipartisanship. In urbanized populations, we expect a greater degree of polarization between the parties. Citizens are more politically diverse in larger communities, more candidates seek their party’s nomination, and extremists are more likely to secure their party’s nomination. Contrarily, smaller populations are more likely to be homogeneous, fewer candidates available, and moderates more likely to win nominations. So, we posit that larger counties are less likely to see bipartisan coalitions. Using the same population measure as above (counties with more than 10,000 are defined as large), we see that county size does not affect bipartisan cooperation. Of the 11 large NSP counties, seven (63.6%) have bipartisan coalitions. Of the 41 small NSP counties, 24 (58.5%) have bipartisan coalitions. An inconsequential difference.

Second, we examine the role the electoral system might play in encouraging bipartisanship. We expect that a district system would discourage bipartisan cooperation, because individual wards or districts are more likely to be homogeneous than the county as a whole. And, homogeneous wards are more likely to elect extreme partisans. On the other hand, commissioners elected at-large, on a county-wide ballot, may be more moderate and, hence, more likely to ally with commissioners from the other party. However, the evidence does not support this hypothesis either. Of eleven NSP counties that elect commissioners on an at-large basis, six (54.5%) have bipartisan coalitions. Of 41 NSP counties that elect their commissioners via a district or ward system, 25 (61.0%) have bipartisan coalitions.

Finally, we investigate whether bipartisanship in county commissions is related to political culture as measured by geography. In South Dakota,

¹⁹ The outlier here is Spink County which elected three independent and two Republican commissioners in 2008. The Commission elected an independent as chair (and no vice chair). Hence, it was coded as a single “party” governing coalition.

political lore divides the state into two regions, West River and East River, defined by their relationship to the great Missouri River (which flows north to south through the middle of the state). Although one scholarly work indicates that several regions of political culture exist in South Dakota, political observers regularly employ the East River-West River schema to distinguish political cultures.²⁰ West River is a more arid climate and is identified with the “Old West” of large ranches, old mining towns, gambling, and larger Native American populations. West River voters are characterized as fiscal conservatives; many of whom proclaim no need for government at any level, save “cops and troops.” East River sees somewhat smaller farms; annual small-grains do better with generally higher levels of annual precipitation. The East River population is characterized as moral conservatives, willing to use governmental authority to restrict vices like alcohol, pornography, and nude dancers. Many East River municipal governments own all public utilities and monopolize liquor sales; several have well-funded economic development efforts.

The evidence lends strong credence to these cultural regions; West River counties are much more likely to display bipartisan cooperation. Of the 13 West River NSP counties, nine have bipartisan coalitions (69.2%); of 49 East River NSP counties, only 22 are bipartisan (44.9%). This is a significant difference, which is probably related to the kinds of Democrats elected West River. Only conservative Democrats are likely to be elected in these very conservative West River communities. So, it is a narrower reach for West River Republicans to form an alliance than for their East River colleagues with more liberal Democrats as their potential partners. (However, see the contrary evidence from one large West River County discussed below.)

4 INTER-SYSTEM FACTORS

Now we turn to an examination of factors that explain why two such disparate systems (i.e., South Dakota and Slovenia) produce similarly broad-spectrum party coalitions in local legislatures. Relying on the most-dissimilar design, I offer three possibilities that might explain this outcome: (1) local legislatures’ decisions are primarily bureaucratic or administrative in nature, (2) the less partisan nature of micro-legislatures, and (3) the emerging “personal vote” for legislative candidates.

First, the bureaucratic/administrative nature of local legislative decisions is not readily or obviously partisan. Since these local legislatures’ actions are severely constrained by their superordinate governments, the range of their decisions does not fit neatly into a partisan schema, like it might at the state or national/EU level. The kinds and levels of taxes are beyond the authority of these local governments, as is the amount of debt which they can carry; all are set by state law. Rather, decisions are about humdrum matters like the maintenance of secondary roads, technical upgrades to the jails, and multi-jurisdiction cooperation on a new water plant. The legislative discussion is not whether we should do it—it is required by law—but when to undertake the task and what other operations must be cut to fund it. The often-arcane minutiae of local administration are not inherently partisan matters.

²⁰ See Edward Patrick Hogan and Erin Hogan Fouberg, *The Geography of South Dakota*, 3rd edition (Sioux Falls: Center for Western Studies, 2001). The more easterly James River, which parallels the Missouri, would represent a more accurate division. Many counties along the “Big Jim” are Democratic strongholds with many moral conservatives; farther west, fiscal conservatives dominate.

Slovenian municipalities perform a plethora of administrative tasks and often lack the capacity to carry them out.²¹ As revealed in my interviews with Slovenian local informants, many of the most substantial council decisions were actually rather mundane. For example, one municipality was building a new water and sewer system in concert with several neighboring municipalities. Local funding was matched by the Republic of Slovenia and the EU. Since funding was not a major issue, ideological and party differences did not arise in deciding where to site the facilities. Rightists agreed this was the proper function of the municipality. They even expressed pride that their municipality provided the leadership in coordinating with their smaller neighbors.

In one rural Slovenian municipality where I interviewed the mayor and a senior administrator, the council's major emphasis was economic development. In particular, the mayor sought outside funds to rebuild a local castle, which was the centerpiece of a popular annual festival and other tourist activities. In the Ljubljana suburb where I interviewed several informants, right-wing councilors united in opposition to the center-left coalition assembled by the mayor. One major battle was fought over whether the developer of a massive apartment complex should be required to build a daycare facility. However, even here, the right-wing party cast votes to elect a centrist councilor as deputy mayor, who was also supported by some leftists. In short, my elite interviews in Slovenia confirm the administrative and non-partisan nature of decisions in local municipalities.

To examine the South Dakota case, we scoured the publicly-available minutes of the NSP County Commissions; only the largest were able to produce comprehensive digitized records. Our dataset collects all of the recorded votes from the five largest NSP county commissions in South Dakota from January 1, 2009 to June 30, 2010. During this period, 5,115 votes were recorded in these five commissions. A large fraction (29.0%) of these votes was pro forma in nature (e.g., approval of minutes, agenda, and claims; setting holidays; and motions to enter executive session and adjourn). Even among the remaining 3,630 substantive items, only 141 (3.9%) were not unanimous votes. Commissioners divided their votes on less than one in twenty-five of the substantive votes in these five commissions!

Table 1 shows the frequency of party votes in these commissions, which reveals little party voting, with one exception.²² Restated, bipartisan cooperation in these local legislatures is remarkably high. (Brown County did not register a single party-line vote in this period!) Even on divisive motions, commissioners voted along party lines less than one-fifth of the time. Unsurprisingly, individual spending items constitute most of the partisan votes. For two commissions (Brookings and Codington Counties), all party votes were on motions to expend funds on a particular item.

²¹ Miro Haček and Irena Bačlija, "The Administrative Capacity of Slovenian Municipalities," *Lex Localis: Journal of Local Self-Government*, 7, 3 (2009), 307–311.

²² We define party votes when all of the Democrats vote on the opposing side from all of the Republicans.

TABLE 1: PARTY VOTING IN SOUTH DAKOTA COUNTY COMMISSIONS

	Brookings	Brown	Codington	Lawrence	Minnehaha	Total
Number of Democratic Party Commissioners (out of five)	2	2	3	1	1	n. a.
Percent Party Votes on All Divisive Items (Total Number of Non-unanimous Votes)	22.9 (9)	0.0 (15)	4.5 (22)	38.9 (36)	16.9 (59)	19.1 (141)
Percent Party Votes on Spending Items (Number of Non-unanimous Votes on Spending Items)	25.0 (8)	0.0 (13)	7.1 (14)	53.3 (15)	23.1 (13)	18.4 (76)

Sources: Minutes of Commission Meetings during the period January 1, 2009 to June 30, 2010 obtained from individual county offices.

To gain an adequate comparison of party voting in these Commissions, let’s briefly survey the literature on the frequency of party voting in other legislatures. Party voting in recent US Congresses typically occurs in about one-half of all votes, with Republican cohesion reached two-thirds in some years and Democratic cohesion somewhat lower.²³ Furthermore, Morehouse found party voting for a governor’s program exceeded 70% in ten US state legislatures.²⁴ National parliaments record much higher marks in party voting.²⁵ In the European Parliament, party voting cohesion exceeded 75% in recent years.²⁶

Clearly by these standards, party voting in South Dakota is very low in all but one of these counties. Lawrence, the sole West River County in the large county NSP sample, varies dramatically from the others with nearly forty percent of divisive votes cast along party lines. This contradicts our earlier conclusion about West River counties, where we found more bipartisan cooperation than East River. In Lawrence, the single Democrat found himself voting “Nay” on a majority of spending items in opposition to the four Republican Commissioners. Moreover, he found himself alone on 44% of appointments motions as well (four of nine votes to appoint someone to a local board, not shown). At close to one-half, this level of party voting is comparable to other US legislatures. Clearly, we see party voting in Lawrence County during this period; however, this single case does not overturn the overall preponderance of evidence which shows widespread bipartisan cooperation in South Dakota’s county commissions.

Four of the five large NSP counties show low levels of party voting. Indeed, three of these commissions had very few divisive votes. Furthermore, in Minnehaha County—home to the state’s largest city—many divisive votes were on tax items; almost half of the non-unanimous votes were on minor tax abatement and refund motions (not shown). However even here, party votes were a small fraction of these non-unanimous tax items; the sole Minnehaha Democrat voted in opposition to the four Republican Commissioners on only seven of the 26 tax exemptions (26.9%).

²³ Patricia A. Hurley and Rick K. Wilson, “Partisan Voting in the U.S. Senate, 1877–1986,” *Legislative Studies Quarterly*, 14 (2 (1989), 228–231; Samuel C. Patterson and Gregory A. Caldeira, “Party Voting in the United States Congress,” *British Journal of Political Science*, 18, 1 (1988), 115–117.
²⁴ Sarah M. Morehouse, “Legislative Party Voting for the Governor’s Program,” *Legislative Studies Quarterly*, 21, 3 (1996), 367.
²⁵ Melissa P. Collie, “Voting Behavior in Legislatures,” *Legislative Studies Quarterly*, 9, 1 (1984), 9–11.
²⁶ Simon Hix, Abdul Noury and Gérard Roland, “Power to the Parties: Cohesion and Competition in the European Parliament 1979–2001,” *British Journal of Political Science*, 35, 2 (2005), 216–221.

In sum, this evidence suggests that South Dakota county commissions deal largely with administrative/bureaucratic decisions, which fall outside the realm of party politics. Few of the votes are divisive; and even these non-unanimous ones are primarily fiscal matters than involve less than \$10,000 (i.e., very minor spending and taxation issues). In four of the five larger counties, party voting is very low compared to other legislatures.

The second inter-system factor that explains broad-spectrum party coalitions at the local level may be the size of the legislature. Few studies exist on this topic, but two older analyses on US state legislatures suggest smaller chambers are generally associated with more party cohesion. Using data from 1955 – 1965, one researcher finds higher levels of party cohesion in the Iowa Senate than the Iowa House, which is double the size of the upper-chamber.²⁷ Relying on evidence from a 1981 nationwide survey of state legislators, another study similarly concludes that “party caucuses are most important in small chambers with evenly matched parties.”²⁸ State legislatures have a moderate number of members in their chambers, typically at least several dozen.

The local legislatures we are dealing with in this study are tinier and operate much differently than state legislatures. Both personal dynamics and coalition strategy/calculus change dramatically when chamber size drops below twenty members. Specifically, the intimate nature of these micro-legislatures encourages inclusionary tactics. Hence, I posit that micro-legislatures, those with less than a couple dozen members, are less likely to be partisan than moderately-sized and larger legislatures.

In South Dakota, County Commissions are never more than five members; in Slovenia, most municipal councils number between ten and 20 members, with an overall average of less than 16 councilors. Such miniscule numbers encourage non-ideological decision-making, because consensus-building is usually a highly-valued norm in these micro-legislatures, where relations are often more intimate and less formal.²⁹ Moreover, local legislators are more likely to be embedded in denser social networks in smaller communities. These multiple connections to other legislators extend beyond politics, especially into socio-cultural institutions and settings. All of this makes it more difficult to demonize one’s opponents, regardless of their membership in a rival party at the national level.

Moreover, small groups tend to exaggerate the influence of an individual. In my observations of micro-legislatures in the US, I have noticed the undue impact a single new legislator has on legislative dynamics. A new voice, with a different set of priorities, results in significant accommodation by the senior members. The latter are curious and cautious in their dealings, trying to gauge the newcomer’s perspectives and alliances. Simply put, the replacement of a single legislator in a five-person legislature affects interactions that are magnified beyond their role as one-fifth of the total. In comparison, a large contingent of freshman—even if they constitute more than 35% of the total—only marginally affects the continuing partisan norms of a larger legislature.

²⁷ Charles W. Wiggins, “Party Politics in the Iowa Legislature,” *Midwest Journal of Political Science*, 11, 1 (1967), 88, 91–93.

²⁸ Wayne L. Francis, 1985, “Leadership, Party Caucuses, and Committees in US State Legislatures,” *Legislative Studies Quarterly*, 10, 2 (1985), 249.

²⁹ Miro Haček, Marjan Brezovšek and Irena Bačlija, “Demise of Political Parties: An Analysis of Coalition-Building on the Local Level in Slovenia,” *Journal of Comparative Politics*, 3, 1 (2010), 48.

The third common factor that exists in both Slovenia and South Dakota is the continued rise of the personal vote. The personal vote was first identified by V.O. Key in his “friends and neighbors” analysis showing candidates for statewide office garnered a higher percent of the votes in their home county.³⁰ Today, the concept acknowledges the development of personal ties between individual candidates and their constituents.³¹ Among members of the US Congress, these often idiosyncratic links usually reflect incumbents’ ability to redirect federal dollars to particular communities. Thus, the electoral connection is based on resource allocation and not on party affiliation or affinity.

However, at the local level, the personal vote operates much differently. It is based on pre-existing relationships formed as a result of familial, religious, ethnic, professional and other social institutions, often spanning a generation or more. In these smaller communities, voters often develop an intimate knowledge of first-time candidates from their previous experiences in a non-political environment. The party affiliation of the candidate is largely irrelevant to this warm relationship; rather the close ties arise from immediate first-hand (or close second-hand) interactions, almost always face-to-face.

As a result, local legislators can be assured of election—and more importantly reelection—regardless of their party affiliation and their level of cooperation with rival partisans. Unless local legislators take a series of unorthodox or unpopular stances, their continued personal relationships with constituents ensures their political survival. In such a serene partisan environment, legislators are not punished for formal and obvious cooperation with legislators from another party.

Moreover, contrary to common notions, local legislatures are not a “farm system” for higher office. While a ranking of elected offices clearly exists with a career ladder of sorts, relatively few national legislators begin their electoral careers in the lowest elected offices. Nearly all national elected officials begin their elective career in the middle of the ladder (like state legislatures), not near the bottom.³² Few local legislators have progressive ambitions to seek higher office. Rather, they are more likely to have a static ambition (i.e., to serve in a local legislature for a long period of time) or a discrete ambition (i.e., to serve in one particular elective office for a short period of time).

The circumscribed power of local governments described above further reinforces the importance of the personal vote, which diminishes partisan conflict. Powerful partisans in the superordinate government have ensured that their partisan opponents who gain power at the local level cannot subvert their policy preferences. Thus, national party organizations typically pay little attention to these local legislatures. Local legislatures are perceived as weak backwaters of power with little ability to affect major policy and little likelihood to produce candidates for higher office. Since their power is severely constrained, partisan swings in a particular election year rarely

³⁰ See V.O. Key, *Southern Politics in State and Nation* (University of Tennessee Press, 1949 (1984)).

³¹ Jamie L. Carson, Erik J. Engstrom and Jason M. Roberts, “Candidate Quality, the Personal Vote, and the Incumbency Advantage in Congress,” *The American Political Science Review*, 101, 2 (2007), 290; Richard Herrera and Michael Yawn, “The Emergence of the Personal Vote,” *The Journal of Politics*, 61, 1 (1999), 141; David W. Romero, “What They Do Does Matter: Incumbent Resource Allocation and the Individual House Vote,” *Political Behavior*, 28, 3 (2006), 248, 253.

³² See Joseph A. Schlesinger, *Political Parties and the Winning of Office* (Ann Arbor: University of Michigan Press, 1994).

affect local legislators' chances of reelection. Further, local legislative elections are often insulated from national electoral dynamics and party fortune swings by holding their elections at a different time of the year than state and national offices. Thus, local legislatures can be safely ignored by the party organizations. For these reasons, even while national politics is rife with hyper-partisanship, multi-party cooperation flowers at the local level in micro-legislatures in Slovenia and South Dakota.

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EUROPEAN E-READINESS? CYBER DIMENSION OF NATIONAL SECURITY POLICIES¹

Uroš SVETE²

The majority of social processes have become very dependent on information and communication technologies (ICT) according to their quick development and increasing use. With the emergence of new technologies and growing dependence of society on ICT, threats have emerged, which experts described as new. Information security or cyber dimension of national security has thus become an increasing priority for the countries, but they face these new threats differently. This article contains a specialized in-depth analysis of the situation of ICT in Estonia, Switzerland, Sweden and the United Kingdom. The selection of the countries was based on their ICT development, experience with information threats and membership in various political and security organizations. We examined the following indicators: the incidence of threats, normative (legal) acts and actors who are responsible for assuring information security. These indicators subsequently allowed us a detailed understanding of ICT threats faced by selected countries and their responses to them.

1 INTRODUCTION

Today, the modern and technologically advanced state is undoubtedly facing the greatest structural change since the fall of the Berlin Wall and the end of the Cold War, referring to its economic, political, information and nonetheless security role. In our analysis, the latter is especially going to be emphasised, as the attitude towards the question of security has recently undergone a fundamental change, whilst the information dimension has become one of the key sources of social power.³ Cyberpower is now fundamental fact of global life, while in political, economic, and military

¹ The article was written on the basis of a research study conducted by Primož Bizjak, Tea Bizjak, Gregor Čehovin, Matej Čerpnjak, Tjaša Karničar, Tomaž Kregar and Maša Žunič Marinič working under the author's mentorship at a postgraduate subject Information Technology and National Security.

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³ Christian Fuchs, *Internet and Society: social theory in the information age* (New York, London: Taylor & Francis, 2008), 99.

affairs, information and information technology provide and support crucial elements of operational activities.⁴

Throughout the human history, technological-technical revolutions have always been a matter of security dimensions as well. However, few had had such a profound impact on the power relations as it has been the case with the information and communication technologies (the ICT) and the related information revolution. Even though we often think that the Cold War Era was primarily marked by the nuclear arms race and the struggle for resources in the physical (real) space, more and more authors have been looking for causes of the well-known outcome of this period as well as the final domination of the Western world in the development of information technology and its influence both on weapons systems and the ways of operation of both military and non-military organizational structures.⁵ In spite of differing explanations of causes and intentions that eventually led to the Internet's predecessor, the ARPANET,⁶ an increasing consensus is emerging that the rise of the Internet-Protocol-based ICT and the creation of cyber space have undoubtedly changed the fundamental aspects of literally all social subsystems as well as the individual's role within them. Regardless of how we assess the events of the late 1950s and early 1960s that brought about the informatisation of the world, there is no doubt that the cyberspace and security sector have been interrelated from the beginning, both in theoretical-conceptual and empirical sense, whereby their relationship has been of inverse-deductive character.

Hence, the discourse of a new conceptualisation of security is completely understandable. It is the looks or the external image of security that has changed so much. Apart from national, state and individual security,⁷ we nowadays also speak of cyber security, which is becoming more and more equivalent an agenda in the more developed states.⁸ Nevertheless, information or cyber threats are still so "new" that they are still fairly unresolved, especially as concerns international law. However, the only certainty regarding them is that these threats take place in the virtual space of the critical information infrastructure (the CII) and with the assistance of the ICT. Cyber threats to security are connected with the use of modern ICT. And they refer to cybercrime, espionage, terrorism, extortion, misleading, scams and information warfare. Recently, an increase in acts of cybercrime has been detected, causing an estimated \$1,000 billion of damage globally

⁴ Franklin D. Kramer, "Cyberpower and National Security: Policy Recommendations for a Strategic Framework," in *Cyberpower and National Security*, ed. Franklin D. Kramer et al (Dulles: Potomac Books, 2009).

