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ONE STEP FORWARD, TWO STEPS BACK: THE POLITICAL CULTURE OF CORRUPTION AND CLEANUPS IN NIGERIA

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Abstract

In light of its pervasiveness, tackling corruption has become a priority on the Nigerian political agenda at local and national levels. This article critically examines the evolution of corruption in Nigeria, Africa's most populous and oil-rich country. Specifically, the article examines how the corrupt practices of Nigeria's ruling cabal have stunted the growth of a country with huge potential. The article contributes to the existing body of literature on corruption by explaining when, how and why corruption became entrenched in the Nigerian polity. In conclusion the article makes some prospective recommendations that may advance the anti-corruption campaign in Nigeria.

Keywords: corruption, political culture, economic growth, Nigeria

1. Introduction

In contemporary times, corruption is unarguably the greatest obstacle to social and economic development writ large.¹ At the economic level, corruption is blamed for encouraging waste, promoting resource distribution asymmetries, distorting markets and competition, producing revenue losses, decelerating investment opportunities, privileging nonproductive rent-seeking activities, and fuelling distortions in economic policy.² In the social sphere, corruption stemming from interethnic rivalry and aimed at the control of the state machinery for private or sectarian interests is said to be at the root of pervasive social conflicts.³ In the political arena, corruption is seen as undermining the capacity of the state and its institutions to function properly and to deliver public goods and services to its

1 World Bank, "World Bank's Work on Governance and Public Sector Management," available at www.worldbank.org/publicsector/anticorrupt/index.cfm, last accessed June 5, 2013.

2 Jacqueline Coolidge and Susan Rose-Ackerman, "High-Level Rent-Seeking and Corruption in African Regimes: Theory and Cases," Policy Research Working Paper no. 1780, The World Bank, Private Sector Development Department, available at <http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/wps1780.pdf>, last accessed July 5, 2013.

3 Daniel E. Agbiboa, and Benjamin Maiangwa, "Corruption in the Underdevelopment of the Niger Delta in Nigeria," *Journal of Pan African Studies* 5, 8 (2012): 108-102; Bertram Spector, *Negotiating Peace and Confronting Corruption* (Washington, DC: United States Institute of Peace, 2011).

citizens.⁴ Corruption is also thought to undermine the electoral process while eroding trust and legitimacy in the polity.⁵

Given the apparent pervasiveness of corruption in different regions of the world, it has come to occupy a frontline position on the local and global agenda. While no region, and hardly any country, is immune from corruption, some countries are more susceptible than others, and may suffer more negative effects.⁶ In Nigeria, corruption features prominently in the discourses of the deepening crisis and contradictions of the postcolonial state.⁷ The level of attention devoted to the topic may not only be due to its rapid and unprecedented expansion to all facets of human endeavour and its menacing social and economic ramifications, but also because of the seeming fecklessness of successive attempts to combating it.⁸ Today, the problem has permeated all levels of the national polity to the extent that scholars and commentators now talk about a political culture of corruption in Nigeria.⁹

The purpose of this article is to critically examine the evolution of the problem of corruption in Nigeria. Specifically, the article examines how Nigeria's postcolonial rulers compromised the future of a country with enormous development potential by entrenching and perpetuating a system that encourages corruption with impunity. The article contributes to the existing literature by explaining when, how and why corruption became entrenched in the Nigerian polity. To properly reflect the longitudinal development and dynamics of corruption in Nigeria, the article focuses on three time periods: 1985-1998, 1999-2007, and 2010-till date.

Nigeria is selected as a case study for two reasons. First, the country has an unenviable reputation for pervasive corruption. To be sure, Nigeria has always

4 Jean-Francois Bayart, *The State in Africa: The Politics of the Belly* (London: Longman House, 1993); Roberta A. Johnson, *The Struggle against Corruption: A Comparative Study* (New York: Palgrave Macmillan, 2004).

5 Shola J. Omotola, "Elections and Democratic Transition in Nigeria under the Fourth Republic," *African Affairs* 109, 437 (2010): 535-553; Paul D. Ocheje, "Law and Social Change: A Socio-Legal Analysis of Nigeria's Corrupt Practices and Other Related Offences Act, 2000," *Journal of African Law* 45, 2 (2001): 173-195.