⁵ Janez Škrubej, *Hladna vojna in bitka za informacijsko tehnologijo* (Ljubljana: Pasadena, 2008); see also Alexander Klimburg, "Mobilising Cyber Power," *Survival*, 53, 1 (2011), 41–60.

⁶ Charles Herzfeld, ARPA Director (1965–1967) argued The ARPANET was not started to create a Command and Control System that would survive a nuclear attack, as many now claim. To build such a system was, clearly, a major military need, but it was not ARPA's mission to do this; in fact, they would have been severely criticized had they tried. Rather, the ARPANET came out of our frustration that there were only a limited number of large, powerful research computers in the country, and that many research investigators, who should have access to them, were geographically separated from them (<http://arpanet.co.tv/>). On the other hand, however, Škrubej sees the main initiators of this network's development in the tendencies towards setting up a command and communications network that would survive even a nuclear attack.

⁷ In the 1960s more complex definitions of national security appeared. According to the liberal and especially the constructivist critical security theory, the foci and security agenda had moved from the national state level towards non-state actors. But the new security understanding ("new security") did not acquire significant legitimacy until the end of the Cold War, when human beings/individuals as reference objects of security had been exposed to the collapse of the static bipolar world order and influence of the globalization (the concept of human security). See Edward Newman, "Human security and constructivism," *International studies perspectives*, 2, 3 (2001), 239–251.

⁸ See *Dealing with Cyber Security: Accept vulnerability*. Issue Brief 1, 2011. World Foresight Forum. Available at http://www.worldforesightforum.org/data/spaw/files/WFF/Publications/WFF_Issue_Brief_Cyber_Security_420x297_HR.pdf (15 December 2011).

every year.⁹ But cyber security will include not only technical issues, but also human matters –such as insider deception as well as normal human mistakes – and the problems of governance, both national and international.¹⁰

Considering that, in 2010, there were approximately two billion Internet users (Internet World Stats)¹¹ and that the cyberspace is decentralised (the Internet and the IP protocols operate without a single central server), we can assume with certainty that cyber threats are going to be an ever increasing security as well as a general social problem.

This article provides for a comparative analysis of the development in the sphere of information security in Estonia, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland. These states were selected according to their informational development and experience with information threats, their membership in different political and security organisations, such as the EU and NATO, and, last but not least, due to their varying size, which is a matter of relevance. Namely, the selected states derive from differing strategic-cultural patterns and the culture has become fashionable in the mainstream international relations scholarship in the Post-Cold war era. One of the most surprising aspects of the renaissance of scholarly interest in culture has been the emerging consensus in national security policy studies that culture can affect significantly grand strategy and state behaviour.¹² According to that finding we have chosen Switzerland which has maintained its military and political neutrality for several centuries and its stability has enabled it to develop one of the best and most stable banking systems in the world. On the other hand, Estonia has gone through a period of post-Cold-War transition and it is one of the few states that have experienced an all-out cyber attack, which left almost its entire critical infrastructure paralysed for several days. Sweden is a neutral Scandinavian state with a high level of ICT use that invests a lot in innovations. Yet the United Kingdom is a state belonging to the Anglo-Saxon political and value model, showing a relatively strong transatlantic orientation. Although we are aware of the fact that different states have had different experience in the field of ICT security, we are primarily interested in the similarities between models, since analyses and experience of this kind are of great importance in terms of providing information security in other countries.

Even though it may seem that researchers have an easy access to the sphere of information security, the empirical aspects of reality show a completely different picture. It is especially difficult to get the data on the number of attacks or incidents, be it either due to the classified nature of systems or due to companies' unwillingness to disclose the aforementioned data for reasons such as their market positions or the possibility of losing their customers' trust. Hence, the relevance of information or cyber threats can be studied indirectly, including the analysis of normative acts concerning information security, as well as it is important to identify the more prominent

⁹ See HM Government. *A Strong Britain in an Age of Uncertainty: The National Security Strategy*. Available at <http://www.cabinetoffice.gov.uk/sites/default/files/resources/national-security-strategy.pdf> (18 June 2011), 29.

¹⁰ Franklin D. Kramer, "Cyberpower and National Security: Policy Recommendations for a Strategic Framework," in *Cyberpower and National Security*, ed. Franklin D. Kramer et al (Dulles: Potomac Books, 2009).

¹¹ More precisely, 1,966,514,816; of this figure almost 500 million in Europe, which is an increase of 352% over the year 2000.

¹² Jeffrey S. Lantis, "Strategic culture and national security policy," *International studies review*, 4, 3 (2002), 87.

policy actors and stakeholders, the perception of threats and the influence of external actors on the development of policies.

2 THE STATE OF ICT IN THE SELECTED EUROPEAN STATES

Information security and stability of the studied issue is of paramount importance for Switzerland. This state is interesting to analyse for several reasons, the most important being that it is neither a member of EU nor of NATO, yet it is a member state of the EFTA. It is one of the most developed states in terms of economy and its power is mainly drawn upon the financial sector. Switzerland has been pursuing a policy of armed neutrality for a long time and it maintains its national defence according to the principle of militia. Switzerland has a population of approximately 7.7 million, among which about 80% of those over 14 years of age use the World Wide Web services.¹³ The Global Competitiveness Index, annually updated by the Global Economic Forum ranked Switzerland as the first among 139 countries.¹⁴ According to this report, the state, among other things, puts the greatest emphasis on the development of innovations and infrastructure, which includes the information and communication infrastructure.

State and public administration, traffic, vital supplies, communication and economy are heavily dependent upon the operation of information systems, which is also stressed by the umbrella document, i.e., the Report of the Federal Council to the Federal Assembly on the Security Policy of Switzerland (henceforth, the "Report").¹⁵ In 2010, the Global Information Technology Report ranked Switzerland as the fourth among 138 countries worldwide, based on the ICT index. The only three countries ranking higher were Sweden, Singapore and Finland.¹⁶ The reasons given above plus the obvious interweaving of different systems and information technology have stimulated the studying of this state's information security.

The second state included in our analysis is Great Britain. According to the ITU for 2010, 82.5% of its citizens use the Internet, making it one of the leading EU Member States in this respect.¹⁷ The ever increasing e-inclusion of citizens simultaneously entails that they rely more and more on the ICT, which in turn opens greater possibilities for various cyber threats.¹⁸ The provision of cyber security has thus constantly been gaining salience as the number of individuals who do not use the Internet has been persistently decreasing. In its document, Manifesto For a Networked Nation, the British government sets a goal claiming that, by 2012, the country is due to get as close as possible to the situation in which everyone is an Internet user.¹⁹

¹³ See *Zum Stand der Informationsgesellschaft in der Schweiz 2010*. Bericht des Interdepartementalen Ausschusses zur Umsetzung der bundesrätlichen Strategie Informationsgesellschaft, Februar 2011. Available at <http://www.bakom.admin.ch> (15 December 2011), 2.

¹⁴ See *Global Competitiveness Report 2010–2011*. Available at http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2010-11.pdf (30 June 2011).

¹⁵ See *Bericht des Bundesrates an die Bundesversammlung über die Sicherheitspolitik der Schweiz*. SIPOL B2000, June 7, 1999. Available at <http://www.sog.ch/uploads/media/SipolB2000.pdf> (3 May 2011), 13.

¹⁶ See *Global Information Technology Report 2010–2011*. Available at http://www3.weforum.org/docs/WEF_GITR_Report_2011.pdf (3 July 2011).

¹⁷ See *Internet World Stats*. Available at <http://www.internetworldstats.com> (25 April 2011).

¹⁸ HM Government. 2010a. *A Strong Britain in an Age of Uncertainty: The National Security Strategy*. Available at <http://www.cabinetoffice.gov.uk/sites/default/files/resources/national-security-strategy.pdf> (Accessed on 18 June 2011, p. 29-47).

¹⁹ See *Race Online 2010*. Available at <http://raceonline2012.org/faqs> (May 10 2011).

The British National Security Council rates cyber attacks performed either by other states or organised criminal groups and terrorists among the four threats of the highest priority for the next five years. The Council hence places cyber threats side-by-side to the international terrorism, international military crises and large-scale or natural disasters. The newest British National Security Strategy explains that United Kingdom is currently not facing military threats but that there are states that want to improve their position by using certain methods such as cyber attacks and espionage. With the use of cyberspace, the latter can be conducted from a safe distance, which further compromises the possibility of identifying the sources of such attacks and reduces political risks associated with espionage. This is but one example indicating that contemporary world calls for a consideration of more and more elements in the provision of national security, as the picture of potential threats is a far cry from the predictability of the Cold-War era.²⁰

Estonia, which is a member of both EU and NATO, is among the world's most informationally developed states. Global Information Technology Report 2009-2010 places Estonia in the 23rd place regarding households' access to the Internet, whereas it is used regularly by 75.1% of the state's population. The growth rate of broadband connections is increasing and is currently at 24.6%. According to the data by World Bank, the Estonian GDP per capita is \$14,060 and a quarter of the entire research and development (R&D) budget is allocated to the ICT domain, yet this budget has been decreasing.

Estonia is the first state that practically implemented e-elections in 2005 and enabled e-voting at 2007 parliamentary elections.²¹ In Estonia, 98% of all banking transactions and 82% of all tax returns are performed via the Internet. Additionally, most Estonian schools use e-learning. Personal ID cards and digital signatures have become part of everyday life both in public as well as private sectors.²²

However, because of a rapidly developing information society, the state has become more susceptible to information systems' abuse on the part of terrorists and criminal groups. Hence, Estonia is one of the few states that have already faced an informational/cyber attack on the nation-wide scale, as many governmental web servers, banking and information services were out of service for two weeks.²³

In terms of our research topic, Sweden is another country of great interest, as it is a member of the European Union, but not of NATO and is regarded as one of the most informationally developed states in the world. This is confirmed by the Global Information Technology Report 2010-2011 published by the World Economic Forum, which places Sweden first among all the states worldwide as regards the status of the most networked economies (i.e., the most digitally developed/connected economies). In this respect, Sweden has the most suitable environment for the development of

²⁰ See HM Government. *A Strong Britain in an Age of Uncertainty: The National Security Strategy*. Available at <http://www.cabinetoffice.gov.uk/sites/default/files/resources/national-security-strategy.pdf> (18 June 2011), 14, 18, 27.

²¹ See ENISA. *Estonia Country Report, 2010*. Available at <http://www.enisa.europa.eu/act/sr/files/country-reports/Estonia.pdf> (13 May 2011), 5.

²² See *Cyber Security Strategy*. Ministry of Defence – Estonia. 2008. Available at http://www.mod.gov.ee/files/kmin/img/files/Kuberjulgeoleku_strateegia_2008-2013_ENG.pdf (13 May 2011), 12.

²³ Uroš Svete and Uroš Pinterič, *E-država: upravno – varnostni vidiki* (Nova Gorica: Fakulteta za uporabne družbene študije, 2008).

the ICT, which is contributed to by the state-of-the-art and highly developed information infrastructure plus a very good normative arrangement as well as a favourable market environment.

The data provided by the World Bank²⁴ indicate that Swedish economy, having \$48,840 of GDP per capita, is one of the most developed European and global economies. A large portion of its economy is represented by the ICT industry, therefore it is not surprising that, already in 2003, Sweden allocated approximately one third of its entire R&D budget, which was about 1% of its whole GDP back then, to the sphere of ICT.²⁵

Obviously, Sweden has been pursuing an explicitly positive policy towards the ICT and it could also be argued that it has not only been striving for developing any kind of information society, but for a modern or the most advanced one. This is confirmed by the fact that, in 2010, 92.5% of the entire Swedish population was using the Internet, which makes Sweden second only to Iceland and Norway.²⁶ At the same time, the state has been attempting to digitalise its operation as much as possible and to enable access to public or state services via the Internet (in the form of eHealth, eGovernment, ePublic Administration, etc.) and to bring them even closer to its citizens.

However, such growth in the dependency of the workings of the entire society on the ICT also brings its own pitfalls and security risks, a fact Sweden is well aware of. In the field of security or defence, Sweden once again represents a special case, since it has developed the so-called concept of "total defence", which is evident in the provision of information security as well. Namely, the state has been pursuing a very holistic approach towards tackling these threats. In its analysis of threats and the formulation of corresponding solutions, Sweden has not limited its scope only to its own problems, but it has also paid due attention to difficulties other informationally developed countries have so far encountered. Apart from state actors, Sweden has also engaged private businesses and individuals working in the ICT domain in order to confront the threats to information security. Evidently, Sweden has, at least in part, transferred its concept of total defence into the field of information security provision, which is actually a responsibility of each and everyone connected with the ICT in some manner.

3 THE PERCEPTION OF CYBER THREATS IN THE SELECTED STATES

Switzerland strongly stresses the perception of threats by its citizens and service users, who have the possibility of reporting irregularities to the competent state authorities. Due to its position within the international community, this state is exceptionally sovereign in its operation, which, however, does not entail that it pays no attention to developments in its close and/or distant surroundings. Among the perceived threats in 2010, the

²⁴ See *World Development Indicators 2011*. Washington: The World Bank, 2011. Available at <http://data.worldbank.org/data-catalog/world-development-indicators>, (15 May 2011).

²⁵ See *Sweden: ICT star*. Global Technology Forum, 2009. Available at http://globaltechforum.eiu.com/index.asp?layout=rich_story&doc_id=10697&title=Sweden%3A+ICT+star&categoryid=29&channelid=4 (18 May 2011).

²⁶ See *International Telecommunication Union*. Available at <http://www.itu.int/en/pages/default.aspx> (12 May 2011).

most important ones were attacks on the Supervisory Control and Data Acquisition (SCADA) ICT systems, inaccessibility of certain websites, which is designated as the DDoS (Deliberate Denial of Service Attack) in the international environment, computers logging into malicious networks (i.e., the Botnet), illegal acquisition of sensitive data, such as passwords, usernames, credit card numbers, etc. (phishing), permanent threats, such as computer viruses, worms, Trojans and spam, misleading e-messages, known as hoaxes, spyware and so on. There have been more and more perceived attacks on mobile telecommunication devices, such as “smart” mobile phones.²⁷

These claims are corroborated by some statistical data acquired from state services entrusted with the task of providing Switzerland's information security. These data show the percentages of specific threats reported by the inhabitants of Switzerland, as follows: spam (19.5%), hard pornography (17.8%), absence of age checking for access to such contents (14.9%). The incidence of fraud has been on the increase,²⁸ as it comprised 4.6% of reports over the studied period, corresponding to an 86-% increase in the numbers of this type of threats. Internet-based business crime has been on the decrease and reached “only” 3.3% of all reported perceived threats and dangers, which is 8 per cent less than the rate recorded in 2007 – 11.3%.²⁹

Very important is also an awareness of political establishment, cyber threats are not coming just from individual hackers. So Swiss defence minister Maurer stressed that the danger no longer comes from single individuals, but rather from organisations or even states that seek potentially damaging information about a country and its businesses and institutions. Maurer also said that the massive amount of investment made in cyber-security in the past by Switzerland may not be enough now and added that threats could target mainly the energy, gas, transport and water sectors.³⁰

A trend of increasing international cooperation for providing ICT security can be observed in Switzerland. Being a highly developed state and a member of the EFTA, it is of interest to Switzerland that it maintains and provides a high degree of security also for the CII systems, as this preserves its credibility in the international community and on international (financial) markets. Efforts for increasing information security had amounted to the first pan-European exercise in the context of critical infrastructure protection under the name of Cyber Europe, which took place on November 4, 2010 and checked the response capabilities of EU and EFTA Member States in case of a cyber attack. This exercise saw the participation of 22 states with 150 experts from 70 public services. It was led by the European Network and Information Security Agency (the ENISA) and Switzerland took part in it as well. Even though the readiness for such threats was found to be good, the ministers of participating states agreed on additional increase of information security.

²⁷ See *Informationssicherung. Lage in der Schweiz und international*, 2010. Half-year report (July–December). Available at http://www.melani.admin.ch/dokumentation/00123/00124/01122/index.html?lang=de&download=NHZLpZeg7t,Inp6I0NTU042I2Z6ln1acy4Zn4Z2qZpnO2Yuq2Z6gpJCDdIF7hGym162epYbg2c_JjKbNoKSn6A-- (12 May 2011).

²⁸ In our case, the category of fraud encompasses the activities associated with internet scams conducted by using the ICT.

²⁹ See *Koordinationsstelle zur Bekämpfung der Internet-Kriminalität KOBİK, Jahresbericht 2010*. Available at <http://www.fedpol.admin.ch/content/dam/data/kriminalitaet/internetkriminalitaet/KOBİK/rechenschaftsbericht-2010-de.pdf> (10 May 2011), 3.

³⁰ See *Switzerland »vulnerable to cyber attacks«*. The Local, 20 June 2011. Available at www.thelocal.ch/361/20110620/ (12 December 2011).

In Swiss debates over information security, experience and conceptual development of the NATO have also been taken into account. Swiss authorities carefully monitored Lisbon NATO Summit where achievements and results of Member States' exercise, dubbed the "Cyber Coalition 2010", were stressed. It is noteworthy that, in its Report, Switzerland complies with and pursues the same goals as NATO, that is, energy and information security. Switzerland has been very carefully considering foreign experience and has been attempting to implement the good practices of organisations and states in its legal order, even though it is not a member of the international organisations concerned.

As we have already found out, Sweden is one of the most informationally developed states in the world. The ICT is now embedded in literally every aspect of Swedish society. This means that the (efficient) performance of a society or a state, and consequently, of an individual, has been more and more ICT-dependent. Even though ICT allows for easier and faster execution of various (social and state) functions, the increase in this dependence also means a growing degree of vulnerability and security issues in case of errors, accidents or attacks on these systems. Considering that Sweden is among the most informationally developed states in the world, it comes as no surprise that it tops the ranks in terms of the number of incidents related to cybercrime. In the recent years, Sweden has been experiencing increases in ICT-related criminality. Its state institutions have perceived the following threats as the most frequent ones: hacking into computer systems, infections with computer viruses, information thefts, unauthorised data manipulations and hoaxes. According to the 2010 data by National Council for Crime Prevention,³¹ there were 852 acts of Internet-based hoaxes and 299 acts related to Internet child pornography (19% increase over 2009), constituting criminal offences, plus 420 cases of crimes against the Law on personal computerised information, a 72-% increase over the previous year.

Phishing, which is often used in the financial sector, represents another significant problem. Since 2006, when Swedish bank Nordea suffered \$1.1 million worth of damage, caused by the use of malicious software, banks have been intensively engaging this issue.³²

An extraordinarily frequent way of attacking information systems is the DDoS, which most often affects websites of Swedish state institutions, political parties and larger companies. The number of these attacks has increased significantly since the arrest of Julian Assange in late 2010 in Great Britain, with websites of Swedish government being the primary targets. Additionally, Swedish governmental institutions claim that criminal acts performed via the Internet are becoming more and more sophisticated. There has been a growing number of carefully pre-planned cyber attacks, using a wide and branched (complex) network of hijacked or hired computers (according to certain data of the Swedish Civil Contingencies Agency, there were about 27,000 botnets in 2008 in Sweden), which makes the finding of perpetrators much more difficult.³³

³¹ See *National Council for Crime Prevention*. Available at http://www.bra.se/extra/pod/?action=pod_show&id=1&module_instance=11 (17 June 2011).

³² Francois Paget, *Cybercrime and Hacktivism* (Santa Clara: McAfee, 2010).

³³ See Swedish Civil Contingencies Agency. *Information security in Sweden: Situation assessment 2009*. Stockholm: Swedish Civil Contingencies Agency. Available at https://www.msb.se/Upload/Produkter_tjanster/Publikationer/MSB/0119_09_Information_security_in_Sweden.pdf (12 December 2011).

State services' report also warns Swedish government of insufficient readiness for possible attacks and malfunctions of the ICT. Network and/or computer systems errors have already crippled the operation of the governmental system, media and even health services.³⁴ Thus, Sweden has been encountering numerous forms of threats to information security and has developed a vast array of actors to counteract them. Apart from threats directly affecting it, Sweden constantly monitors international or global developments concerning information security (e.g. cyber attacks on Estonia and Israel/Gaza information operations). In Sweden's opinion, efficient provision of information security is only possible through continuous development of technology, formation of a unified legislative framework and monitoring of users' behaviour patterns. At the same time, Sweden sees deepened and intensified international cooperation (especially so within the EU) as a countermeasure against the information threats.³⁵ Sweden is actually well aware that the provision of information security is a key component of the (wider) provision of national security.

Great Britain, just as Switzerland and Sweden, also describes ICT threats as deserving the greatest possible attention. Therefore, the protection of cyberspace is one of its top national security priorities. There is a whole range of cyberspace risks, ranging from hostile attacks from other countries to people using it for terrorist purposes and, what may be the most evident one, cyber criminals. However, Internet still enables many possibilities for its every user. Such Internet-related dangers and possibilities will probably undergo a significant increase over the next five to ten years and so will the dependence on web communications and transactions. Hence, security of the use of ICT is now more important than ever before.³⁶

The most prevalent threats in Great Britain are Trojans and adware, representing 33.7% and 21.1% of infections, respectively, whereas the most common Internet incidents are virus attacks (34%), phishing attacks (22%), online identity thefts (21%) and e-mail or website hoaxes (15%).³⁷ In the United Kingdom, there is a strong awareness of the dangers cyber attacks pose. This topic is often written about in the media, which provides for the wider public's awareness, a crucial component in the provision of information security culture.

For many years now, large numbers of attempted hacks and various cyber threats that could compromise national security have been recorded. In one of his speeches, the Chancellor of the Exchequer (i.e., the minister of HM Treasury) said, inter alia, that there were over 20,000 malicious e-mails sent into governmental networks every month. The HM Treasury Department has been the most exposed to attacks, as in 2010, hundreds of serious and pre-planned hacking attempts against its computer system were performed.³⁸

³⁴ See *Cybercrime: An Annotated Bibliography of Select Foreign-Language Academic Literature*. Washington DC: Library of Congress, 2009. Available at www.ncjrs.gov/pdffiles1/nij/231832.pdf (22 May 2011).

³⁵ See Swedish Civil Contingencies Agency. *Information security in Sweden: Situation assessment 2009*. Stockholm: Swedish Civil Contingencies Agency. Available at https://www.msb.se/Upload/Produkter_tjanster/Publikationer/MSB/0119_09_Information_security_in_Sweden.pdf (12 December 2011), 27.

³⁶ See *GSO Annual Report 2010*. Available at http://www.getsafeonline.org/media/Get_Safe_Online_Report_2010.pdf (25 May 2011).

³⁷ See *GSO Annual Report 2009*. Available at http://www.getsafeonline.org/media/GSO_Report_2009.pdf (26 May 2011).

³⁸ See Osborne, George. *HM Treasury Press Notice 48/11: Speech by the Chancellor of the Exchequer*. Rt Hon George Osborne MP, at Google Zeitgeist 2011. Available at http://www.hmtreasury.gov.uk/press_48_11.htm (19 May 2011).

Organised criminal groups are no exception when it comes to ever more frequent use of the ICT, either.³⁹ In 2010, a special unit of British police forces for e-crime, in cooperation with the banking sector, exposed and foiled a criminal association of Eastern Europeans that operated in the Essex area and had managed to steal up to £20 million from current accounts of British citizens during its entire lifetime. Every month, the association was able to gain £2 million only by stealing data needed to log into the banking system, whereby criminals were using sophisticated software and the entire operation was allegedly coordinated by the gang boss using only a single laptop.⁴⁰

3.1 Cyber attacks as a threat to national security: the case of Estonia

The Estonian cyber conflict in the spring of 2007 has attracted a great deal of interest. Some describe the case as the first official and publicly described cyber war against a country. Others point out that it was not a war but a cyber riot. Nevertheless it was the wake-up call showing the potential risks of hacktivism.⁴¹ Although there is no hard evidence linking the Russian government to the cyber attacks launched against Estonian government websites during the week of April 27, 2007, at least one prominent Russian Nashi youth leader, Konstantin Goloskokov, has admitted his involvement along with some associates. Goloskokov turned out to be the assistant to State Duma Deputy Sergei Markov of the pro-Kremlin Unified Russia party.⁴²

Attacks, which began on April 27, 2007, occurred in three waves in which 128 DoS (Denial of Service) attacks, aimed at the entire Estonian information system, were conducted. The first wave of attacks began only hours after unrest and massive demonstrations of members of Russian minority had broken out in Tallinn, due to the removal of the Red Army memorial. DDoS attacks targeted Estonian Internet service providers and governmental websites and caused a drastic sudden upsurge in incoming web traffic into Estonia, while posts appeared on Russian forums giving instructions on how to perform ICMP (Internet Control Message Protocol) attacks.

On April 30, another wave of attacks followed, this time causing overload and unavailability of the parliamentary server for two days. It began with the publication of the list of e-mail addresses of members of Estonian parliament who had voted in favour of memorial's removal. This was followed by an appeal to spread the list through the Internet as quickly as possible. Hackers also broke into the Reform Party's website and published a forged written apology of Estonian Prime Minister concerning the removal of the memorial.

The third wave of attacks was taking place between May 3 and May 9, with the highest level of severity and frequency of assaults. The largest of them happened on May 8-9 when data traffic was at 400 times the normal levels, thus causing a 200-fold increase in network loads. About one million

³⁹ See *The United Kingdom Threat Assessment Of Organised Crime 2009/10*. Available at http://www.soca.gov.uk/about-soca/library/doc_download/54-the-united-kingdom-threat-assessment-of-organisedcrime.pdf (26 May 2011), 53.

⁴⁰ See Gill, Charlotte. 2010. *Hi-tech crime police quiz 19 people over internet bank scam that netted hackers up to £20m from British accounts*. Available at <http://www.dailymail.co.uk/news/article1316022/Nineteen-arrested-online-bank-raid-netted-20m.html> (23 May 2011).

⁴¹ See Heickerö, Roland. *Emerging Cyber Threats and Russian Views on Information Warfare and Information Operations*. Stockholm: Swedish Defence Research Agency, 2010. Available at www2.foi.se/rapp/foir2970.pdf (12 December 2011).

⁴² Jeffrey Carr, *Inside Cyber Warfare* (Sebastopol: O'Reilly Media Inc., 2009).

computers from all around the world (USA, Canada, Brazil and Vietnam) simultaneously sent requests at Estonian websites. During the day, additional new 58 DDoS attacks followed, forcing the two largest Estonian banks to stop all transactions for several hours, inflicting millions of dollars of damage upon them.⁴³

Estonian web pages were also attacked by the SQL injection⁴⁴ and users of Estonian mobile networks were receiving false SMS messages claiming they had been sent by the Estonian government. Apart from hackers, Script kiddies⁴⁵ also played an important role.

Larger attacks finally ended on May 28 and its aftermath included a total inoperability of the parliament, a majority of ministries, political parties, larger media companies, banks and the Estonian Telecom. Electronic banking and governmental communications were broken as well. Additionally, attacks caused great surprise among the citizens as they were unable to perform most of the Internet-based services. Estonian government accused the Russian government of performing the attacks right away and Tallinn immediately activated the EU and NATO mechanisms and demanded the instant adoption of the Strategy for Preventing Cyber Attacks.⁴⁶

4 COMPARATIVE ANALYSIS OF THE STRATEGIC IMPORTANCE OF CYBERSPACE IN NATIONAL SECURITY FRAMEWORKS

The formulation of a national security strategy is a priority of the state and, at the same time, it represents a fundamental normative stipulation that identifies the threats and directs the development of a national security policy. In its national security strategy, Great Britain defines cyber attacks on individuals, organisations and the state not as something that may happen in the future, but sees them as a threat of today, which is one of the reasons that Britain has identified the need for immediate action. Great Britain is already too dependent on cyberspace, which has become deeply woven into its society and is an element of both economy and security, to afford ignoring any of the more significant risks that obtain from such a situation. Moreover, we can expect the cyberspace-related threats to increase substantially in the next 10 years, as the country's dependence on ICT is going to further increase with the implementation of the third generation of Internet (a.k.a., the Internet of Things). On the other hand, provision of a suitable level of cyber security in all areas represents a basis for a better assertion of state's comparative advantages in the future.⁴⁷

How implementation of elements presented by the National Security Strategy should proceed is defined by the SDSR – Strategic Defence and Security Review), which also anticipates the establishment of the Defence Cyber Operations Group. One of its tasks is to assure the

⁴³ Ibid.

⁴⁴ Attackers use SQL injection for stealing and manipulating confident data and for compromising the system.

⁴⁵ Persons lacking deeper computer knowledge who use hacking tools developed by others that are publicly accessible, precisely following the instructions in the process.

⁴⁶ See Traynor, Ian. *Russia accused of unleashing cyberwar to disable Estonia*. Available at <http://www.guardian.co.uk/world/2007/may/17/topstories3.russia> (1 June 2011).

⁴⁷ See HM Government. *A Strong Britain in an Age of Uncertainty: The National Security Strategy*. Available at <http://www.cabinetoffice.gov.uk/sites/default/files/resources/national-security-strategy.pdf> (18 June 2011), 29; see also HM Government. *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*. Available at <http://www.cabinetoffice.gov.uk/content/securing-britain-age-uncertainty-strategic-defence-and-security-review> (10 May 2011), 47.

interconnectedness of country's cyber and traditional military capabilities. The group is thus going to bring together experts from all the fields related to defence, so that they will be able to support Great Britain's and allies' cyber operations with a view to protecting the key networks and developing new cyber capabilities.⁴⁸

The National Security Strategy builds upon the first cyber security strategy adopted by Great Britain in 2009 and, as far as cyberspace is concerned, it especially emphasises risk reduction, seizing the opportunities and improvements in capacities of knowledge, capabilities and decision-making.⁴⁹ Currently, a new version of cyber security strategy is being prepared and it is going to elaborate on the objectives defined by the National Security Strategy and the Strategic Defence and Security Review and will include guidelines for offensive responses of the state against potential cyber threats.⁵⁰ In the Strategic Defence and Security Review, the UK government also prepared a plan for introducing the National Cyber Security Programme intended to reduce the gap between the demands of modern economy on the one hand and ever increasing threats related to cyberspace on the other. The government is going to allocate a sum of £650 million in support of this programme during the next four years.⁵¹

Actors cooperating in this domain are numerous and operate in different specialised areas. The supreme body within the government responsible for network and information science is the Office of Cyber Security and Information Assurance (OCSIA), organised within the Government's Cabinet Office and is entrusted with the planning of cyber security and controlling other bodies regarding the attainment of strategic cyber objectives (<http://www.cabinetoffice.gov.uk/content/cyber-security>). The monitoring of health within the cyberspace is the task of the Cyber Security Operations Centre (CSOC), which also serves as a coordinating body when measures are applied in response to incidents. Department for Business, Innovation and Skills (BIS) is an advisory body offering consultations to businesses operating in the UK, informing companies of security and encouraging them to adopt security measures that would help towards establishing good practice cases of security within the UK business community. The Home Office bears the main responsibility for controlling computer crime and protecting the UK's key national infrastructure. In order to reduce the vulnerability of state infrastructure to terrorism and other threats, the Centre for the Protection of National Infrastructure (CPNI) offers security consulting to businesses and organisations that set up the national infrastructure. The national technical body, Communications-Electronics Security Group (CESG), provides information, consulting and assistance to the government and other organisations as regards important information services. The Information Assurance Policy and Program Board (IAPPB) and the Chief Information Officer (CIO) Council from the Cabinet Office are responsible for implementing the NIAS (National Information Assurance Strategy). Several organisations from the academia and industry participate in various stages

⁴⁸ See HM Government. *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*. Available at <http://www.cabinetoffice.gov.uk/content/securing-britain-age-uncertainty-strategic-defence-and-security-review> (10 May 2011), 27.

⁴⁹ See *Cyber Security Strategy of the United Kingdom: Safety, Security and Resilience in Cyber Space*. Cabinet Office. 2009. Available at <http://www.official-documents.gov.uk/document/cm76/7642/7642.pdf> (5 May 2011), 1–7.

⁵⁰ See Marshall, Rosalie. *UK to launch cyber offence strategy to prevent attacks*. Available at <http://www.v3.co.uk/v3-uk/news/2074991/uk-set-launch-cyber-offence-strategy-prevent-attacks> (31 May 2011).

⁵¹ See HM Government. *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*. Available at <http://www.cabinetoffice.gov.uk/content/securing-britain-age-uncertainty-strategic-defence-and-security-review> (10 May 2011), 47.

of developing and implementing the national policy on data protection. The Information Commissioner's Office (ICO) takes care of data and privacy protection.⁵² Also, the Home Office and the Metropolitan Police have established a special police unit that is specialised in e-crime, designated Police Central e-Crime Unit.⁵³

Additionally, Great Britain also has many different Computer Emergency Response Teams (the CERTs), namely 2 in the government, 1 military, 11 for users, 3 research and educational plus four others,⁵⁴ which perform specific tasks.

Similarly, Switzerland adopted a consolidated document at the level of national security strategy under the name of Bericht des Bundesrates an die Bundesversammlung über die Sicherheitspolitik der Schweiz.⁵⁵ This Report was adopted in 2010 and has been the only one after 1999. Notably, 11 years had passed between the two reports, which is definitely (too) long a period for the information age.

In this Report, information is referred to as "an increasingly important good".⁵⁶ As a consequence, attacks against information and communication infrastructure are defined as a direct threat and danger to the state, as this infrastructure is the main conductor of information. Compared to the 1999 Report, the threats and dangers to information and communication infrastructure are now placed as 6th instead of 7th in the 2010 Report and are now unambiguously defined in greater detail. What is new in this report is the definition of threats and dangers to the CII that have a high probability in the next 10-15 years and would have a medium-size impact on the state. This is related to the fact that the CII is a key component of critical infrastructure's elements, which could primarily be affected by threats and dangers at electronic level.

With the intent to facilitate the operation of the Swiss CII society, the Federal Council adopted the Information Society Strategy in 1998 and then remoulded and amended it in 2006. The aim of this change was a quick, coordinated and useful introduction of ICT into the society and its organisations. State and public administration began an accelerated implementation of e-governance or e-services, such as e-health.

There are several stakeholders involved in the formulation of legal order that guarantees the provision of a suitable level of ICT security; hence the policy is formulated by different national-level actors. We are going to present only the most important ones, i.e., those that have a direct influence on the formulation of policies and play their role on a daily basis. The most important stakeholder in the development is undoubtedly the Federal Council, which, through its bodies, oversees the development of ICT policy. There are three ministries⁵⁷ of more significant importance within the Federal Council that govern the development of documents related to this area, as follows: the Ministry of Environment, Traffic, Energy and Communication

⁵² See ENISA. *United Kingdom Country Report, 2010*. Available at <http://www.enisa.europa.eu/act/sr/files/country-reports/UK.pdf/view> (11 May 2011), 19–20.

⁵³ More information available at PCEU; <http://www.met.police.uk/pceu/> (December 2011).

⁵⁴ See ENISA. *United Kingdom Country Report, 2010*. Available at <http://www.enisa.europa.eu/act/sr/files/country-reports/UK.pdf/view> (11 May 2011), 38–39.

⁵⁵ Report of the Federal Council to the Federal Assembly on the Security Policy of Switzerland.

⁵⁶ See *Bericht des Bundesrates an die Bundesversammlung über die Sicherheitspolitik der Schweiz*. SIPOL 19650, June 23, 2010. Available at <http://www.admin.ch/ch/d/ff/2010/5133.pdf> (15 September 2011), 9.

⁵⁷ In Switzerland, these are called "departments" (originally, "Departementen").

(originally, Eidgenössisches Departement für Umwelt, Verkehr, Energie und Kommunikation – UVEK), the Ministry of Justice and Police (originally, Eidgenössisches Justiz und Polizeidepartement – EJPD) and the Ministry of Finance (originally, Eidgenössisches Finanzdepartement – EFD). Various bodies operate within these ministries, having the responsibility of providing CII security.

The department in charge is the Ministry of Finance, which established the Federal Information Council for this purpose (originally, Informatikrat Bund – IRB), bearing the strategic responsibility for ICT in the Federal Administration. The IRB hence plans the strategy, architecture and protection of the ICT and determines its mid- and long-term development. Its administrative body for plotting the course of ICT is the Federal Information Strategy Body (originally, Informatikstrategieorgan Bund – ISB).

The Report and Analysis Service for Information Security (originally, Melde- und Analysestelle Informationssicherung – MELANI) can be regarded as the most important body in this respect. It is under the jurisdiction of the ISB and was established to fulfil the tasks of early detection and resolution of difficulties for the needs of both the Federal Administration and the armed forces. In Switzerland, MELANI has the jurisdiction and tasks of a governmental CERT. Every half a year, this service issues an utterly exhausting report on information security for the past six months. MELANI is actually intended for two distinct groups of clients, namely administrators of critical infrastructure within Switzerland and ICT users in domestic setting. The Swiss see it as the main body for protecting the CII.⁵⁸

Under the jurisdiction of Ministry of the Environment, Transportation, Energy and Communication lies the Federal Bureau of Communication (originally, Bundesamt für Kommunikation – BAKOM). The Bureau was established in 1992 and is primarily focused upon the communication aspect of the CII, as Switzerland regards its television, radio and telecommunications component. There are also examples of public-private partnerships (the SWITCH Foundation – entrusted with the domain .ch), which are overseen by the BAKOM. SWITCH-CERT is one of the “groups for emergency computer intervention” in Switzerland. Other organisations with competences and responsibilities of the CERT in Switzerland include the CC-SEC, GovCERT.ch (MELANI), IP-Plus CERT and OS-CIRT.⁵⁹

The Federal Office of Police, containing the Coordination Service for the Fight against Cybercrime (originally, Koordinationsstelle zur Bekämpfung der Internet-Kriminalität – KOBİK) is under the jurisdiction of the Ministry of Justice and Police. The KOBİK was established in 2002, parallel to the Federal Office of Police. It is a publicly accessible service receiving individuals’ reports of suspected cases of cybercrime. Its tasks encompass the fight against Internet-based crime, including websites featuring racist, extremist and hard-porn contents; it investigates cases of unauthorised access into computer systems, illegal weapons trade, etc. When evidence has been collected, cases are submitted to competent criminal prosecution authorities at home as well as abroad.

⁵⁸ The Special Headquarters for Information Security (originally, Sonderstab Informationssicherung – SONIA) meets during the times of crisis, more precisely, when CII experiences disturbances. It is chaired by an official from the ISB and consists of representatives from the Federal Administration and economy. See *Melde- und Analysestelle Informationssicherung MELANI*. Available at <http://www.isb.admin.ch/themen/sicherheit/00152/00175/index.html?lang=en> (10 May 2011).

⁵⁹ See *FIRST Members*. Available at <http://www.first.org/members/map> (12 May 2011).