6 Glynn Patrick, Stephen J. Kobrin, Moises Naim, "The Globalization of Corruption," in *Corruption and the Global Economy*, ed. Kimberly A. Elliott (Washington, DC: Institute for International Economics, 1997). 7-27.

7 Shola J. Omotola, "Through a Glass Darkly: Assessing the 'New' War against Corruption in Nigeria," *African Insight*, 36, 3-4 (2006): 229.

8 Ibid.

9 Smith D. Jordan, *A Culture of Corruption: Everyday Deception and Popular Discontent* (Princeton: Princeton University Press, 2007); Daniel E. Agbibo, "Between Corruption and Development: The Political Economy of State Robbery," *Journal of Business Ethics* 108 (2012): 325-345.

ranked among the world's most corrupt countries, and at times topping the list.¹⁰ The extent of corruption in Nigeria is now so endemic that it would certainly qualify the country to form part of a category of countries that Jeremy Pope classifies as "those whose national integrity system have effectively collapsed."¹¹ Second, as Africa's most populous and oil-rich country, and its second largest economy, Nigeria is not only a regional hegemon but also a key player in the global economy. Thus, what happens there matters not just to Nigerians but also to the region and the wider world. Despite Nigeria's abundant natural resources, over 100 million of its 160 million inhabitants (i.e. 64 per cent) are estimated to live on less than £1 a day. The country has the largest number of poor people in the world after India and China.¹²

This article relies on content analysis of secondary data sourced from textbooks, journals, press materials, newspapers, government and non-governmental reports, judicial archives and the polls. These textual sources are cross-validated and triangulated with empirical works on corruption in Nigeria and the cumulative observation of this researcher. More general archival searches were made for relevant primary and secondary documentation of corruption at the national scale. This aspect of the research involved frequent travels to various sites within Nigeria (Lagos and Abuja), including university libraries, government offices, national archives, and private residences.

The secondary sources used in this article are significant in several ways. The analysis of press materials on corruption reflects the visible dimensions of the phenomenon and represents the most important mechanism in public culture for the circulation of discourses on corruption. Newspaper articles represent a discursive field that enables the corruption phenomenon to be labeled, discussed, practiced, decried and denounced. Access to judicial archives allows the researcher to appreciate the effectiveness of various mechanisms of suppression and punishment of the phenomenon and their variations according to historical social context. Lastly, the polls and existing surveys provide some measure of the perception of the Nigerian public as to the importance and centrality of corruption, as well as its qualification as an embedded problem.

10 Daniel E. Agbibo, "Corruption and Economic Crimes in Nigeria: Social and Economic Perspectives," *African Security Review* 22, 1 (2013): 47-66.

11 Jeremy Pope, "Comments on What Can be Done About Entrenched Corruption?" in *Annual World Bank Conference on Development Economics*, ed. Boris Pleskovic and Joseph E. Stiglitz (Washington DC: World Bank, 1997). 91.

12 DFID "DFID'S Anti-Corruption Strategy for Nigeria," January 2013, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/213915/anti-corruption-strategy-ng.pdf, last accessed March 22, 2013.

Following this introduction, the article begins with an attempt to conceptualise and evaluate the definition of corruption from three loosely linked perspectives, which is then followed by a working definition and understanding of corruption. The core of the paper is historically anchored and delivered through an attempt to examine when and how corruption became entrenched and systemic in the Nigerian polity. This is followed by a concluding section that provides prospective recommendations on how to advance the fight against corruption in Nigeria.

2. The Conceptual Framework

Contemporary social science literature defines corruption from three perspectives, namely public-office centered definitions, market-centered definitions and public-interest centered definitions.¹³ At the outset, it is important to note that these three definitions are loosely linked since they all assume the separation of the public and private spheres, and view corruption as the inappropriate mix of the two. Nevertheless, these definitions emphasize three significant and interrelated aspects of corruption, namely public office, market and public interest.

2.1 Public-office centered definitions

These sets of definitions focus on the misuse of public office for private gains. Bayley, for example, defines corruption as a general term covering misuse of authority as a result of considerations of personal gain, which need not be monetary.¹⁴ Werlin sees corruption as the diversion of public resources to non-public purposes.¹⁵ For Wilson, corruption occurs "whenever a person in exchange for some private advantage, acts other than as his duty requires."¹⁶ In the corruption literature, Nye's public-office-centered definition is the most authoritative. Nye defines corruption as

behavior which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence.¹⁷

13 Heidenheimer, J. Arnold., Johnston, Michael and Le Vine, T. Victor, eds., *Political Corruption: A Handbook* (New Brunswick, NJ: Transaction Publishers, 1990).