Unlike Great Britain and Switzerland, Sweden has no single document in the field of national security strategy, as objectives of information security are set down in the national strategy, which currently has an unclear status, as several versions thereof exist, mutually complementing each other. The first version of the abovementioned strategy was presented in a form of a draft act made by the government and entitled Society's Security and Preparedness, wherein we can find that, in terms of information security, Sweden's goal is to preserve a high level of information security throughout the entire society and to an extent that would enable the society to confront the obstruction of critical social functions and prevent it, whereas efforts invested into the attainment of this goal should be evenly distributed across the whole society, from state actors down to the very individual.⁶⁰

In 2005, the government formulated a new draft act entitled Collaboration in the Event of Crises – For a more secure Society, representing an amendment to the previous draft act. This one states that the 2002 National Information Security Strategy should incorporate the capability of detection, intervention and action in relation to interferences in the IT systems important to society. Trust and security in the use of IT should increase. Sweden should strive towards increasing security and improving integrity protection.⁶¹

In 2006, the government authorised The National Post and Telecom Agency – PTS) to propose a strategy that would improve the Internet security in Sweden (Strategy for increased Security for Internet Infrastructure). The vision of the government is that the Internet in Sweden should become safe, fast and widely accessible within a time limit of ten years. It is also deemed important that individuals trust the services that are based on the Internet, legal, financial and social interactions and that these services operate safely, reliably and fast. In this context, the PTS had to cooperate with relevant actors in the ICT sphere in order for proposals to win greater support. The PTS states that, in case of a malfunction or a collapse that could cause a widespread interruption or an interference that would disable the use of Internet for larger groups, individual users, important companies, authorities or organisations, it is important to provide a long-term protection of the critical functions within the Internet infrastructure. A large part of the infrastructure is provided by private operators. Hence public enterprises are of essential importance, as follows from the assumption that the market cannot meet the stated objectives by itself. Later, in 2009, this strategy was improved and renamed as the Action plan for internet security.⁶²

In line with the specification in the field of information security, the government prepared the Plan of Action for eGovernment in 2008, stating that authorities should encourage collaboration of different sectors with the eGovernment, enable them to access information as easily as possible and provide that this information be as useful as possible to them. Authorities should meet the technical requirements for supporting the eGovernment's operation and assure a high degree of security that stimulates trust in eGovernment among the people. Accordingly, the operational support across different sectors should be common and coordinated to the extent that unnecessary costs are avoided and overall productivity is increased.⁶³

⁶⁰ See Swedish Civil Contingencies Agency. *Information security in Sweden: Situation assessment 2009*. Stockholm: Swedish Civil Contingencies Agency. Available at https://www.msb.se/Upload/Produkter_tjanster/Publikationer/MSB/0119_09_Information_security_in_Sweden.pdf (12 December 2011), 18.

⁶¹ *Ibid.*

⁶² *Ibid.*, 77.

⁶³ *Ibid.*, 21.

During the same year, the government authorised the MSB to prepare the Action plan for information security in Sweden. The MSB recognised the urge for formulating exhausting regulations that would concern all the offices under governmental control as the primary need and it also stated that the obligations of certain sectors in the process of IT policy implementation had to be clarified. Furthermore, the MSB emphasised the need for establishing baseline social information security, which is a precondition for protecting information assets that have become essential for economy and public sector alike. Thirdly, the MSB stated that the society had to be capable of confronting widespread IT crises and disturbances and hence proposed that a national operative coordinating office be established. Shortage of IT experts at all the levels of society was also identified and investments in educating such personnel were proposed.⁶⁴

The fragmentation of actors in the formulation of ICT-related documents makes it evident that Sweden lacks a single governmental body that would be acknowledged as a national security agency by the actors operating within the ICT domain. Instead, numerous institutions operate in this sphere, such as: National Postal and Telecommunications Agency, overseen by the Ministry of Enterprise, Energy and Communications, Swedish Data Inspection Board, supervised by the Ministry of Justice, Swedish Emergency Management Agency, National Defence Radio Establishment, assisting the Ministry of Defence, the Swedish Defence Material Administration and the Swedish Security Service, sharing responsibilities and qualifications, as well as cooperating in order to provide information security and security of ICT infrastructure in Sweden.

Apart from cooperation among public actors in the field of internet security in Sweden, there is also a very good cooperation between public and private entities, which is corroborated by the case of SurfaLugnt, a national actor striving for a safer Internet, representing one of the most successful partnerships of IT industry and relevant public authorities. The partnership, which has been encouraging the development of professional knowledge and access to channels and which has been established as an alliance, is seen as more credible and as having more chance of winning attention on the part of target groups and the media.⁶⁵

Differing from the rest of the states included in our research, Estonian documents and their basic characteristics can be divided into two distinct periods: the first one until 2007 and the second one from 2007 onwards. We are going to focus primarily on the second period.

Approximately six months after the cyber attacks had occurred, the government adopted a system of security measures for the information system. The regulation set up a system of security measures for information systems that are used for processing data coming from local and national databases. The system of security measures is composed of a procedure for the specification of security measures and a list of organisational and physical IT measures for protecting data. Emergency Act has also been adopted. The latter serves as a normative basis for crisis management, including the preparations for responding to emergency cases, as well as for providing uninterrupted operation of vital services. The Act also includes provisions stipulating and regulating the organisation of banking and

⁶⁴ See ENISA. *Sweden Country Report, 2010*. Available at http://www.enisa.europa.eu/act/sr/files/country_reports/Sweden.pdf (22 May 2011), 5.

⁶⁵ *Ibid.*, 12–13.

telecommunication data protection, plus the provisions defining the critical infrastructure, which includes as follows: telephone and communication networks, cable casting networks, radio broadcasting networks and naval radio networks.⁶⁶

Soon after the attack, the Cyber Defence League was established. It is a voluntary organisation bringing together computer scientists, programmers and software engineers from private and public sector. In case of a cyber war, its experts would be responsible for defence and would operate under a single command during wartime.⁶⁷

Certainly the most important document, adopted in 2008, is the Strategy of Cyber Security in Estonia 2008–2013.⁶⁸ The strategy was adopted by the Cyber Security Strategy Committee, lead by the Ministry of Defence in cooperation with the Ministry of Education and Research, Ministry of Justice, Ministry of Economics Affairs and Communications, Ministry of the Interior and Ministry of Foreign Relations. This strategy defines the priorities and activities for improving the security in the country's cyberspace. It focuses on the following issues: responsibility of state and private organisations, assessments of vulnerability of critical national infrastructure, system of response, domestic and international legal instruments, international cooperation, training and informing on growing matters of contention. However, the strategy does not encompass national measures for the prevention of cybercrime, as the Ministry of Justice has already formulated punitive policies for the fight against cybercrime and Ministry of the Interior has prepared a draft list of priorities for providing Estonia's internal security until 2015.⁶⁹

Notably, prior to the cyber attacks of 2007, threats to the information system had not been perceived as strongly as have been thereafter. Moreover, the documents and strategies that had been adopted had fallen under the scope of the Ministry of Economics Affairs and Communications. Documents had been adopted slowly, every couple of years or so. However, after 2007, an overturn happened, as the state has since responded to the attack with accelerated adoption of documents that should provide a higher degree of security within Estonia and the subject-matter has become a domain of the Ministry of the Defence instead of the Ministry of Economics Affairs and Communications.

There are literally vast numbers of actors responsible for providing network and information security in Estonia. They can be divided into state bodies, including the CERT, organisations from the industry and the academia, plus other bodies and organisations whose roles and responsibilities are related to the provision of information security.⁷⁰

As far as state actors are concerned, the Ministry of Economics Affairs and Communications and the Ministry of Defence play the most important role, mutually cooperating in the domain of information security policy, which also

⁶⁶ See ENISA. *Estonia Country Report, 2010*. Available at <http://www.enisa.europa.eu/act/sr/files/country-reports/Estonia.pdf> (13 May 2011).

⁶⁷ See Tom Gjelten. *Volunteer Cyber Army Emerges In Estonia*. Available at <http://www.npr.org/2011/01/04/132634099/in-estonia-volunteer-cyber-army-defends-nation> (14 May 2011).

⁶⁸ See *Estonian Information Society Strategy 2013*. Available at [http://www.riso.ee/en/system/files/Estonian n%20Information%20Society%20Strategy%202013.pdf](http://www.riso.ee/en/system/files/Estonian%20Information%20Society%20Strategy%202013.pdf). (11 May 2011).

⁶⁹ See *Cyber Security Strategy*. Ministry of Defence – Estonia. 2008. Available at http://www.mod.gov.ee/files/kmin/img/files/Kuberjulgeoleku_strateegia_2008-2013_ENG.pdf (13 May 2011).

⁷⁰ See ENISA. *Estonia Country Report, 2010*. Available at <http://www.enisa.europa.eu/act/sr/files/country-reports/Estonia.pdf> (13 May 2011).

includes crisis management, cybercrime, education and training. The interior ministry has the most important role in terms of crisis management, cybercrime and critical infrastructure. It is responsible for the coordination of information security in Estonia and cooperates with the Ministry of Economics Affairs and Communications for that purpose. The detection and investigation of information crimes is the responsibility of the IT Crimes Office, Central Criminal Police.

There are still many other state bodies related to the provision of information security and their activities pertain to the control function, data protection on the Internet, coordination of actors and provision of high-quality national network infrastructure.

The Computer Emergency Response Team (CERT) has a special place reserved within the country, as it is responsible for managing security incidents in the .ee computer networks. It also serves as a contact point for international cooperation in matters of information security.

Industrial organisations have the fundamental responsibility in terms of state control over the lawfulness of personal data processing, management of databases and access to information of public character.

Organisations from the academia also play an important role, since they provide information and technology programmes for experts who develop the resources for Estonian information society and they as well train high-quality experts in information technology. The aims of the remaining organisations include the informing of users as to the safe use of the Internet, control and provision of security of information systems, plus the education and training of consumers.

5 CONCLUSION

Cyber threats have long since ceased to be a matter of future and science fiction and have become undoubtedly real. It is true that tracking or identifying the perpetrators is extremely difficult, as the removal of traces in cyberspace is much easier than in the real life, but the consequences for the operation of an increasing number of social systems, which are ever more serious, nevertheless have to be considered primarily. Even though cyberspace is a parallel virtual space, the attacks within it exert ever greater effects on the real-world life. Even a small-scale attack on the information infrastructure of a banking system that would disable its operation in entirety or even just one of the services, could disable the current operation not only of banks, but of an entire economy. Damage inflicted on the national level can have enormous consequences, transcending national borders. As a second example, we can mention hacking into centres of public warning systems to which individuals can report cases of traffic accidents, natural disasters, diseases, fires, spills, etc. A hack that would result in a temporarily disabled operation of the system would consequently render the systems we nowadays consider as taken for granted inoperative. Not to mention all possible cataclysmic events in case transportation infrastructure would be compromised.

The examples given above hence imply the fact that, in the countries we have studied, the ICT and, as a consequence, the e-services, have already become very important and deeply embedded into their workings. Thus, the

attention paid to information security is a logical response of the modern state, which, in the national security sense, has had more and more trouble defining its priorities and mechanisms to achieve them.

A further indicator showing that the information security has been an ever important objective of states' policies is also an ever increasing number of public and private actors these states have been establishing for tackling this issue. The more states have implemented the Internet into their societies' workings, the greater the number of actors that should provide security to information systems and their users has been. In our analysis of states, we have also been able to notice that, in the presence of negative experience, states have been paying more attention to these new threats, which is especially evident in the case of Estonia. However, numerous information attacks, especially those that have had a large media profile, apart from causing direct and indirect damage, have also raised the level of individual awareness about the extent of threats and their consequences both for national and individual security. Therefore states have been attempting to include the end users of ICT services into their efforts to raise the level of information security (i.e., into various security schemes). For this purpose, many institutions have been devised, such as the CERT, the Swiss KOBIK and the like, enabling individuals to report different cyber incidents, whereas Sweden has made one step further and has set down in its documents that the responsibility for achieving information security should also be on the part of individuals.

The analysis of conceptual acts can help explain the relation of a state towards the security problématique. Therefore, it comes as no surprise that almost all the countries we have studied have already formulated strategies of information security and the documents are relatively recent. Only Switzerland is still in the phase of formulating such a document (it should be finished till the end of 2011), whereas Great Britain is already preparing a newer version. Maybe a bit more surprising is that all these countries have, at least to some extent, taken into account the normative arrangements of EU and/or NATO when drawing up their documents, even though not all of them are members of these two international organisations. This is a testimony to the awareness of states that threats to information security know no national borders and that this is essentially an international or a global problem that calls for a coordinated action of states at national and international levels alike. And exactly this has been more and more important a characteristic of the modern security environment. In short, states are forced to cooperate, especially in relation to technological or environmental threats. However, the analysis of conceptual frameworks in the selected states also leads us to a conclusion that Europe is currently witnessing adaptation and searching for appropriate ways of confronting this issue, which is also indicated by the continuous amending and adopting of new normative documents.

Regardless of all measures, a full security of ICT systems is impossible, therefore cyber security policies should no longer focus predominantly on protective measures, but should put more effort into restoring a state of normalcy after an attack has taken place.⁷¹ Undoubtedly, cyberspace complexity demands a new security paradigm and a broader social consensus, but at the same time it is clear that conventional security

⁷¹ See *Dealing with Cyber Security: Accept vulnerability*. Issue Brief 1, 2011. World Foresight Forum. Available at http://www.worldforesightforum.org/data/spaw/files/WFF/Publications/WFF_Issue_Brief_Cyber_Security_420x297_HR.pdf (15 December 2011).

instruments can also play a significant role when cyber space security is an issue. Namely, they are responsible for dealing with states of emergency and for crisis management. Unquestionably, we will be facing a tremendous social crisis if critical information infrastructure is paralysed or completely destroyed, be it intentionally or unintentionally. The last great earthquake in Japan has shown that a complex crisis is not just theory but it could also become a reality. Given the importance of ICT in modern societies, similar complex crises could arise from cyberspace. If this happens the society will have to mobilise all the adequate resources for restoring technical systems as well as ICT-based critical infrastructures.

Therefore we can agree with Brotby⁷² that the road to information security goes through corporate governance. No one can solve cyber security challenges by delegating them to government officials. Although information security is often viewed as a technical issue, it is also a governance challenge that involves risk management, reporting and accountability. As such, it requires the active engagement of executive management. Today's economic environment demands that enterprises in both the public and private sectors reach beyond traditional boundaries. Citizens, customers, educators, suppliers, investors and other partners are all demanding more access to strategic resources. As enterprises reinvent themselves to meet this demand, traditional boundaries are disappearing and the premium on information security is rising. Heightened concerns about critical infrastructure protection and some other security initiatives are accelerating this trend. Therefore, there is no doubt cyber security can be reached only through participation of all users and by reaching consensus on the definition of threats and on methods of dealing with them. This amounts to a lot of work for traditional as well as newborn security actors.

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⁷² See Krag W. Brotby, *Information security governance: a practical development and implementation approach* (Hoboken, New Jersey: John Wiley & Sons, 2007).

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THE SOCIAL POLICY CHALLENGES OF EUROPE 2020 IN THE EU CANDIDATE COUNTRIES: THE CASE OF CROATIA AND MACEDONIA

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This paper examines the social dimension of the EU's Europe 2020 Strategy in two EU candidate countries (Croatia and Macedonia). The text outlines both the positive attributes of the new Strategy and addresses criticisms it has received. The two countries analysed show diverging trends, but also face similar challenges, in relation to the incorporation of Europe 2020 indicators and targets in employment, education, and poverty and social inclusion. The new indicators and targets may promote greater influence of the European Union in the creation of social policy at national level. At the same time, there is a need to support candidate countries where there are gaps in statistical data for evidence-based policies, a lack of strategic capacity, significant fiscal constraints, and a lack of political will. The paper concludes by addressing implications in relation to the identification of the poor and impacts on social protection systems and overall public policies.

1 INTRODUCTION

Systems of social protection as well as corresponding social policies in the countries of South East Europe (SEE) have been subjected to continuous changes since the 1990s. These changes have been produced by both internal and external factors, including: the transformation of the political (and socio-economic) systems and ideologies, labour market restructuring and demographic ageing. In addition, a range of international organizations have played a crucial role in framing policy choices and offering technical and financial support for institutional and legislative changes in the field of social policy.² Although the European Union has been criticized as lagging behind other international organizations in relation to the governance of

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² Bob Deacon and Paul Stubbs (eds.), *Social Policy and International Interventions in South East Europe* (Cheltenham: Edward Elgar Publishing, 1997).

social policy,³ for the countries in South East Europe (particularly when these countries became candidate countries for EU membership), the EU represents an important factor for change. Again, despite its limited social *acquis*, and continued emphasis on the sovereignty of nation states in the social policy making process, the EU's social dimension can act as a catalyst for change challenging conservative bureaucratic policy structures, and, at times, as a counterweight to the social policy prescriptions offered by international financial institutions such as the World Bank and IMF. In this respect, the Europe 2020 agenda, endorsed by the 27 Heads of State at the June 2010 European Council, with its aim of achieving smart, sustainable and inclusive growth, offers a new possibility for EU candidate countries to adapt their policies towards a more progressive and inclusive social model. However, there are many challenges facing the EU candidate countries in moving towards EU 2020 goals and targets.

2 THE SOCIAL DIMENSION OF THE EUROPE 2020 STRATEGY: OPPORTUNITIES AND CHALLENGES

Although the overall architecture of the strategy encompasses a combination of macroeconomic, fiscal, as well as environmental goals and targets, here we focus only on the social dimension. The operationalization of the priority of inclusive growth is meant to be achieved through:

- a) Five reinforcing EU-wide headline targets, three of which are primarily focused on inclusive growth: raising to 75% the employment rate for women and men aged 20-64; improving education levels, in particular by aiming to reduce school drop-out rates to less than 10%, and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40%; and promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of poverty and exclusion. The anti-poverty target is based on a combination of three indicators: the number of people at risk of poverty (whose total income is below 60% of the median national equivalised household income), the number of people suffering severe material deprivation (the number of people living in households who can not afford at least 4 items out of a list of 9), and the number of people aged 0-59 who live in jobless households;
- b) Seven flagship initiatives, including three primarily focused on inclusive growth: "Youth on the move", "An Agenda for new skills and jobs" and "A European Platform against poverty"; and
- c) Ten Integrated Guidelines, the last four of which focus on inclusive growth: Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality; Developing a skilled workforce responding to labour market needs and promoting long-life learning; Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education; and Promoting social inclusion and combating poverty.⁴

³ Bob Deacon, *Socially responsible globalization: A challenge for the European Union* (Helsinki: Ministry of Social Affairs and Health, 1999); Richard Rosencrance, *The European Union: A New Type of International Actor (EUI Working Paper RSC No. 97/64)* (Florence: Robert Schuman Centre, European University Institute, 1997).

⁴ European Commission, *Europe2020: A Strategy for smart, sustainable and inclusive growth, Communication COM* (Brussels: European Commission, 2010).

Far from ideal, this strategy, as suggested by other authors,⁵ offers an opportunity to balance the economic, ecological, employment and social objectives of the EU. It has also been described⁶ as a possible means of addressing negative welfare and labour market incentives and the consequent low growth potential of certain member states. Others⁷ have also commented that the strategy can contribute to a structured and coordinated response to current problems, such as the economic and financial crisis, climate change problems, and so on, adapting social welfare to meet new risks. According to the Regional Cooperation Council for South East Europe, the Europe 2020 strategy also offers candidate countries strong potential to anchor reforms and facilitate EU accession; commitment to common goals; improved systems of monitoring, peer reviews, benchmarking, and collecting indicators as well as widening the space for partial, functional and sectoral integration of candidate countries into EU structures prior to accession⁸.

At the same time, other scholars and, particularly, activists in the social policy field, have been more sceptical. According to the European Trade Union Institute, the focus on efficiency, effectiveness, prioritization and cost containment may be a prelude to a redefinition of the European Social Model in terms of a shift from a comprehensive to a more residual kind of welfare state.⁹ Pochet questions the potential of merely exchanging best practice in attaining the poverty reduction target “without any changes in the distribution of income and the mechanisms for redistribution”.¹⁰ Jepsen suggests that a strategy to decrease poverty and social exclusion via employment alone is bound to fail. She advocates a reinforcement of social protection systems as a way of achieving the poverty target.¹¹ Others¹² have also commented “the social dimension that was ‘social cohesion’ has been reduced to ‘poverty reduction’, (and) narrowed down into what is typical of a (neo) liberal view of the welfare state”.

Clearly, the strategy can be viewed both in terms of an opportunity and as a threat, with uncertainties in terms of whether national and supranational governance mechanisms can find the resources and the means to maximise its positive potential. Although EU candidate countries are not formally obliged to adhere to the strategy, they are strongly encouraged to do so and, inevitably, adhering to the soft *acquis* will necessitate a convergence with key targets and involvement in key initiatives. In this context EU candidate countries may face specific challenges due to their high rates of

⁵ Hugh Fraser and Eric Marlier, “Strengthening Social Inclusion in the Europe 2020 Strategy by Learning from the Past,” in *Europe 2020: Towards a more Social EU?* eds. Eric Marlier and Natali David (Brussels: P.I.E. Peter Lang, 2010), 34.

⁶ See Funk, Lothar. *Economic Governance and the Future of the Welfare State: Reforms and Incentives*, comments presented at an EIN Seminar on “Rebuilding European Market Economy”, in Madrid, 21 March 2011. Available at http://www.europeanideasnetwork.com/files/2011/Presentation_Mr_Funk.pdf (November 2011).

⁷ Anette Bongardt et al, “EU 2020 – A Promising Strategy?” *Intereconomics*, 45, 3, (2010), 136–170.

⁸ See Regional Cooperation Council. *Western Balkans and Europe 2020*, presentation at the Conference – ‘Western Balkans and Europe 2020, Towards Convergence and Growth’, in Brussels, 2011. Available at http://www.seevccc.rs/rnd/presentation-min/Minic_Western_Balkans_and_Europe_2020.pdf (November 2011).

⁹ European Trade Union Institute, *Benchmarking Working Europe 2011* (Brussels: ETUI and ETUC, 2011).

¹⁰ Philippe Pochet, “What’s Wrong with EU2020,” *Intereconomics*, 45, 3 (2010), 141–146.

¹¹ Maria Jepsen, “Social protection and the Europe 2020 strategy: part of the problem or part of the solution?” in *Benchmarking Working Europe 2011* (Brussels: ETUI and ETUC, 2011), 46.

¹² Bengt-Åke Lundvall and Edward Lorenz, “From the Lisbon Strategy to EUROPE 2020,” in *Towards a Social Investment Welfare State? Ideas, Policies and Challenges*, eds. Natalie Morel et al (Bristol: Policy Press, 2011), 11.

unemployment, poverty and social exclusion. As Nolan and Whelan¹³ point out, the addition of the severe material deprivation criterion produces much sharper variation between countries than was the case with the relative income poverty indicator alone. The significant gap between the higher rates of material deprivation in most of the new member states and candidate countries compared to the old member states is now more clearly visible in a key target indicator.

In many ways, the true impact of the Europe 2020 strategy will depend as much on the balance of power within the European Union in the coming years as on the technical aspects of the strategy. The composition of the European Council and the Parliament, as well as the relative weight of different Directorates-General within the Commission, will determine whether more economic and employment-oriented approaches to development dominate or, whether, there will be a more holistic concern with the social dimension. Whilst, at first glance, the Europe 2020 strategy appears more 'social' than the previous Lisbon strategy, at least as revised in 2005, this is also rather debatable. Indeed, by raising the social dimension up the agenda, without any significant changes in the mechanisms through which social policy will be addressed, namely the familiar instruments of the Open Method of Co-ordination, some of this may be lost.¹⁴ Indeed, the first wave of member state national reform strategy reports has tended to be rather limited regarding the issue of social inclusion, reflecting the current emphasis within the EU on austerity.

3 EUROPE 2020 AND THE JIM PROCESS

The linkage between the Europe 2020 strategy and the Joint Inclusion Memorandum on Social Inclusion (known as the JIM) for candidate countries is far from clear. The JIM is meant to prepare Candidate Countries for full participation in the OMC on social inclusion when they join the EU. It is a joint Commission/CC Government document, which sets out key challenges in relation to tackling poverty and social exclusion, presenting a set of agreed policies and measures in order to begin translating EU objectives into national priorities. The first JIMs were introduced for those countries which joined the EU in 2004 and 2007 and were widely criticised for being hurried, vague and ineffective, and largely top-down in terms of the lack of wide stakeholder consultation.¹⁵

Macedonia is still in the preparatory phase before work on the JIM starts. Croatia began work on the JIM in 2005, with the document signed by the Croatian Government and the European Commission on 5 March 2007. For the European Commission, Croatia's JIM represented a significant opportunity to make a more serious effort. This was, of course, helped by the certain knowledge that the time from the launch of the process, through the signing of the JIM, to Croatia's eventual accession, now scheduled for July 2013, was going to be several years, allowing for significant monitoring and follow up actions. Fortunately, the Government of Croatia placed

¹³ Brian Nolan and Christopher Whelan, "The EU 2020 Poverty Target" *UCD Geary Institute Discussion Paper Series* (Dublin: UCD Geary Institute, 2011), 9.

¹⁴ Paul Stubbs and Siniša Zrinščak, "Social protection and Social Inclusion from Lisbon to Europe 2020," in *From Lisbon Strategy to Europe 2020*, eds. Višnja Samardžija and Hrvoje Butković (Zagreb: Institute for International Relations, 2010), 163–184.

¹⁵ See European Anti Poverty Network. *EAPN comments on the Joint inclusion memoranda – February 2004*. Available at http://www.eapn.eu/images/stories/docs/EAPN-position-papers-andreports/jimcomments2004_en.pdf (November 2011).

responsibility for social welfare within a new Ministry of Health and Social Welfare, with the division of social welfare led by a state secretary from a coalition partner the Croatian Social Liberal Party (HSLs), who was keen to show leadership in the JIM process, so that the European Commission DG Employment, Social Affairs and Equal Opportunities, as it then was, found a willing and competent counterpart. The state secretary established a small team of independent experts who tended to be more progressive in their analysis and policy recommendations, and whose work was facilitated by a dedicated team of civil servants. Following a long and intensive consultation process, including different Ministries and Government agencies, NGOs, social partners as well as some representatives of regional and local governments, the JIM was signed on 5 March 2007, and has been followed by a number of Implementation Plans and Reports which have, in turn, been extensively evaluated and commented on by the Commission. In parallel, the JAP process focusing on employment according to the EU guidelines was also launched and the Joint Assessment Paper of the Employment Policy Priorities in the Republic of Croatia was signed in May 2008. Following commitments taken inside the JIM and JAP as well as other formal obligations, Chapter 19 of the *acquis communautaire*, relating to Social Policy and Employment, was provisionally closed on 21 December 2009.

Stubbs and Zrinščak¹⁶ have argued that the JIM allowed for an articulation of a clear social policy agenda in Croatia. In addition, it was the first time that issues of social exclusion were subject to real open consultation with stakeholders' views incorporated into the document and its evaluations. The JIM has also contributed to a process; albeit rather slow and uneven, through which Croatian social statistics have become more harmonized with EU practice, with the first results from the EU-SILC household survey due to be published at the end of 2011. It has also stimulated research on a range of social issues such as youth unemployment, vulnerability and the transition from school to work, and indebtedness. It has strengthened the hand of those advocating on a number of 'core' social policy and employment themes, as well as on deinstitutionalisation or the reduction of numbers in inappropriate institutional care, decentralization, the promotion of life-long learning, and the introduction of a social pension for older people without any income. Still, there is an overemphasis on 'process' at the expense of 'content' regarding EU social policy influence, and many commitments, including the 'social pension', have been postponed in the context of the economic and financial crisis. Crucially, just as there was little linkage between the JIM and the Lisbon strategy, later documents have not referred, extensively, to Europe 2020. The latest JIM Implementation Report makes only very vague and general reference to the strategy suggesting that, although it was developed in November 2010, and has been presented at a number of conferences and events in Croatia, it is not yet perceived as important in the setting of targets in Croatia. In the end, the real problem is that the JIM process has been more 'technical' than 'political' with little incentive to raise issues of social policy and responding to social exclusion up the political agenda. Indeed, JIM commitments, implementation and reporting on issues which are not the direct responsibility of the Department of Social Welfare, remain rather weak. In particular, commitments in the areas of education and health have tended to be rather general, relating to a broad reform agenda, rather than referring to the importance of policies to improve access to education and health for vulnerable and disadvantaged groups.

¹⁶ Paul Stubbs and Siniša Zrinščak, "Croatian Social Policy: The Legacies of War, State-building and Late Europeanization," *Social Policy & Administration*, 43, 2 (2009), 121–135.

4 THE SOCIAL DIMENSION OF EUROPE 2020 IN CANDIDATE COUNTRIES: AN EMPIRICAL ANALYSIS

Comparative trends in Croatia and Macedonia with EU averages suggest that they will face serious challenges in achieving the employment, education and poverty targets. In particular, Macedonia still has difficulties reaching the employment target, as there is an extremely low level of employment among women (37.5%). Croatia, whilst in a better position, still faces considerable difficulty in coming close to the target in terms of employment. At the same time, Croatia is one of the laggard countries in terms of economic growth after the crisis, with year on year, in the first quarter of 2011, the Croatian economy still shrinking, now by -0.9%. This suggests that the long-term negative structural conditions, both in terms of unemployment and in terms of poverty and social exclusion, will remain for some time, making the Europe 2020 targets even harder to reach. In addition, Macedonia will have greater challenges reducing the number of poor people (31.1%) to contribute towards the EU overall target of poverty. Both candidate countries seem to be in difficulty in relation to the increase of tertiary education enrolment, needing to double their existing levels of enrolment.

TABLE 1: EUROPE 2020 INDICATORS – COMPARATIVE DATA

	Croatia	Macedonia	EU27	EU2020 target
Employment rate (20-64)	58.6	48.1	68.6	75.0
Male	64.7	58.4	75.1	
Female	52.9	37.5	62.1	
Early school leavers (18-24)	3.9	15.5	14.1	<10.0
Male	4.9	13.7	16.0	
Female	2.8	17.5	12.2	
Tertiary education attainment (30-34)	22.6	17.1	33.6	40.0
Male	19.0	16.2	30.0	
Female	26.4	18.0	37.2	
At risk of poverty and social exclusion	n. a.	n. a.	23.1	20 million people out of poverty
Persons living in households with very low work intensity	n. a.	16.1	9.0	
Persons at risk of poverty after social transfers	17.9	31.1*	16.3	
Severely materially deprived persons	n. a.	41	8.1	

Source: Eurostat.¹⁷

*Poverty is calculated according to the relative method, as percentage of persons whose expenditures are below the level of 70% of the median equivalent expenditure.

Comparative analysis according to each of the indicators in the candidate countries shows that there are significant structural differences in relation to conditions in terms of employment, education and poverty (and social

¹⁷ Available at http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators (November 2011).

exclusion). On the employment front, the comparison between Croatia and Macedonia shows great disparity. While the overall employment trend in the five-year period from 2005 till 2010 shows a constant rise in the case of Macedonia (from 43.9% in 2005 to 48.1% in 2010), the Croatian positive employment trend stopped in 2009 and decreased further in 2010, mainly as an effect of the global economic crisis. Despite this, the Croatian overall employment rate is higher than that in Macedonia by some 10%, and in the case of female employment higher by 15%. This puts Croatia much closer to the labour market conditions in some of the newer EU member states, such as Malta and Hungary (59.9% and 60.4% respectively). Still, both of the candidate countries are far behind the EU target of 75%, necessitating the need for greater labour market and social protection incentives to improve these conditions.

TABLE 2: EMPLOYMENT RATE, (AGED 20-64) CROATIA AND MACEDONIA, 2006-2010

	Croatia	Macedonia	Croatia	Macedonia	Croatia	Macedonia	Croatia	Macedonia	Croatia	Macedonia
	2006	2006	2007	2007	2008	2008	2009	2009	2010	2010
Total	60.6	43.9	62.3	45	62.9	46.3	61.7	47.9	58.6	48.1
Male	67.6	53.6	70.3	54.0	70.7	56.2	68.2	58.4	64.7	58.4
Female	53.7	34.0	54.5	35.8	55.2	36.2	55.5	37.1	52.9	37.5

Source: Eurostat.¹⁸

Europe 2020 headline targets in the field of education seem more achievable in the candidate countries compared to other targets. Notwithstanding the problem of reliability and comparability of data identified by Eurostat, analysis of the trends regarding school dropouts and tertiary education attainment show a continual tendency of improvement in the case of Macedonia. A number of governmental programmes, such as increasing the number of Roma children in pre-school educational facilities, conditional cash transfers, and also the introduction of obligatory secondary education may have contributed towards a significant decrease in the number of school drop-outs. In Croatia, the school dropout target of less than 10% seems already achieved (3.9%), although Eurostat warns of data problems here, while Macedonia still lags behind with a rate of 15.0%. If the positive trend of reducing school drop-out continues at the same rate in the following period, then we can expect that Macedonia can achieve the EU target of less than 10% of early school leavers by 2015.

The situation regarding tertiary education attainment in the analyzed EU candidate countries seems more problematic. Namely, with a rate of 22.6% of 30 to 34 year olds who attended higher education Croatia needs to almost double the rate to reach the EU target. As the target is only 9 years away, so that the relevant cohort is already 21 to 25 years old, this will be particularly hard to achieve. However, the data trends indicate that the rate of higher education amongst females is significantly higher than amongst males and that, whilst both rates have been growing between 2008 and 2010, the rate of increase amongst females has been higher. It would need, still, an increase of around 2bps per year to reach the Europe 2020 target of 40% overall. In the case of Macedonia, the condition is even more difficult as the country needs to almost triple the current rate in order to achieve the EU

¹⁸ Available at http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_10&language=en (November 2011).

2020 target. Currently, the transition rate in Macedonia from secondary to tertiary education is 95%. The number of students who enrol at the University level is high due to many factors, such as: lack of employment possibilities, particularly for those with lower educational background, an increase in the number of private universities, as well as the dispersion of public universities throughout the country. However, the rate of completion of tertiary education has not increased alongside an increase of the number of students. This implies a low probability in Macedonia of achieving the EU 40% target by 2020.

TABLE 3: EARLY SCHOOL LEAVERS (AGED 18-24), CROATIA AND MACEDONIA, 2006-2010

	Croatia	Macedonia	Croatia	Macedonia	Croatia	Macedonia	Croatia	Macedonia	Croatia	Macedonia
	2006	2006	2007	2007	2008	2008	2009	2009	2010	2010
Total	4.7u	22.8	3.9u	19.9	3.7u	19.6	3.9u	16.2	3.9u	15.5
Male	5.3u	19.9	5.1u	17.9	4.1u	17.6	4.2u	14.1	4.0u	13.7
Female	4.1u	25.9	2.6u	22	3.3u	21.7	3.7u	18.5	2.8u	17.5

* u – unreliable data. Source: Eurostat.¹⁹

TABLE 4: TERTIARY EDUCATION ATTAINMENT (30-34), CROATIA AND MACEDONIA, 2006-2010

	Croatia	Macedonia	Croatia	Macedonia	Croatia	Macedonia	Croatia	Macedonia	Croatia	Macedonia
	2006	2006	2007	2007	2008	2008	2009	2009	2010	2010
Total	16.7	11.6	16.7u	12.2	18.5u	12.4	20.5u	14.3	22.6	17.1
Male	14.2	10.5u	12.6u	10.8u	15.8u	11.8u	17.5u	11.8u	19.0	16.2
Female	19.1u	12.8u	21.1u	13.6u	21.4u	13.1u	23.6u	16.8	26.4u	18

*u – unreliable data. Source: Eurostat.²⁰

The candidate countries will face most challenges in relation to achieving the EU target of reducing poverty and social exclusion. Eurostat data in relation to any of three indicators in this field are only available for Croatia, and only for the indicator of at risk of poverty, with other indicators likely to be available when the results of the first EU-SILC survey are known. Analysis shows that the Croatian at risk of poverty rate in 2009 was 17.9%, which is close to the poverty rates in some other EU member states such as Portugal (17.9%), the UK (17.2%), and Poland (17.1%). On average, the Croatian at risk of poverty rate is above, but close to the EU 27 poverty rate, which in 2009 stood at 16.3%.

TABLE 5: AT RISK OF POVERTY RATE AFTER SOCIAL TRANSFERS IN CROATIA, 2005-2009

	2005	2006	2007	2008	2009
At risk of poverty rate*	18	17	18	17.3	17.9

Source: Eurostat.²¹

¹⁹ Available at http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_40&language=en (November 2011).

²⁰ Available at http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_40&language=en (November 2011).

²¹ Available at http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_52 (November 2011).

Macedonia however faces a very different and much more difficult situation in relation to poverty, resulting from many factors, among which the most prominent are: persistently high unemployment rates since the country's independence (and even before that), as well as a high percentage of undeclared work (in the subsistence and grey economy). Poverty in Macedonia is calculated according to expenditure (and not income as in the EU), thus those being considered as poor are defined as persons whose expenditures are below the level of 70% (not 60%) of the median equivalent expenditure. According to this measurement, poverty in Macedonia amounts to 31.1% in 2009, a rate that is somewhat close to the poverty rate in Turkey (latest EUROSTAT data shows Turkey's poverty rate of 26.5%). Unofficial measurements of poverty in Macedonia according to the 60% of the median income definition show a lower poverty rate, although it is still high at 27.5% in 2009.²²

TABLE 6: DATA TRENDS IN RELATION TO POVERTY AND MATERIAL DEPRIVATION IN MACEDONIA, 2005-2009

	2005	2006	2007	2008	2009
At risk of poverty rate*	30.0	29.8	29.4	28.7	31.1
Severely materially deprived persons**	55.9	51.0	42.6	41.4	41
Jobless households					
0-17	30.8	29.4	29.1	23.4	19.2
18-59	25.0	24.7	24.2	18.7	16.1

Source: State Statistical Office and LFS.

*Poverty is calculated according to the relative method, as percentage of persons whose expenditures are below the level of 70% of the median equivalent expenditure.

** Source is the Household Budget Survey. The indicator is based on the persons that could not afford at least 4 out of 8 deprivation items, instead at least 4 out of 9, because the item - cannot face unexpected expenses, is not available.

The material deprivation indicator gives a wider scope and in the case of Macedonia increases the already high poverty rate. Thus, according to official statistics, the rate of material deprivation in 2009 was 41%, and this rate is probably higher, as within it are not included people who cannot face unexpected expenses (due to lack of such measurements). A 10 bps increase in the poverty rate has both fiscal and strategic policy implications. When the country begins to use this indicator, then it will be pressed to refocus its current social protection scheme from a sole focus on those most marginalized to a broader focus to include the following groups: those employed with below than average incomes; those employed but lacking access to essential goods and services, and so on. This indicator will also indirectly necessitate changes to the Household Budget Survey prior to the introduction of EU-SILC, so that questions regarding difficulties in paying for unexpected events are included.

Macedonia's official statistics currently does not provide an indicator regarding those in jobless households according to the Europe 2020 definition. According to LFS data (from 2009), the ratio of those in jobless households (calculated as the share of persons, by age group, who are living in households where no one works) among those 0 to 17 years of age is 19.2%, while joblessness among 18 to 59 year olds is 16.1%. The new

²² UNDP, *People Centred Analysis* (Skopje: UNDP, 2010).

Europe 2020 indicator will include the higher figure for those aged 0 to 17, thus giving Macedonia a higher overall rate.

The lack of comparable data implies that the statistical measurements and methodologies in the candidate countries are still in need of harmonization with EU standards. In particular, there is a need for data on low work intensity households and on severe material deprivation before Croatia could set a poverty reduction target in line with the Europe 2020 agenda. The 2009 Labour Force Survey data shows 11.2% of 18-59 year olds living in jobless households.²³ The 2009 European Quality of Life Survey (EQLS) looks at deprivation in terms of lacking one out of six items and, therefore, cannot be seen as a comparator to severe material deprivation. In the survey, the Croatian sample showed 63% of households lacking at least one of the items, a rate more comparable to the NMS 12 than the other candidate countries, which had rates of 83% (Turkey) and 85% (Macedonia) respectively. This was also the case in terms of deprivation rates by income quartile with Croatia showing a rate of 0.7, 1.7, and 3.0 aspects of deprivation for the highest, medium and lowest income quartiles respectively. In comparison, in Bulgaria the lowest quartile lacked, on average, 4.4 items, Macedonia 4.0, Turkey 4.6, and the EU-27 only 2.1.²⁴

This suggests that Croatia's rate of severe material deprivation could be close to the EU-27 rate of 8.1% or a little higher. It should be borne in mind that, according to the arbitrary \$5 a day poverty line used in the region by the World Bank, only 2% of the Croatian population is in poverty, compared to 37% in Macedonia.²⁵ There is also a need for a composite indicator based on poverty risk, material deprivation, and low work intensity households. This would, in all likelihood, show poverty and social exclusion to be significantly higher in certain parts of Croatia and amongst certain groups, including Roma and Serbs in war-affected areas.