14 Bayley, H. David, "The Effects of Corruption in a Developing Nation," *Western Political Quarterly*, 19, 4 (1966): 720.

15 Herbert H. Werlin, "The Consequences of Corruption: The Ghanaian Experience," *Political Science Quarterly*, 88 (1973): 73.

16 Wilson, Q. James, "Corruption is not Always Scandalous," *New York Times Magazine*, 28 April 1968, 55.

17 Joseph S. Nye, "Corruption and Political Development: A Cost Benefit Analysis," *The American Political Science Review* 61, 2 (1967): 419.

The definition includes behaviours such as bribery (use of reward to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses).¹⁸

2.2 *The market-centered definitions*

These sets of definitions were espoused by authors interested in earlier Western and contemporary non-Western societies, in which the norms governing public officeholders are underdeveloped or nonexistent.¹⁹ Van Klaveren, for example, argues that

[c]orruption means that a civil servant abuses his authority in order to obtain an extra income from the public... Thus we will conceive corruption in terms of a civil servant who regards his office as a business, the income of which he will... seek to maximize. The office then becomes a maximizing unit.²⁰

Here, corruption is identified with personal rent-seeking by officials in derogation of their duties to their principals (higher officials) as established by law.²¹ The implication is that if bureaucrats are able to earn more income from external sources – that is, from interest groups seeking government transfers – than from their regular employment, they may allow the demands of the interest groups to override societal needs.²²

2.3 *Public-interest centered definitions*

Exponents of this perspective tend to problematise public-office-centered definitions as been too narrow and the market-centered definitions as been too broad. The crux of public-interest definitions is that there is a public which has distinct interests, and that those interests are compromised by private-regarding (corrupt) conduct. In other words, public interest exponents give pride of place to the concept of “public interest” in the analysis of corruption by explicitly and simply asserting the nexus between corruption and the subversion of the public interest.²³

18 Ibid.

19 John M. Mbaku, *Bureaucratic and Political Corruption in Africa: The Public Choice Perspective* (Krieger: Malabar, 2000).

20 Van Klaveren, Jacob, “The Concept of Corruption” in *Political Corruption: A Handbook*, ed. Arnold J. Heidenheimer, Michael Johnston, and Victor. T. Le Vine (New Brunswick, NJ: Transaction, 1990). 26.

21 Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform* (Cambridge: Cambridge University Press, 1999), 2-5.

22 Mbaku, *Bureaucratic and Political Corruption*.

23 Williams, Robert. “New Concepts for Old?” *Third World Quarterly*, 20, 3 (1999): 505.

Friedrich, for example, argues that "the pattern of corruption can be said to exist whenever a powerholder who is charged with doing certain things, i.e., who is a responsible functionary or officeholder, is by monetary or other rewards not legally provided for, induced to take actions which favour whoever provides the rewards and thereby does damage to the public and its interests."²⁴ For Alatas, corruption is about "the subordination of public interests to private aims involving a violation of the norms of duty and welfare, accompanied by secrecy, betrayal, deception and a callous disregard for any consequences suffered by the public."²⁵

A critical examination of the above definitions reveals some limitations. To start with, the first and second sets of definitions beg the questions: Which norms are the ones that will be used to distinguish corrupt from noncorrupt acts? Whose norms set the criteria? As James Scott's classic work in the field begins, "Corruption, we would all agree, involves a deviation from certain standards of behavior. The first question which arises is, what criteria should we use to establish those standards?"²⁶ If the definitions are public-office-centered, then which statement of the rules and norms governing public officeholders is to be employed? If the definitions are public-interest-centered, then whose evaluation of the public's interest is to be operationalised? The market-centered definitions are also problematic in this regard since they imply the presence of an overarching authority who determines what rules should apply to public officials and those that should apply to businessmen operating in the free market.²⁷

Quite aside from this, the idea of corruption-as-illegality – which underpins public-office-centered definitions – "suffers from being simultaneously too narrow and too broad in scope; all illegal acts are not necessarily corrupt and all corrupt acts are not necessarily illegal."²⁸ In Africa, Olivier De Sardan argues that "the practices that come under the complex of corruption, while being legally culpable and widely reproved, are none the less considered by their perpetrators as being legitimate, and often as not being corruption at all."²⁹ Moreover, some have argued that the assumed line separating the public from the private sphere, implied in all three corruption definitions, seems unintelligible in an African context where corruption

24 Friedrich, J. Carl, "Corruption Concepts in Historical Perspectives" in *Political Corruption: A Handbook*, ed. Arnold J. Heidenheimer, Michael Jonston and Victor T. Le Vine (New Brunswick, NJ: Transaction Publishers, 1990). 74.

25 Syed Alatas, *The Sociology of Corruption* (Singapore: Khondker, 1968): 1.

26 James C. Scott, *Comparative Political Corruption* (Englewood Cliffs: Prentice-Hall, 1972), 3.

27 Heidenheimer et al., *Political corruption*.

28 Peter, G. John and Susan Welch, "Political Corruption in America: A Search for Definition and a Theory," *The American Political Science Review*, 72, 3 (1978): 974-5.

29 Olivier De Sardan, "A Moral Economy of Corruption in Africa," *Journal of Modern African Studies* 37, 1 (1999): 34.

is largely embedded in socio-political life, reinforced by a powerful moral economy in which the spoils of the state are expected to be distributed via networks of patronage.³⁰

Despite the foregoing limitations, Nye's classic definition of corruption suffices for our current purpose since it captures the abuse of a public role for private-regarding gain, pecuniary or otherwise. Indeed, no phenomenon is more central to the perception and practice of Nigerian politics than the appropriation of state office for personal and sectarian gain.³¹ As was the case under successive military rule, this phenomenon has become highly developed, embedded and destructive in Nigeria. Thus, in his work entitled 'Democracy and Prebendal Politics in Nigeria' Richard Joseph uses the term "prebendal" to identify patterns of political behaviour in Nigeria which rests on the justifying principle that state power should be treated as "a cogeries of offices which can be competed for, appropriated and then administered for the benefit of individual occupants and their support groups."³²

The modern African version of this prebendal system operates in "varying systems of formal authority (including personalistic, military and electoral competitive), behind a 'camouflaging' façade of 'legal-rational,' constitutional, and bureaucratic rules."³³ Subsequently, Larry Diamond argues that corruption "is manifestly the primary mechanism of dominant-class formation...It is not an aberration, but rather the way the system works in the typical African state."³⁴ A careful perusal of the historical development of corruption in Nigeria confirms this perspective.

3. A Political Culture of Corruption: Historical Perspectives

To properly grasp the dynamics of corruption and impunity in postcolonial Nigeria, one must start with its experience of colonialism which created "a culture of unbridled corruption and fettered democracy."³⁵ By all standards, British colonialism in Nigeria (circa 1900-1960) was founded on corruption and exploitation legitimised by a system of indirect rule that (ab)used Native Authorities as tools of local governance. As the respected African historian Mahmood Mamdani writes:

30 Peter Ekeh, "Colonialism and the Two Publics in Africa: A Theoretical Statement," *Comparative Studies in Society and History*, 17, 1 (1975): 91-112.

31 Larry Diamond, review of *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic* by Richard Joseph, *African Affairs* 88, 351 (1989): 284-286.

32 Richard A. Joseph, *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic* (Cambridge: Cambridge University Press, 1987), 8.

33 Diamond, review of *Democracy and Prebendal Politics*, 284.

34 Ibid.; see also, Patrick Chabal and Jean-Pascal Daloz, *Africa Works: Disorder as Political Instrument* (Oxford: James Currey, 1999).

35 Onigu Otite, "On Sociological Study of Corruption," in *Nigeria: Corruption in Development*, ed. Femi Odekunle (Ibadan: Ibadan University Press, 1982). 12.