5 CONCLUSIONS

The comparative analysis between the EU candidate countries of Croatia and Macedonia shows some general commonalities, and much more diversity in terms of trends in employment, education and living standards. The commonality which is identified concerns the statistical measurements and lack of use of harmonized statistical methodologies characteristic of the EU countries. This limits the ability of the analyzed candidate countries to make use of relevant and timely identification of targets and respective policy proposals and solutions. On the other hand the analyzed countries show greater diversity with each other in relation to achievements in the field of employment, education and social inclusion. While Croatia is much closer to the respective trends in the newer EU member states (and in some cases to Southern European countries), Macedonia greatly diverges in all analyzed fields from the EU27 member states. These trends also portray the position of these countries vis-à-vis EU, with Croatia expecting to join the EU in 2013,

²³ Croatian Bureau of Statistics, *Labour Force Survey Results 2009, Statistical Reports* (Zagreb: Croatian Bureau of Statistics, 2010).

²⁴ European Foundation for Improvement of Living and Working Conditions, *Second European Quality of Life Survey, Overview* (Luxembourg: Office for Official Publications of the European Communities, 2009).

²⁵ See Bartlett, Will. *Overview of Poverty Reduction and Social Inclusion Policies in the Western Balkans*, paper presented at the Regional Conference: What kind of Social Agenda for the Western Balkans, in Sarajevo, BiH, 25–26 May 2011. Available at <http://www.rcc.int/pages/0/41/what-kind-of-social-agenda-for-the-western-balkans> (November 2011).

while Macedonia still has not opened any negotiation chapters. However, the purpose of this article goes beyond illustration of data trends in the candidate countries, and strives to also identify the main opportunities and challenges that the Europe 2020 strategy poses for the candidate countries.

In this respect, the adoption of the headline targets and indicators provides an incentive for candidate countries to update and amend their previously adopted National Strategies as well as Action Plans in the field of poverty and social exclusion as well as a clear reference point for updating the commitments made in their Joint Inclusion Memoranda. The framework provides Governments with the possibility of developing quantifiable goals in relation to measuring poverty and social exclusion. The tradition of identifying quantifiable goals as part of the national strategic documents is a recent phenomenon in the EU candidate countries, and has been introduced mainly as a result of the need to align national targets for the purposes of EU accession. The EU 2020 framework also presents a significant challenge in relation to obtaining and monitoring comparable indicators as well as translating strategic targets into concrete action plans.

From the point of statistical measurement, the targets and indicators provide the candidate countries with a greater possibility to move statistical assessments from consumption to income, from different national thresholds (i.e. on poverty) to more harmonized EU thresholds, as well as towards use of new statistical methods (ISCED) which can become a national standard. However, it is also important to emphasize that in order to acquire a proper picture of the socio-economic profile of the country it is important to disaggregate and complement the new indicators with other data, which can give more details in relation to country specifics, such as: significant undeclared work, employment rates among different ethnic groups, poverty among less represented groups such as the homeless, and so on. At this point it is also not clear how the previous push toward incorporation of the Laeken indicators within national social statistics will be reflected within the new agenda.

Aside from their use within soft legislation, the implementation and achievement of the Europe 2020 targets and indicators in practice will create new challenges. Perhaps the greatest test of the impact of the Europe 2020 strategy in terms of social inclusion will be whether there is more of a social dimension to the governments' national reform strategy and practice than there was during the time of the Lisbon strategy. In addition, the framework will necessitate explicit policy reconfigurations as well as the creation of fiscal space. The need to redefine national strategies for combating poverty and social exclusion, as well as consequent actions plans and JIMs both in relation to statistical measurement and targets will imply:

- a) Widening of the official indicators for measuring poverty and social exclusion (with a focus on non-material indicators), which will most probably result in higher poverty rates in the candidate countries;
- b) Widening the focus of social policies and measures towards target groups, so as to provide forms of social protection for all those assessed as poor and socially excluded;
- c) A more visible integration of social policies with other public policies, such as employment, education, housing, and so on, to overcome the current lack of horizontal coordination of policies for social inclusion.

These challenges will result in financial and strategic redefinitions, which if not promptly tackled, may further diverge the candidate countries from EU

trends in the fields of employment, education and social inclusion. Hence, giving significant attention to the social dimensions of the Europe 2020 agenda in the broader development agendas of the candidate countries, which will require both political will and the creation of fiscal space, will have benefits beneficial both for national welfare states, and also for their swifter approximation to existing EU member states.

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POLITICAL ECONOMY AND PUBLIC POLICY OF MARGINALIZATION: ALTERNATIVE DEVELOPMENT, MULTILEVEL PLANNING AND DISADVANTAGED COMMUNITIES IN SLOVENIA AND CANADA

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Are alternative development models relevant in the context of revitalization of disadvantaged communities without the visible role of the state in building development strategies? In some reasonable conditions, the state has to carry out specific tasks which would guarantee marginalized communities to become a relevant partner in creating and establishing participatory development approaches. In many developed countries the inclusion schema is usually established but power relations are not reconstructed properly in a sense of a more fair cooperation between the state and disadvantaged communities. The main goal of the present paper is to problematise development policies according to marginalized communities in Slovenia and Canada and to show which development principles from Canadian socio-economic praxis are relevant for Slovenian reality.

1 PROLOGUE

We are aware that simple causal model of alternative development is too rigid when trying to picture a complex reality of development strategies. Contemporary approaches to development in marginalized communities are multidisciplinary in their nature and planned as multilevel strategies of development. Regarding theoretical approaches, scholars adapt theories, for example, from international political economy to theories of micro business to explain various themes concerning development in disadvantaged communities. Due to this reason we will use the original Sundaram's²

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² K.V. Sundaram, *Decentralized Multilevel Planning: Principles and Practice (Asian and African Experiences)* (New Delhi: Ashok Kumar Mittal, 1997).

approach of multilevel planning and adapt it to development reality in Slovenia and Canada. The main issue concerning multilevel planning is to show different possible approaches regarding alternative development: top-down planning, planning from below and planning from within. For Sundaram,³ the issue of decentralization is of fundamental importance in relation to multilevel planning.

Our focus is to warn that problem of poverty is of acute nature also in developed countries as they are Slovenia and Canada. The latter has far more developed social economy approaches which will be an important issue in this paper. Two marginalized groups are included in comparison: Aboriginal peoples of Canada and Roma community in Slovenia. Even they do not share a lot of common characteristics, the problem of continuing marginalization is evident in both cases.

We will try to explain and investigate the marginalization phenomenon and possible solutions in two ways: through a political economy approach and public policy analysis. More concretely, we are interested how policy changes and participation of individuals (living in disadvantaged communities) in development policies create development opportunities for them. What is more, research interest is also given to the role of the state in development policies and what is probably missing in defining its role in preventing marginalization.

Finally, two different development approaches are included in comparison: *Community Economic Development* approach widely used in Canada and the Government of Slovenia's *National Program of Measures concerning Roma Communities within the Period 2010-2015* as a core strategy for future development of Roma in Slovenia. In fact, the first one is the alternative model of economic development in communities (often called the *initiative*) which is partially independent from the state. The second example is a governmental strategy designed as top-down model of development.

2 MULTILEVEL PLANNING: BEYOND THE "TWO WAY" DEVELOPMENT

Conventional distinction which assumes and determines the role of the state in planning activities presupposes *top-down*⁴ and *bottom up*⁵ approaches as the most reliable. In some sense, this linear mode of thinking is maybe too simplistic for understanding a chaotic reality in the process of development activities. Sundaram⁶ besides the conventional view offers a third possibility which he calls a "development from within" saying that this is a model of development with a "capillary effect".⁷ The difference relating to "development from below" is that the latter is controlled by the government. When scholars are talking about a development from "within", then, decentralization as a process is becoming a more real category⁸ integrating

³ Ibid.

⁴ Top-down approach is understood as planning activities led by the actual government.

⁵ See K.V. Sundaram, *Decentralized Multilevel Planning: Principles and Practice (Asian and African Experiences)* (New Delhi: Ashok Kumar Mittal, 1997), 22. With bottom-up approach we assume participation activities in disadvantaged communities which are partially established without a stronger role of the state. In some sense, state's role is in visible coordination of planning activities. Sundaram presupposes a similar concept called "development from below" assuming that is controlled by the actual government with some level of public participation.

⁶ Ibid.

⁷ Ibid., 133.

⁸ Ibid.

“the local initiatives into larger planning development efforts of the government”.⁹ As Sundaram points out, development from within is the most suitable approach for local and regional communities in terms of development planning.¹⁰ In some sense, communities at these two levels, then, try to find some sort of policy and economic convergences. For Bennet, thinking about policy convergence on levels of policy goals, policy outcomes, policy content, policy goals or policy style is too deterministic and mechanical. His idea is the image of a central point to which through time different policy parameters come together.¹¹ On the other hand, convergence in terms of community economic development addresses the question of domestic demand, need and the use of resources. Furthermore and above domesticity, but still largely oriented to domestic production, some production of goods may be use to satisfy external demands.¹²

The important question is if they are some crucial differences between planning in different countries, for example, between western capitalist formations and underdeveloped economies in Third-World countries. In our view, it is more important parameter than studying the difference between countries themselves to give attention to local disadvantaged communities and, then, to assess an impact of macro (state) environment to marginal position of those communities. It is of course important if a particular state belongs to the “world class” of the best economies, but on the other hand, examples from Canada concerning Aboriginal communities and Roma peoples in Europe warn us that the “Third-World” communities exist at the heart of the most developed entities.

As Sundaram explains, multilevel planning “involves sharing of planning and policy functions at different sub-national levels and devising mechanisms and procedures for effecting flows of information for planning and interaction between and among the sub-national levels”.¹³ Regarding Sundaram’s view, they are some important advantages concerning the approach. This system combines planning and development functions in a more comprehensive approach that may understand numerous actors at different spatial levels. Furthermore, multilevel planning assures that the local use of resources is more efficient and, at the same time, the specific attention is given to higher productivity of economic sectors going in hands with sustainability principles. Additionally, it guarantees that it satisfies criteria of cost-effective approach in relation to information access. As several other common approaches, multilevel planning tries to overcome in some areas fundamental disparities between the regions or communities. Finally, this approach is based largely on peoples’ participation in development planning and development process itself establishing a representative body at each spatial level.¹⁴

They are five essential principles of *modus operandi* concerning the concept of multilevel planning:¹⁵ The first principle, principle of function-sharing presupposes the division of development activities specifying the most suitable for each level of operation and clear identification of planning functions. Although development processes are at various levels strongly

⁹ Ibid., 134.

¹⁰ Ibid.

¹¹ Colin. J. Bennet, “What Is Policy Convergence and What Causes It?” *British Journal of Political Science* 21, 2 (1991), 215–233.

¹² John Loxley, “The ‘great northern’ plan,” *Studies in Political Economy: A Socialist Review*, 6, (1981), 151–182.

¹³ K.V. Sundaram, *Decentralized Multilevel Planning: Principles and Practice (Asian and African Experiences)* (New Delhi: Ashok Kumar Mittal), 51.

¹⁴ Ibid., 54–55.

¹⁵ Ibid., 55–59.

interconnected the distinction between functions and activities is crucial due to the “visibility” of the whole multilevel planning. The principle of financial decentralization addresses requirements for changing the nature of traditional procedures of delivering financial resources from department and agencies (vertical line) to horizontal levels in particular country - for example, the inter-regional allocation of financial resources. In the context of financial decentralization, at the same time, the principle of administrative decentralization has to be carried out. In this sense, “deconcentration” of powers is seen as a delegation of powers to decentralized levels. The fourth principle, principle of public participation, presupposes the involvement of the members of disadvantaged communities in creating development activities. As we will see later in this paper, conflict often appears when expert knowledge is confronted to the local knowledge system. The iteration principle (the relay vs. re-relay process) addresses the importance of system equilibrium. More specifically, the information flow guarantees, through repetitive “behaviour”, more and more stable system at various levels. In fact, the information flow is consisted of two parameters: top-down flows shape information as policies, priorities, targets, budgetary or technical information; on the other hand, bottom-up flows include information about local priorities, targets, needs and preferences. Lastly, integrated planning at different spatial levels (principle of nesting and integration of plans) is of central importance, and in majority of cases, also complex in its nature due to the multilevel coordination.

In the context of multilevel planning, it is necessary to determine how many levels of operational activities are needed to introduce into planning activities. The important aim is to overcome traditional hierarchy, for example, to speed up the process of information flows, cooperation between planning bodies and levels of government etc. On the other hand, if the structure of planning is too flat, then, would “make functional allocations ‘concentrated and heavy’ at both ends with too short a line of command and operationally not quite ideal, particularly if the country is large in size”.¹⁶ Decentralization of the whole process of planning presupposes the “move” of some functions to the lower spatial levels.¹⁷ The latter is important in a sense that the “appropriate” level of decision making and coordination is determined. For example, as Sundaram expresses, often is it is a local level seen as the most problematic in development activities. For example, a shortage of experts and skills is of acute shortcoming in Asia and Pacific region.¹⁸

Sundaram concerning multilevel planning distinguishes between three types of mechanisms: planning and decision-making mechanism, coordination mechanism and participatory mechanism, all on the local, regional and national level.¹⁹

¹⁶ Ibid., 60.

¹⁷ Ibid.

¹⁸ Ibid., 65.

¹⁹ Ibid., 63.

TABLE 1: MULTILEVEL PLANNING MECHANISMS

Area Levels	Planning and decision-making mechanism	Coordination mechanism	Participatory mechanism	
			Democratic (elected)	Community-based
National	Cabinet, National Development Council, Planning Commission/Economic Development Board, Planning Cells in the Ministries	Ministry of Finance, Inter-ministerial Committees Sectoral Policy Committees	Consultative Committees of Parliamentarians	Interest Groups and other people's organizations at the national level: Association of Farmers, Women, Tribal's, Backward Communities etc.
Regional	Region/State/Province Cabinet Executive Council; Regional Development Council; Regional/State Planning Commission/Board; Sectoral Planning cells.	Regional Budgeting office Sectoral Planning Groups/Committees/Task Forces Program Coordination Division.	Consultative Committee of elected leaders	Interest Groups and People's organizations at the Regional level
Local	Local (e.g. District) Development Council; Local Planning Office; Village Planning Forum, Village Council	Joint Committees for Planning; Subject Matter Committees	Association of elected leaders in the joint and subject matter committees	Interest groups/People's organizations at the local level; User groups/Join Management Committees.

Source: Sundaram.²⁰

As Sundaram²¹ explicitly points out, in ideal situation organizations working on multilevel planning have experts on all levels mentioned in table 1. In reality, in developing countries, it is possible to find experts solely at one or two levels on the top of the whole operational structure. Due to the reason that lower levels often do not have adequate personnel to carry out effective training or any other operation activities experts at upper levels will assure additional assistance. Setting-up coordination mechanisms is of fundamental nature in the context of introducing an integrated plan. For this reason, inter-ministerial, inter-sectoral and inter-disciplinary committees have to be established at all levels of decision-making and operation. Participatory mechanisms as a combination of elected leaders and interest groups, self-management and user groups etc. create what is often called an operation of »polycentric« institutions.²² Regarding the term *polycentric*, McGinnis²³ states that, in this sense, it is not so important question how many authorities are in operation (multiple jurisdictions) but how many opportunities are created for the public accessing the public goods. In this context, we may agree with a thesis that contemporary trends in public-private partnership have to be based on the notion that public investment dominates over private counterpart. Private sector remains important offering technical expertise, management and organizational experience and its capital for delivering public goods.²⁴

²⁰ See K.V. Sundaram, *Decentralized Multilevel Planning: Principles and Practice (Asian and African Experiences)* (New Delhi: Ashok Kumar Mittal, 1997).

²¹ *Ibid.*, 61.

²² *Ibid.*, 62.

²³ Michael D. McGinnis, *Polycentricity and Local Public Economies: Readings from the Workshop in Political Theory and Policy Analysis* (Bloomington: Indiana University, 1999), 6.

²⁴ John Loxley (with Salim Loxley). *Public Service, Private Profits: The Political Economy of Public-Private Partnership in Canada* (Halifax and Winnipeg: Fernwood Publishing, 2010), vii.

In the context of planning, in some sense, we may agree with Horvat who states that »a dilemma was - and is - talked about: plan or market. But that is a false dilemma. The market is only one - and until now the most efficient - of the planning mechanisms and the plan is the precondition for the proper functioning of the market.”²⁵ Horvat model of self-management also presupposes a decentralization principle, more specifically, at one point speaks about the “maximum decentralization”. In practice, as he advocates, decision-making would presumably be given to lower levels, decision left to top levels are planned only in situations where interests of individuals and those of groups would be a subject of potential damage caused by other groups or individuals.²⁶ The importance of *centrality* lies, then, for Horvat, at the heart of federation in a sense that some sort of short- and long-term economic equilibrium is trying to achieve.²⁷ In his way of thinking also the term *federation* is not equalized with federal government but he largely tended to put the state out of economic regulation.²⁸

TABLE 2: HORVAT’S INSTITUTIONAL “MULTILEVEL” MODEL OF PLANNING AND SELF-MANAGEMENT

Level of Operation	Institutions and Bodies	Goals/Tasks/Responsibilities
Federation	<i>Federation</i>	Integration of subsystems Aggregate functioning of the whole system Equalizing conditions of economic activity Short-term equilibrium Long-term equilibrium Social plan
	<i>Economic ministers</i> <i>National Bank</i> <i>Social Accounting Service</i>	Accomplishing economic policy measures Regulation of the of the system of commercial banks Working as inspector; important source of information about monetary flows
	<i>Office for Agricultural Raw Materials (intervention fund I)</i>	Balancing fluctuations in the supply of agricultural products by reserves; protection of minimum prices for agricultural products
	<i>Office for Industrial Raw Materials (intervention fund II)</i>	Similar tasks as the previous one; additionally, balancing fluctuations of prices and supply conditions on the world market
	<i>Funds for Exports (intervention fund III)</i> <i>Arbitration Board of Incomes and Prices</i>	Supporting the export in various ways Elimination of possible violations by monopolies equalizing the conditions of economic activity
	<i>Interventionary Investment Fund</i>	Financing projects that demand a huge concentration of capital and/or long period of construction; correcting imbalances in capacity
	<i>Fund for the Insufficiently Developed Regions</i> <i>Federal Bureau of Economic Planning</i> <i>Bureau of Statistics</i> <i>Planning Bureau</i> <i>Council of Economic Advisers</i>	Development of the underdeveloped regions; largely social function besides the economic one “Ex-ante” coordination of economic decisions; primarily informational function Information about the past Information about the future Important role in introducing academia into the formation of economic policy measures Types of research useful for the country itself
	<i>Bureau for Programming Scientific Research (together with the Corresponding Fund)</i> <i>Cooperative chains</i>	Filling the gap between the market and the federal political centre; advocacy of the more lasting structuring of the market
	<i>Business associations</i> <i>Chambers of Commerce</i>	Filling the gap between the market and the federal political centre; usual integrative functions Harmonizing the interests of industries and influence economic policy as a representative of the economy in consultations with the government
	<i>“Industries”</i>	Business association; integration of certain functions for the preservation of the individuality of enterprises

²⁵ Branko Horvat, "An Institutional Model of a Self-Managed Socialist Economy," *Eastern European Economics*, 10, 4 (1972), 377.