Britain was the first to marshal authoritarian possibilities in indigenous culture. It was the first to realise that key to an alien power's achieving a hegemonic domination was a cultural project: one of harnessing the moral, historical, and community impetus behind local custom to a larger colonial project.³⁶

The colonial administrative language had a different morality from existing African discourses, which translated into different normative and cognitive standards of behaviour. For example, to encourage Native Authorities to coerce a percentage of their population to work as forced labourers on road clearing and railway construction made perfect sense in the British colonial mindset as a way to have inhabitants contribute to the development of the colony. However, it translated as simple abuse of authority on the local level where it significantly diverged from people's expectations, both in terms of the role of authority and the processes by which it was imposed.³⁷ Because of the colonialists' corrupt disposition to exploit the state for their exclusive benefit, they liquidated social structures against corruption associated with pre-colonial Africa and replaced and/or transformed them to suit their own purposes.³⁸

These processes led to the emergence of "two publics in Africa" such that while the primordial public (ruled by indigenous shared norms and customs) was built on a system of accountability and control, based on moral principles, the civic public (ruled by the postcolonial state and its institutions) became a contested terrain for private accumulation based on amoral principles.³⁹ This marked the beginning of official corruption in Nigeria and the manifestation of a privatised state—a state "appropriated to the service of private interests by the dominant faction of the elite."⁴⁰ The failure of the political elites, who took over power from the colonialists, in attempting to address the root of these problems, and particularly the inability to transform and endogenise the imported social structures, complicated matters in the postcolonial period.

In the postcolonial era, Nigeria's failures are frequently attributed to rampant

36 Mahmood Mamdani, *Citizen and Subjects: Contemporary Africa and the Legacy of Late Colonialism* (Kampala: Fountain Publishers, 1996), Chapter 8.

37 Dmitri van den Bersselaar and Stephanie Decker, "No Longer at Ease: Corruption as an Institution in West Africa," *International Journal of Public Administration*, 34, 11 (2011): 744.

38 Mamdani, *Citizens and Subject*, Chapter 8.

39 Ekeh, "Colonialism and the Two Publics in Africa."

40 Michael Johnston, "What Can Be Done about Entrenched Corruption?" in *Annual World Bank Conference on Development Economics*, ed. Boris Pleskovic and Joseph E. Stiglitz (Washington DC: World Bank, 1997). 89-90.

corruption and frenetic looting by the rulling cabal.⁴¹ As argued by Nigeria's contemporary griot, Professor Chinua Achebe: "The trouble with Nigeria is simply and squarely a failure of leadership. There is nothing basically wrong with the Nigerian character."⁴² Corruption emerged as a serious issue during the oil windfall of the 1970s. The era "raised the stakes for the control of power at the centre, and corruption, in the guise of populist economic policies, became an explicit instrument of personal political agenda."⁴³ The situation deteriorated during the Second Republic under Alhaji Shehu Shagari when the state did not only become prebendal, but also predatory.⁴⁴ These were manifested by the fact that the offices of the state were seen as a "national cake" to be allocated and then exploited as benefits by the office holders. Such a practice was legitimated by a set of political norms, according to which the appropriation of such offices is not just an act of individual greed or ambition, but concurrently the satisfaction of the short-term objectives of a sub-set of the general population.⁴⁵

The (second) coming of the military to the political scene of Nigeria in 1983 marked the peak of corruption in the country (see Table 1). This was particularly so under the Generals Babangida and Abacha regimes, where the system was not only prebendal, but also praetorian.⁴⁶

3.1 General Ibrahim Babangida, 1985-1993

A major feature of corruption in the Babangida regime was the pervasive culture of impunity. It was permissible for any of his officials to loot the state treasury to their heart's content with impunity, as long as they remained absolutely loyal and committed to him. For the eight years of Babangida's reign, the regime failed to take a public stance against corruption.⁴⁷ Instead it proceeded with hitherto unknown dynamism to establish a *sui generis* military autocracy, grounded on cronyism, blatant corruption of high-profile individuals and groups in society and ruthless and systematic suppression of real or imagined opponents of the regime. It

41 Daniel E. Agbibo, "Leaders or Leeches: Corruption and the Cycle of Dysfunction in Nigeria", *Loyola Journal of Social Sciences*, XXV, 1 (2011): 83-132.

42 Chinua Achebe, *The Trouble with Nigeria* (London: Heinemann, 1983), 1.

43 President Obasanjo, cited in Omotola, "Through a Glass Darkly," 217.

44 Jibrin Ibrahim, "Corruption in Nigeria: Transition, Persistence and Continuity," *The Nigerian Social Scientist* 6, 2, (2003): 3-13.

45 Omotola, "Through a Glass Darkly."

46 A praetorian system is one that "is corrupt and an unstable regime of coups, cliques and conspiracies tempered only by occasional political dictatorships." Its major features include indiscipline, mercinerism, self-seeking, greed and avarice, sale of public office and prebendalism. Praetorianism is therefore the military equivalent of the corrupt society. See Omotola, "Through a Glass Darkly," 218.