²⁶ *Ibid.*, 383.

²⁷ *Ibid.*, 375.

²⁸ *Ibid.*, 376.

Republic	<i>Interventionary Investment Fund</i>	Supporting equal development; attracting investors from other areas and abroad by tax reductions and favourable treatment
	<i>Mutual Reserve Fund</i> <i>Interest communities</i>	Covering losses and reorganizing unprofitable enterprises Receive funds and financially support the services provided by schools, hospitals, museums; protection of final consumers from authoritative actions of the administrative-political apparatus, equalizing productive and non-productive sector, quasi market principles
Community*	/	/
Enterprise	<i>Workers Council</i>	Decisions regarding merger, radical reorganization, more important investment programs, adoption of the constitution
	<i>Commissions of the Council</i>	Advisory power; bridging the gap between professional managers, and the rest of work community; integration of technical knowledge and political issues
	<i>Executive Committee</i>	Responsibility for operations; individual aspects of business operations; expert-organizational line
	<i>Work units</i>	Decisions concerning job assignment, work conditions, social priorities, distribution of the surplus, employment and dismissal, conflict resolution
	<i>Supervisory Committee</i>	Supervision of all managerial activities; minimization of conflicts
	<i>Grievances Commission</i>	Solutions of conflicts (type A): collective potentially damaging decision influences the individual
	<i>Work Responsibility Commission</i>	Solutions of conflicts (type B): individual in a negative manner affects collectivity interests
	<i>Council of Reference</i> <i>General manager</i>	Challenge of a legality of any act accepted by the other body Legality of the enterprise activities; implementation of the "internal" law

*Horvat in this context left the *community* parameter out of analysis standing that he is not a specialist on this field.

Source: Adapted from Horvat.²⁹

3 PARAMETERS OF MULTILEVEL PLANNING: LEVELS OF DECISION-MAKING, DEVELOPMENT CONCEPTS AND MODES OF PLANNING

Having in mind Slovenian and Canadian case study, at this point, it is necessary to carry out distinctions among the planning models we are dealing with: firstly, Horvat's self-management approach that has just been mentioned picturing political and economic development of the Slovenian economy as a part of larger Yugoslav system before 1989;³⁰ secondly, current development strategies accepted by Slovenian state institutions with a specific attention to the *National Program of Measures concerning Roma Communities within the Period 2010-2015*;³¹ thirdly, alternative development strategies in Canada focusing on the Community Economic Development approach (CED in advance). All the mentioned development approaches are important in a sense of explaining differences in planning activities pointing out an inclusion of various levels of the state authority and their role in revitalizing disadvantaged communities in Slovenia and Canada.

Even numerous scholars oppose possibly different "internal" dynamics of small disadvantaged economies, it is necessary to reconsider the notion if solely development solutions in the context of capitalist mode of production would be appropriate in contemporary development strategies. What is

²⁹ Branko Horvat, *The Political Economy of Socialism: A Marxist Social Theory* (Armonk, N. Y.: M.E. Sharpe, Inc., 1982).

³⁰ In December 1989, Yugoslav Prime Minister Ante Marković declared that his new reform package is ready for application as economic strategy towards the hyper-inflation. As Phillips and Ferfila state, this was the end of self-management idea. See more in Paul Phillips and Bogomil Ferfila, *The Rise and Fall of the Third Way* (Halifax: Fernwood Publishing, 1992).

³¹ See Vlada Republike Slovenije. *Nacionalni program ukrepov za Rome Vlade Republike Slovenije za obdobje 2010-2015*, http://www.uvn.gov.si/fileadmin/uvn.gov.si/pageuploads/pdf_datoteke/Program_ukrepov.pdf (21 October 2010).

more, if we follow Loxley's³² ideas of CED approach, it is clear that development strategies at the community level operate somewhere between "filling the gaps" of a dominant capitalist production and as possible alternatives to that mode of development. Furthermore, in fact, it is not the case of closed distinction between the different systems of production and economic systems but really how to integrate different development parameters revitalizing disadvantaged communities. This is, for example, the truth in the case of the new economy where some important gains are largely used in terms of development strategies (e.g. information technology) to improve socio-economic conditions in those communities.

They are many approaches which presuppose planning activities at numerous spatial levels of possible policy action at the same time. On the other hand, some of them are more oriented to intervene at specific levels of decision-making and activity. Furthermore, numerous efforts are given also to problems of humanization of a modern enterprise, specifically pointing out problems relating to the workforce and working process itself. For the purpose of the present paper, on the general level, and regarding to some contemporary concepts of development planning, crucial distinction would be, then, between levels of decision making and activity, development concepts and modes of planning as crucial determinants of "alternative" multilevel planning.

In any sense, the multilevel planning is designed at various levels of decision-making and possible participation. Determining different levels of planning operations in the context of *boundary setting*³³ may help planners in recognizing who would be involved in, for example, in the policy process. In fact, besides the *levels* also a *type* of activity is a part of a development management. Gaventa³⁴ gives an important attention in creation of policy spaces with an idea how disadvantaged communities may act as subjects of their own empowerment and, at the same time, creators of their own pace of development. Creation of policy spaces³⁵ is combined with Lukes' concept of the three faces of power³⁶ and possible levels of participation. Finally, the

³² John Loxley, *Aboriginal, Northern, and Community Economic Development: Papers and Retrospectives* (Winnipeg: Arbeiter Ring Publishing, 2010); John Loxley, "Elements of a Theory of Community Economic Development," in *Transforming or Reforming Capitalism – Towards a Theory of Community Economic Development*, ed. John Loxley (Halifax: Fernwood Publishing, 2007), 7–33; John Loxley, "Some Remaining Theoretical Challenges," in *Transforming or Reforming Capitalism – Towards a Theory of Community Economic Development*, ed. John Loxley (Halifax: Fernwood Publishing, 2007), 110–125; John Loxley, *Interdependence, Disequilibrium and Growth: Reflections on the North-South Relations at the Turn of the Century* (Ottawa: International Research Development Center, 1998); John Loxley, "The 'great northern' plan," *Studies in Political Economy: A Socialist Review*, 6, (1981), 151–182.

³³ Christine Blackmore and Raymond Ison, "Boundaries for thinking and action," in *Research skills for policy and development: How to find out fast?* eds. Christine Blackmore and Raymond Ison (London: Sage, 2007), 49–73.

³⁴ John Gaventa, "Finding the Spaces for Change: A Power Analysis," *IDS Bulletin* 37, 6 (2006), 23–33.

³⁵ The term policy space is in Gaventa's power cube mentioned in three different ways: as closed space where decisions are accepted behind the closed doors; as invited space where public debates are organized according to top-down principles. An invitation usually comes from national government, international organizations etc.; claimed/created space usually occurs when outside institutional arenas and are resulted in public mobilization against the powerful actors regarding to bottom-up principle. See more in John Gaventa, "Finding the Spaces for Change: A Power Analysis," *IDS Bulletin* 37, 6 (2006), 23–33; see also Andrea Cornwall, "Spaces for Transformation? Reflections on Issues of Power and Difference in Participation in Development," in *Participation from Tyranny to Transformation*, eds. Samuel Hickey and Giles Mohan (London: Zed Books, 2000), 75–91.

³⁶ The concept of the three faces of power is the original one in the power phenomenon debate. First face is in fact the Dahlian view of power where an open competition between different policy actors and resources is evident. The second one, originally invented by Bachrach and Baratz, points out the importance of non-decision in the public policy process. Finally, Lukes states that the third face additionally improves the previous two concepts pointing out some behavioural characteristics in marginalized community - manipulation with actors' interests. See more in Robert Dahl, *Who Governs? Democracy and Power in an American City* (New Haven: Yale University Press, 1961); Peter Bachrach and Morton S. Baratz, *Power and poverty: theory and practice* (New York, London, Toronto: Oxford

appearing *power cube*³⁷ is created describing different possible opportunities for the marginalized community to enter into the policy process.

We have seen that, for example, Horvat consciously left out of analysis the *community* level which is of fundamental importance in planning development activities in everyday life. Two similar concepts appear: community development (CD in advance) and community economic development aforementioned. There is no clear distinction between the terms due to the reason that many development principles overlap. As Loxley agrees, CD approach is somehow wider “encompasses CED but goes beyond it, embracing social and cultural well-being”.³⁸ The differences between the concepts Loxley explains as follows:

“CD casts a wide net, covering social work, urban renewal, adult education and political organizing. Its emphasis is, however, firmly on *process*, on how things are being or should be done, rather than on *what* should be done. Community economic development, on the other hand, focuses primarily on economic and material improvements in the lives of community members.”³⁹

Horvat’s model of socialist enterprise may be understood as a predecessor of contemporary models of social enterprises around the world. Especially, Mondragon seems largely analogous to self-management operations as has Horvat planned them. Also at this point, a dilemma how to make a distinction between the terms *social economy* and *social enterprise* is a similar one as is in the case of the CD and CED. Defourny⁴⁰ in this context carries out the operation of social economy in the core of the legal/institutional approach and the normative counterpart. Regarding the first one, the following three components of the social economy are widely recognized: co-operative-style enterprises, mutual-type organizations and associations. Co-operatives may be organized as agricultural, saving and credit or housing co-cooperatives as also several other types. What is more, co-operative movement stays strong also in contemporary economic conditions emerging as a potential organizational solution to many community problems in international context. Mutual-type organizations, as a second approach widely found, have become in many countries important in social security schemes shaping the needs of communities to have a community insurance system. Associations as a third component of the social economy, involves, for example, advocacy organizations (Greenpeace) and many others identified as *non-profit organizations*, *voluntary organizations* or *non-governmental organizations*. The normative approach relating to the social economy includes the following operational principles: serving to the community more than advocating the profit; an independent management; a democratic decision-making; people and labour are more important than capital and distribution of income. Even they are numerous characteristics associated with the development of social enterprises as high degree of autonomy or a minimum amount of paid work etc,⁴¹ it is evident, that the most crucial question remains unanswered in an appropriate manner: Why social enterprise

University Press, 1970); Steven Lukes, *Power: A Radical View* (Basingstoke, London: MacMillan; New York: Palgrave MacMillan, 1974/2006).

³⁷ The idea of power cube is originally based on widely known Rubik Cube invented by Hungarian professor of architecture Ernő Rubik. Power cube is one of many ideas how participation in disadvantaged communities can be planned and imagined as logical models of civil action.

³⁸ John Loxley, “Elements of a Theory of Community Economic Development,” in *Transforming or Reforming Capitalism – Towards a Theory of Community Economic Development*, ed. John Loxley (Halifax: Fernwood Publishing, 2007), 8.

³⁹ Ibid.

⁴⁰ Jacques Defourny, “Introduction: from third sector to social enterprise,” in *The Emergence of Social Enterprise*, eds. Carlo Borzaga and Jacques Defourny (London and New York: Routledge), 1–28.

⁴¹ Ibid., 17–18.

concept has emerged largely independent from the state, and, what is even more important, in some sense, operating on different business principles that a conventional capitalist enterprise? Of course, an answer is more complex than many scholars usually imagine. This is because of the fact that a majority of the academia stands on the position that capitalist society is definitely the *ultimate* model of development and as such untouchable even some important proposals and potential modifications have been done. For us, the question is not how development models planned for marginalized communities might be separated from dominant capitalist production, but on the contrary, how it is possible to built new approaches integrating new gains of the new economy and humanization of working processes at the same time.

As we have seen above, Sundaram besides the top-down and “planned from bellow” approaches discusses also about *development from “within”*. In the context of the latter, it is assumed that disadvantaged community primarily acts as initiators of their own model of development instead of seeking help from state institutions. More specifically, members in such a community operate according to self-sustaining and self-generating principles.⁴² As Sundaram⁴³ points out, development from within is “localism’ in action”. They are many areas where this approach is relevant: sustainable agricultural development, natural resource conservation and management, forestry development and environmental protection etc. Foundational parameters regarding development from within are public participation, decentralization and empowerment, self-reliance, self-management through collective voluntary action and polycentric institutional development.⁴⁴

Sundaram’s approach “from within” is somehow similar to many other concepts which mainly address local development initiatives. All of them have the same problem or challenge – what is the level of independence of a local community in creating its own development and what expert’s knowledge is needed from “outside”? In reality, similar approaches are founded on combination of internal resources and support from mainstream society.

4 POLITICAL ECONOMY APPROACHES AND BACKGROUND IN SLOVENIA AND CANADA

The goal of this section is to show a potential of political economy approach that has to have in development context of disadvantaged communities. It is necessary to point out that Canada has had a strong tradition in developing and reproducing different political economy views. As Phillips⁴⁵ shows, political economy in Canada has been the main angle studying economic questions in the last century. In this sense, Canadian political economy is largely based and interconnected with economic history which is, according to Phillips, of great importance pointing out “uniqueness of the Canadian pattern of economic development”.⁴⁶ In the first instance, the Innisian approach to political economy was predominant advocating the operation of a discipline on *staples* (raw material exports) which means “the impact of

⁴² K.V. Sundaram, *Decentralized Multilevel Planning: Principles and Practice (Asian and African Experiences)* (New Delhi: Ashok Kumar Mittal, 1997), 134.

⁴³ *Ibid.*, 135.

⁴⁴ *Ibid.*, 135–144.

⁴⁵ Paul Phillips, *Inside Capitalism: An Introduction to Political Economy* (Halifax: Fernwood Publishing, 2003).

⁴⁶ *Ibid.*

staple dependence on other political, social and economic institutions”.⁴⁷ The second approach to Canadian political economy, known as *The New Canadian Political Economy*, which has been widely recognized in the last almost four decades, is an integration of “traditional Canadian institutional approach with elements of Marxist political economy and Keynesian/Kaleckian economics”.⁴⁸ Anyhow, it is evident that both approaches, even strongly distinct in their nature, have been companions in the last decades.

Even Slovenia has had a strong tradition of political economy, in the last two decades, after the independence of a country, a discipline as such has almost disappeared, or better saying, still stands on the position at the end of 1980s. It is evident why such a break appeared. After the collapse of the Yugoslav system a radical move in economic thought was evident but, at the same time, an important part of recognizable theoretical tradition was consciously neglected due to the allegedly “communist” past.⁴⁹ In this sense, as both Canadian approaches to political economy show, we may say that is a deficiency of approaches to dominant economic thought in Slovenia. The latter is especially true having in mind that approaches to community development (for example CED in Canada) are largely built as a response to dominant capitalist production, and even more radically defined, are becoming alternatives to it. Regarding multilevel planning for disadvantaged communities in the Slovenian context, and as we will see in the next section, stays within the limits of centralized top-down state planning, which is far from reaching contemporary international standards of development strategies.

Any multilevel planning has to be based also on macro-theoretical standpoint. In Canada, political economy and economic history approaches have been also strongly adapted to deal deeply with development problems in disadvantaged communities. One of the most important periods in Canadian-Aboriginal relations was the fur trade era. Innis in his fundamental work *The Fur Trade in Canada* shows the importance of Aboriginal technology and culture and also carries how fur trade importantly changed the nature of Indigenous economies and provoked marginalization of First Nations communities.⁵⁰ Generally speaking, in Canadian political economy and economic history it is always a debate of existence of the “two economic worlds”. The debate around concepts as dualism, integration and uneven development largely determines the nature of political economy and economic history. Of course, this is not black and white perception of possible development, but on the contrary, largely the quest to find out how the two economic worlds might be integrated. In this sense, Thomas’ convergence theory sees the divergent structure of depended economies as one of major structural problems which have to be improved by a two-stage convergence approach. The first stage is planned as a convergence between domestic resource use and domestic demand, the second stage is then between domestic demand and domestic need. What is additionally interesting, according to Thomas, in depended economy the society is in

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Even this period may be seen as a temporary switch off of a discipline, economic transition of Slovenia has been a gradual one. Anyhow, shock therapy in neoliberal terms was refused and replaced with more smooth transition to a market economy. What is more, Slovenian case is recognized as one of more successful among the ex-communist countries. But what is evident in the last few years, the gains from the “gradual” period are somehow nullified due to lowering standards of workers’ rights.

⁵⁰ Harold Innis, *The Fur Trade in Canada: An Introduction to Canadian Economic History* (Toronto: Toronto University Press, 1956).

transition to socialism. Thomas approach underlines that production is firstly planned for local demands, and only partially, to meet foreign demands.⁵¹

In Slovenia, we may observe a visible trend in introducing new concepts and reconstructing the old ones concerning social economy and social entrepreneurship. More or less, those attempts are partial and isolated in their nature and do not follow the logic to offer an alternative to dominant system of production. In fact, contemporary non-governmental actors, government and other interest players do not properly understand the nature of alternative economics and its principles. At this point, it is necessary to think about bringing the discipline of political economy back to the main stage. In ideal political economy formation, state economic policies would cover and resolve also problems concerning development in marginalized communities. In fact, as Horvat⁵² shows, state and enterprise levels have to be part of one approach to all economic problems. This is not the case in contemporary Slovenia. A solution would be in establishing partially independent model of development for disadvantaged communities similar to what Sundaram⁵³ defines as development from “within”.

5 CASE STUDIES

In brief, we are comparing two different models of development specifically initiated to revitalize disadvantaged communities. Firstly, CED approach, generally above-mentioned, may be defines as a set of different *initiatives* providing for improving living conditions and socio-economic parameters concerning various marginal communities in Canada.⁵⁴ Our attention is specifically given to economic development initiatives at the province of Manitoba (and Winnipeg as the capital city) because it serves besides Quebec as the focal centre in developing those concepts. The second case we deal with is *Government of Slovenia’s National Program of Measures concerning Roma Communities within the Period 2010-2015* which is specifically oriented to prevent members of Roma community in Slovenia from acute poverty. The latter is typically a governmental *strategy* planned as a top-down model shaping numerous development parameters and goes wider that Canadian CED model. At the same time, even it is theoretically seen as a community development approach, it does not put a community at the centre of development.

5.1 Community Economic Development: The Manitoban Case

Even it is not theoretically specifically defined as a multilevel planning, the nature of Canadian federation and division of power largely presuppose that planning activities are usually an integration of different levels of governance and community initiatives. Community is the heart of CED model; all other policy players cooperate strongly to support development activities in communities.

⁵¹ John Loxley, *Aboriginal, Northern, and Community Economic Development: Papers and Retrospectives* (Winnipeg: Arbeiter Ring Publishing, 2010).

⁵² Branko Horvat, *The Political Economy of Socialism: A Marxist Social Theory* (Armonk, N. Y.: M.E. Sharpe, Inc., 1982).

⁵³ K.V. Sundaram, *Decentralized Multilevel Planning: Principles and Practice (Asian and African Experiences)* (New Delhi: Ashok Kumar Mittal, 1997).

⁵⁴ For more exact explanations of the concept see John Loxley, *Aboriginal, Northern, and Community Economic Development: Papers and Retrospectives* (Winnipeg: Arbeiter Ring Publishing, 2010); see also John Loxley, “Elements of a Theory of Community Economic Development,” in *Transforming or Reforming Capitalism – Towards a Theory of Community Economic Development*, ed. John Loxley (Halifax: Fernwood Publishing, 2007), 7–33.