47 Osoba, "Corruption in Nigeria," 381.

is important to note that corruption in the Babangida regime was given greater rein by two factors: the eight-year tenure of the regime and the huge surge in oil revenue, including the famous oil windfall occasioned by the Iraq War in 1991. A sum of US\$12.67 billion earned during the war could not be accounted for by the Babangida-led regime.⁴⁸

Table 1: A Chronology of Nigerian Leaders since 1960

Nigerian Leaders	Leadership Timeline
Tafawa Balewa (Northern People's Congress)	1960-1966
J.T.U. Aguiyi Ironsi (Military)	1966
Yakubu Gowon (Military)	1966-1975
Murtala Muhammed (Military)	1975-1976
Olusegun Obasanjo (Military)	1976-1979
Shehu Shagari (National Party of Nigeria)	1979-1983
Muhammadu Buhari (Military)	1984-1985
Ibrahim Babangida (Military)	1985-1993
Ernest Shonekan (Military)	1993
Sani Abacha (Military)	1993-1998
Abdulsalami Abubakar (Military)	1998-1999
Olusegun Obasanjo (People's Democratic Party)	1999-2007
Umaru Yar'Adua (People's Democratic Party)	2007-2010
Goodluck Jonathan (People's Democratic Party)	2010-present

A curious action taken in the late 1980s by the Babangida regime was its release of the ill-amassed assets seized from top government officials who served in Yakubu Gowon's regime, after these officials were found guilty of corrupt enrichment by a special military tribunal. These seized assets were returned to their "owners."⁴⁹ Babangida also released most of the corrupt politicians incarcerated by Muhammadu Buhari's regime and restored to them their lost military ranks, in addition to tendering a national apology to the officers. In 1991 Babangida's regime also formally rehabilitated all the politicians who had been probed, found guilty of corruption, and dismissed with ignominy from office by Murtala Mohammed's regime.

48 Daniel E. Agbiboa, "The Corruption-Underdevelopment Nexus in Africa: Which Way Nigeria?" *Journal of Social, Political and Economic Studies*, 34, 4 (2010): 474-509.

49 Paul D. Ocheje, "Law and Social Change: A Socio-Legal Analysis of Nigeria's Corrupt Practices and Other Related Offences, Act 2000," *Journal of African Law* 45, 2 (2001): 171.

Among the more prominent of these were Jim Nwobodo, former governor of Anambra State, who was convicted of corruption, sentenced to 22 years imprisonment and ordered to refund N9.95 million, but later became a senator of the Federal Republic of Nigeria; Solomon Lar, former governor of Plateau State, found guilty of corrupt operation of a "security" vote, and sentenced to 21 years in jail, but later became chairperson of the ruling People's Democratic Party; Samuel Ogbemudia, former military governor of the then Bendel State, found guilty of corrupt enrichment and made to forfeit millions of naira worth of assets to the federal government by a special tribunal under the Murtala Mohammed regime in 1975, but went on to become a civilian governor of the same state in 1983; Philip Asiodu, found guilty of corruption by the same tribunal, but who later became senior presidential advisor on the economy.⁵⁰ As a consequence of these actions of Babangida's regime, the wrong signal was sent to public officials and the general public that corruption in the public sector was a pardonable offence, thus making conformance to ethical standards appear to be foolish.

Not only did the Babangida regime encourage corruption by pardoning corrupt officials convicted by his predecessors and returning their seized properties,

the regime officially sanctioned corruption in the country and made it difficult to apply the only potent measures, long prison terms and seizure of ill-gotten wealth, for fighting corruption in Nigeria in the future.⁵¹

This pattern of "pardoning" and recycling corrupt leaders has continued to this day in Nigeria (as we shall see later).

Quite aside, the Babangida government searched for ways to delay democratic transition and prop up support for military rule. To this end, the creation of states was a key strategy used to divide the opposition or recruit new ranks of support for increasingly corrupt and dysfunctional military rule.⁵² This was also part of a wider programme of regime survival. The interim administrator of Chief Ernest Shonekan was invited to take over power from Babangida after his regime was forced to step aside in 1993 due to an election debacle. However, this interim government was ousted after only three months by a military coup which led to the ascension to power of General Sani Abacha.