Concerning planning activities in the context of CED approach it is necessary to carry out certain parameters which in an important manner affect the internal structure of a model. Firstly, here is an issue of limited production in smaller economies. As Lamb⁵⁵ shows, community has to produce in the first instance for internal needs and demands. A surplus of production may be then exported outside the community. Convergence theory largely explains the nature of small economies showing that a divergence between “economic worlds” has to be somehow overreached. Especially, having in mind depended economic systems those have to reach a *cooperation* and not *subjugation* with the main player. Even Thomas advocates that machine-tool sector would be a solution in development of *basic goods* (and what also states for construction industry) due to “small-scale, labour-intensive custom production”,⁵⁶ the nowadays trends show some new opportunities for disadvantaged communities to determine what kind of “production” would serve as a basis of their future development. Furthermore, the question is not, for example, if Aboriginal peoples in Canada have to participate in economic development but how development strategies are adopted for their more equalized participation. The fact is that, as many evidences, for example, from Hydro industry show they have not been treated as “equal partners” for a long time.⁵⁷

The Import domestic expenditure coefficient measures a divergence as a relation of the value of imports for domestic use (M_u) and domestic expenditures (E). The present formula is as follows:⁵⁸

$$\lambda = M_u / E$$

In case that convergence between the two economies is evident, then, a result is close to zero. Many disadvantaged communities often express a result close to one concerning import domestic expenditure coefficients.⁵⁹

In the context of development planning activities in CED model planners often use the input-output matrix to show interdependence and linkages among different parts of industries in the community or relationship and influences between various CED projects etc. The *input* parameters are, for example, the value of various goods purchased from different other sectors within the community, the value of imported goods summing up with the total cost of wages, rents, interest and direct taxes, and potential profits or losses.⁶⁰ As *output* equation it is assumed that gross income of any CED project is a sum of income derived from selling the intermediate goods to other CED project and to community industry, summing up with selling the final goods to households in the community and income given from sales of final goods to other CED projects, governments and industry outside of

⁵⁵ Laura Lamb, “Towards an Economic Theory of Community Economic Development,” in *Transforming or Reforming Capitalism: Towards a Theory of Community Economic Development*, ed. John Loxley (Halifax: Fernwood Publishing, 2007), 64–65.

⁵⁶ John Loxley, *Aboriginal, Northern, and Community Economic Development: Papers and Retrospectives* (Winnipeg: Arbeiter Ring Publishing, 2010), 112.

⁵⁷ See more in Mitja Durnik, *Canadian Public Policy and Poverty of Aboriginals (PhD Dissertation)* (Ljubljana: Faculty of Social Sciences, 2009); Martin Thibault and Steven M. Hoffman (eds.), *Power Struggles: Hydro Development and First Nations in Manitoba and Quebec* (Winnipeg: University of Manitoba Press, 2008).

⁵⁸ Laura Lamb, “Towards an Economic Theory of Community Economic Development,” in *Transforming or Reforming Capitalism: Towards a Theory of Community Economic Development*, ed. John Loxley (Halifax: Fernwood Publishing, 2007), 65–66.

⁵⁹ *Ibid.*, 66.

⁶⁰ John Loxley, *Aboriginal, Northern, and Community Economic Development: Papers and Retrospectives* (Winnipeg: Arbeiter Ring Publishing, 2010), 261.

community.⁶¹ One of the main goals of such a planning is to arrange that the small economy as a whole is stable and is prevented from external shocks.

CED approach is largely planned to be a community initiative. It is true that CED organizations operate at the community and local level, but at the same time, are subjects of government funding and support. In Canada, both provincial governments and the federal government are involved in planning and operation of community development. Of course, they have different tasks and responsibilities. Federal *Community Economic Development Program* was established to help First Nations communities to have an open channel to various federal programs and serves as a centralized “point” providing financial support for public services and economic development.⁶² Fernandez expresses concerns about the nature of the program which would serve to community principles which is presumably oriented largely to promote business development and employment. Furthermore, there are no clear evidences of including cultural and social issues and how community might control issues concerning various initiatives and projects.⁶³ There are also other tools at the federal level to support community economic development. *Western Economic Diversification Canada*, a department of the Government of Canada, supports innovation, business development and community economic development initiatives establishing partnership with public and private sector.⁶⁴ According to Fernandez, it is able to make partnerships with all levels of governments and may accept a development vision of any particular community. Its intensive contact with the CED principles is through coordination of *Community Futures Development Corporations* with 16 offices in Manitoba. Main goals of those development corporations are to support planning of CED initiatives in communities and establish strategies for development and their implementation.⁶⁵ Furthermore, another involvement of federal government in CED initiatives is through *bilateral support of community initiatives*. Regarding to the latter, for example, in 1999 federal government and government of the province of Manitoba supported with funding initiatives in Winnipeg accepting a joint agreement between the Government of Canada and Manitoba Economic Partnership agreement. Another initiative in this context was a joint support to non-for-profit development corporation known as *Community Ownership Solutions* which mainly takes care of creation of quality jobs, employee empowerment, participative management, community responsibility etc. Finally, the *Urban Entrepreneurs with Disabilities Programs* was established and funded by Western Economic Diversification.⁶⁶

Besides federal government the involvement of provincial government of Manitoba in CED initiatives is even more important. As Loxley and Simpson⁶⁷ point out, since 1999 provincial government has largely supported innovative ideas concerning the CED development. What is more, the NDP government established the *Community and Economic Development*

⁶¹ Laura Lamb, “Towards an Economic Theory of Community Economic Development,” in *Transforming or Reforming Capitalism: Towards a Theory of Community Economic Development*, ed. John Loxley (Halifax: Fernwood Publishing, 2007), 69–70.

⁶² See Aboriginal Affairs and Northern Development Canada. *Community Economic Development Program*, available at <http://www.aadnc-aandc.gc.ca/eng/1100100033423> (5 December 2011).

⁶³ Lynne P. Fernandez, *Government Policy towards Community Economic Development in Manitoba* (Master Thesis) (Winnipeg: University of Manitoba, 2005).

⁶⁴ *Western Economic Diversification Canada Website*, available at <http://www.wd.gc.ca/eng/home.asp> (12 December 2011).

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*

⁶⁷ John Loxley and Dan Simpson, *Government Policies towards Community Economic Development and the Social Economy in Quebec and Manitoba* (A research report prepared for the Northern Ontario, Manitoba, and Saskatchewan Regional Node of the Social Economy Suite, 2007), 27.

Committee of Cabinet directly supporting CED principles. In 2001, what additionally has confirmed Manitoba government's will to be involved in community initiatives, was accepted a CED policy framework⁶⁸ and a CED Lens⁶⁹ largely founded on Neechi Foods workers' co-op⁷⁰ principles⁷¹ advocating that all activities are carried out on the local level. The Government of Manitoba also co-financed *the Manitoba Research Alliance on CED and the New Economy* supporting more than forty research projects inside the initiative.⁷² The alliance "placed great importance on hearing and recording the voices of those CED is supposed to serve and of those who played an important role in setting the foundation for CED in the province, especially those in the Aboriginal community, who are often not heard or recognized, seeing this as an important prerequisite for building a base."⁷³ As Loxley notes, provincial government policies relating to CED initiatives are based on the following development parameters: building capacity-building and building infrastructure, supporting of enterprise development and education and training. At the same time, government provides back up for sectors as the energy, eco-tourism, community forestry, culture, housing, safety, and health. In the context of capacity-building, the main fundamental policy instrument is to assure a proper funding which provincial government has ensured with *the Neighbourhoods Alive! Program* and *Winnipeg Partnership Agreement*. The first one is crucial, for example, for sponsoring the operation of community development corporations, the second one, supports the following CED initiatives - the Aboriginal Participation and the Social Economy and Community Development.⁷⁴ Finally, the Government of Manitoba in terms of new approaches to CED (in context of *sectoral support programs*) has decided to offer to First Nations a possibility for ownership in hydro dams constructed by the provincial Crown Corporation Manitoba Hydro.⁷⁵ The Nisichawayasihk Cree Nation of Nelson House has decided to enter into development agreement with Manitoba Hydro in sum of \$1, 2 billion (33 percent of share) concerning the construction of the Wuskwatim hydroelectric generation project.⁷⁶ Of course, the nature of future hydro development between Aboriginal communities, provincial hydro corporations and governments is a subject of important debate in Canada. It is not clear yet, if in the long run, if a joint ownership would be a proper solution of cooperation on the general level for Aboriginal communities. Another worry for Aboriginal peoples is what kind of compensation for destruction of traditional way of life and territories would be "the appropriate one" in the

⁶⁸ Ibid. The framework express the following principles of CED: strengthening community capacity; supporting pride, self-reliance and leadership; improving knowledge and skills; developing businesses that are responsive to social, economic and environmental needs; and stimulating sustainable economic development.

⁶⁹ Ibid., 28. The lens is founded to help the civil service to comprehend and implement the government's CED strategy.

⁷⁰ Aboriginal cooperative retail store in Winnipeg which operates on the mentioned principles.

⁷¹ See John Loxley, *Aboriginal, Northern, and Community Economic Development: Papers and Retrospectives* (Winnipeg: Arbeiter Ring Publishing, 2010), 194; see also John Loxley and Dan Simpson, *Government Policies towards Community Economic Development and the Social Economy in Quebec and Manitoba* (A research report prepared for the Northern Ontario, Manitoba, and Saskatchewan Regional Node of the Social Economy Suite, 2007), 27–28. Those principles presupposes, for example, production and usage of goods and services for local community, ownership of local goods, decision-making at the local level, developed public health system and safe physical environment, neighbourhood stability and human dignity.

⁷² Department of Finance, *Manitoba Budget: Budget Papers. Budget Paper F*. (Winnipeg: Government of Manitoba, 2006). Available at <http://www.gov.mb.ca/finance/pdf/budget2006/ced.pdf> (12 December 2011).

⁷³ John Loxley and Dan Simpson, *Government Policies towards Community Economic Development and the Social Economy in Quebec and Manitoba* (A research report prepared for the Northern Ontario, Manitoba, and Saskatchewan Regional Node of the Social Economy Suite, 2007), 28.

⁷⁴ Ibid., 28–29.

⁷⁵ Ibid., 31.

⁷⁶ Nisichawayasihk Cree Nation Website, "About Us Building a Brighter Future", available at <http://www.ncncree.com/ncn/aboutus.html> (8 August 2011).

context of CED principles. Hydro policy in an important manner shows how, for example, public policy processes are inevitably interwoven with political economy approach so important for contemporary Canada.

5.2 Government of Slovenia's National Program of Measures concerning Roma Communities within the Period 2010–2015

The *National Program of Measures concerning Roma Communities within the Period 2010-2015* is a governmental strategy with a specific focus to influence and change poor living conditions for the Roma living in Slovenia. Some of its development principles are somehow interwoven with the above-mentioned CED initiatives. Even the latter starts with economic development in communities, it is evident that share many common characteristics. In our view, the main difference is in mode of planning. According to Sundaram's definition of modes of planning, the National program of measures is a conventional top-down strategy mainly initiated by the government; CED initiatives are mainly focused to community empowerment and share some common characteristics with the concept development from *within* with strong support of provincial government. The National Program of Measures⁷⁷ is based on the following *strategic goals*:

- improving of living conditions in Roma settlements,
- improving of educational attainment and greater involvement in education,
- lowering the level of unemployment of the Roma community and increasing their social integration and access to the labour market,
- improving health care with an emphasis on improving health care of children and women,
- maintaining and developing the cultural, information and publishing activities and seek to maintain and develop various forms of Romany language,
- awareness of and fight against discrimination.

Regarding the improvement of living conditions in Roma settlements they are some important difficulties how to approach to a definition of a settlement, and consequently, we see common problems also when somebody would try to define the Roma community. As Zupančič⁷⁸ points out, Roma settlements have been established largely without coherent approach usually around known »central« places where some possibilities of basic survival exist. The National Program of Measures in this sense presupposes the following measures as the operational level of the mentioned strategic goal: firstly, preparation of a comprehensive strategic framework as a basis for concrete programs and projects in Roma settlements; secondly, defining areas of Roma settlements and their revitalization in the context of the preparation of Municipal Spatial Plan. Here, collaboration between the Ministry of Environment and Spatial Planning, other relevant ministries and government departments, and municipalities is determined with the National Program of measures.⁷⁹

⁷⁷ See Vlada Republike Slovenije. *Nacionalni program ukrepov za Rome Vlade Republike Slovenije za obdobje 2010-2015*, http://www.uvn.gov.si/fileadmin/uvn.gov.si/pageuploads/pdf_datoteke/Program_ukrepov.pdf (21 October 2010).

⁷⁸ Jernej Zupančič, "Romska naselja kot poseben del naselbinskega sistema v Sloveniji," *Dela* 27, (2007), 215–246.

⁷⁹ Mitja Durnik, *Predlog prihodnjega razvoja romske skupnosti v Sloveniji: med izboljšanjem platforme socialne ekonomije in primeri dobrih praks iz tujine* (Inštitut za narodnostna vprašanja, Ljubljana, 2011), 21–22.

In the context of improving the level of education, for example, as crucial measures have been defined also an integration of Roma assistants in the educational system and the early involvement of children in the educational system providing the conditions for inclusion in the pre-school level of education. These two measures are financed by the European Social Fund and the Budget of Republic of Slovenia. The main holders are Roma Association of Slovenia and Ministry of Education and Sport. For the purposes of the early involvement of Roma children in the educational system (the second measure) an open call for tender co-financing the project *The Increase in Social and Cultural Capital in Areas with a Roma Population* (holder: Ministry of Education and Sport) has been also assured.⁸⁰ The another three measures in the core of this strategic goal are related to ensuring of conditions for establishing of trust in school, informing with Roma culture and abolishing of prejudices,⁸¹ raising the quality of educational work with Roma pupils,⁸² and establishing a network of learning support for the Roma, particularly those involved in secondary schools.⁸³

One of crucial strategic goals is also widening the possibility of new jobs for Roma community. Ministry of Labour, Family and Social Affairs as the main provider of this strategic goal is responsible for the intensive integration of the Roma in active employment policy and in ensuring equal opportunities in the labour market and strengthening social inclusion of the members of the Roma community. These tasks are jointly financed by the state budget and European Social Fund.⁸⁴ In the context of employment policy measures, it is necessary to take care also about potential racism and discrimination concerning employment of Roma peoples. The National Program of Measures as one of the crucial strategic goals provides specific policy measures to fight against discrimination.⁸⁵ A kind of a *latent* opportunism against the employment of the Roma might be present even not clearly expressed by employers. Becker⁸⁶ points out that discrimination is a consequence what might be named as a “taste” and “behaviour” and it would pertain to the dominant (white) public and production forces. For him, relevant determinants for racism are outside factors and as such do not influence the economic system. On the contrary to Becker, Reich⁸⁷ points out that racism as the “internal” problem of the economic system goes hands in hands with capitalist institutions.

The strategic goal which addresses the improvement of health conditions in the Roma community presupposes the two following policy measures: strengthening and protecting the health of the Roma population (special emphasis on vulnerable groups within the Roma community - women and children) and conferences and expert’s consultations on health and support

⁸⁰ Ibid., 23–24.

⁸¹ The main holders concerning this measure are The National Education Institute of the Republic of Slovenia, public institutions, Roma Association of Slovenia, research associations, Ministry of Education and Sport, Ministry of Culture, schools. Funding is ensured through the European Social Fund and national budget.

⁸² The main holders are The National Education Institute of the Republic of Slovenia and universities. Funding of this measure provide the European Social Fund and the Budget of Republic of Slovenia.

⁸³ Funding is provided from European Social Fund, national budget and budgets of self-governing local communities (for example municipalities). Holders are Ministry of Education and Sport, self-governing local communities and Roma Academic Club.

⁸⁴ Mitja Durnik, *Predlog prihodnjega razvoja romske skupnosti v Sloveniji: med izboljšanjem platforme socialne ekonomije in primeri dobrih praks iz tujine* (Inštitut za narodnostna vprašanja, Ljubljana, 2011), 25–26.

⁸⁵ Ibid, 30.

⁸⁶ Gary S. Becker, *The Economics of Discrimination* (Chicago: University of Chicago Press, 1957).

⁸⁷ Michael Reich, *Racial Inequality: A Political-Economic Analysis* (Princeton: Princeton University Press, 1981); Michael Rich, “The Economics of Racism,” in *Problems of Political Economy: An Urban Perspective*, ed. David Gordon (Lexington MA., Heath), 107–113.

of Roma cross-border cooperation in dealing with health issues.⁸⁸ The “example of the best praxis” is the adoption of the *Health Promotion Strategy and Action Plan for Tackling Health Inequalities in the Pomurje Region* in 2005.⁸⁹ The strategy highlights the importance of the Roma community in addressing specific health issues by transferring responsibility to it, identifying the health needs of the Community, recognition of culturally appropriate health promotion policy and participation in programs for preventive health care among the Roma. State strategies concerning health conditions in Aboriginal communities, for example, in Canada, takes into account specific *cultural* aspects of Indigenous peoples.⁹⁰ In this sense, it would be somehow reasonable to integrate some parameters of this strategic goal with the cultural aspects (also a strategic goal) of the Roma community.

6 CONCLUDING REMARKS

They are still many believers that “market saves everything”. We have shown that in the case of economic development in disadvantaged communities this is not the case. Besides this, internal economic development principles in these communities are often radically different than those on which national economies usually operate. What Horvat sees as an idea for the whole society the principle of social planning⁹¹ is needed in terms of community planning. Following Horvat, the main goal of social planning is to “produce expected consequences”.⁹² His notion is based on the concept of *social ownership* and *economic interests* instead of central planning and state ownership. Additionally, he advocates the autonomy of a firm. Even some scholars see his model of self-management as the *utopian* one, we agree, his vision of social planning shares many similar ideas as, for example, CED model. The general aim of all similar approaches specifically deal with development in marginalized communities is a strategy how to minimize disparities between the community members. In some sense, state development policies which produce certain anomalies are fulfilled with strong community initiatives.

A real shortcoming of the *National Program of Measures concerning the Roma* is the absence of *community initiatives* and clear definition of the term *community*. In spatial terms, as also Zupančič has shown, it is a tough job defining areas of Roma settlements. In our view, it is even more important that no attention has been given to the notion how to establish and protect an “internal” economy of the Roma. Here it is possible to divide concepts as top-down and development from “within”. Community initiatives are set up inside the community and then supported by the government in terms of subsidies and development programs.

In sum, both approaches we have studied are in some sense “anomalies” in terms of even development. Firstly, even the CED approach is a modern one

⁸⁸ Mitja Durnik, *Predlog prihodnjega razvoja romske skupnosti v Sloveniji: med izboljšanjem platforme socialne ekonomije in primeri dobrih praks iz tujine* (Inštitut za narodnostna vprašanja, Ljubljana, 2011), 27.

⁸⁹ Belović et al. *Health promotion strategy and action plan for tackling health inequalities in the Pomurje region* (Murska Sobota: Zavod za zdravstveno varstvo; Brussels: Flemish Institute for Health Promotion, 2005).

⁹⁰ Laurence J. Kirmayer and Gail Guthrie Valaskakis (eds.), *Healing Traditions: The Mental Health of Aboriginal Peoples in Canada* (Vancouver: UBC Press, 1991).

⁹¹ Branko Horvat, *The Political Economy of Socialism: A Marxist Social Theory* (Armonk, N. Y.: M.E. Sharpe, Inc., 1982), 230.

⁹² Ibid.

it partially replaces the role of the state to be a protector of disadvantaged communities. At this point, we may agree with Horvat who points out that the main role of the state is to arrange *equality* among people as equality of producers, consumers and citizens.⁹³ At the same time, it seems close to reality that alternative models of development will appear also in the near future. The latter then disqualifies the whole potential of the state to act in terms of equality principles. Two additional recognitions are important in Horvat socio-economic thought: firstly, according to the “natural law” people are not *naturally* equal;⁹⁴ and secondly, “bourgeois” equality is seen mostly as the equality “before the law”.⁹⁵ We may agree that this is only the first condition towards a justice society. Another fundamental issue is at stake – how to minimize huge differences in profit levels between the members of society, and consequently, socio-economic disparities?

Finally, we have to assess a potential of *multilevel planning* as an integrative approach. In some sense, they are several varieties of it specifically depending on the level where such a strategy is obviously needed. Both approaches we have dealt with are the *multilevel* ones. They are distinct more or less in terms of the “power centrality”. More specifically, who is a *locator* of a particular initiative: the state or community? For a particular disadvantaged community it is somehow more useful to use a term “empowerment centrality” picturing a possibility to act from a position of subjugation. Anyhow, we may conclude that the concept of multilevel planning is useful in the majority of development initiatives; its main structure has to be reconstructed and adapted to every specific situation pointing out the importance of a particular level of operation.

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⁹³ Ibid, 224–232.

⁹⁴ Ibid., 229.

⁹⁵ Ibid. 226.

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