50 Ibid.

51 Ibid., 173.

52 Brennan Kraxberger, "The Geography of Regime Survival: Abacha's Nigeria," *African Affairs* 103, 412 (2004): 429.

3.2 General Sani Abacha, 1993-1998

Upon taking power, General Abacha, the Armed Forces Chief of Staff, annulled the organs of state, banned political parties and dismantled the democratic structures. Abacha argued that Western-style democracy is not always suitable in Africa. Issues cause division, he says, when it is consensus that is needed.⁵³ Under Abacha, the Nigerian "rule of law" was dealt a fatal blow. For example, the regime enacted Decree No. 12, of 1994, which officially removed the authority of the courts to investigate, let alone challenge, the actions of members of the regime. Claude Ake argues that when this happens, "the state effectively ceases to exist as a state and compromises its ability to pursue development."⁵⁴

In five years of dictatorship and frenetic looting, Abacha paralyzed the machinery of governance and pauperized the citizenry.⁵⁵ He notably arrested or incarcerated commercial bank chiefs in Lagos while he and his kitchen cabinet were simultaneously stealing and stashing away in banks around the world between US\$5 Billion and US\$50 Billion.⁵⁶ It is therefore not surprising that a report on corruption, published in 1997 and 1998 by the Berlin-based organisation Transparency International listed Nigeria as the most corrupt nation in the world—a ranking which led to a popular perception of Nigeria as a country synonymous with corruption.

International pressure forced Abacha to announce a three-year timetable for the transition to democracy in October 1995, but the plans were plagued by repeated delays until June 1998 when Abacha was announced dead. Nearly 15 years after Abacha's death, the Swiss Government repatriated the sum of US\$700 million stolen by the late dictator and deposited in several Swiss banks.⁵⁷ The Nigerian government has also recovered over US\$100 million of the funds stolen by Abacha and his family from the autonomous British island of Jersey and an estimated US\$150 million from Luxembourg. Other funds belonging to Abacha remain frozen in accounts in Liechtenstein, Luxembourg, and the United Kingdom.⁵⁸ In November 2009, Abacha's son was convicted by a Swiss court for his role in a criminal organisation and seized \$350 million in assets stolen from Nigeria.⁵⁹ Ocheje argues

53 BBC News Africa, "Nigeria: General Abacha's Era of Dictatorship," April 25, 1998, available at <http://news.bbc.co.uk/2/hi/world/analysis/81060.stm>, last accessed September 10, 2013.

54 Agbibo, "Leaders or Leeches," 96.

55 *Ibid.*, 92.

56 Ocheje, "Law and Social Change."

57 Agbibo, "Between Corruption and Development."

58 *Ibid.*

59 Ocheje, "Law and Social Change," 171.

that in direct consequence of so much venality in public life, poverty has now embedded itself among the people of Nigeria.⁶⁰

Between 1960 and 1999, the Nigerian rulers had stolen close to \$440 billion.⁶¹ This is six times the Marshal Plan, the sum total needed to rebuild devastated Europe in the aftermath of the Second World War. An official report of an international development agency confirmed that in 2000, the standard of living in Nigeria roughly equals what it was in the early 1970s, a period immediately following three years of civil war.⁶² The unfettered nature of corruption under military rule was confirmed by Nigeria's first democratically elected president Olusegun Obasanjo:

There was corruption! Corruption! And Corruption! Everywhere and all the time! Corruption was not only rife, it had eaten so deeply into the marrow of our existence that looters and fraudsters had become our heroes, and it seemed we could no longer place any faith in honesty and decency and hard work.⁶³

3.3 President Olusegun Obasanjo, 1999-2007

The democratic government of President Olusegun Obasanjo, a former military ruler and respected international statesman who had handed power back to civilians in 1979, was expected to break away from the country's corrupt and repressive past.⁶⁴ Despite its early promise, Obasanjo's reign was undermined by high-level corruption and development failure. Obasanjo's rule was not without some merit. Early in his term in office, he correctly identified Nigeria's debt issue as an obstacle to sustainable development. Along with his reliable finance minister Ngozi Okonjo-Iweala (2003-2006), he was able to broker a deal that effectively wiped out Nigeria's entire \$30 billion external debt by paying \$12.4 billion and having \$17.6 billion annulled. This was the largest such financial deal in sub-Saharan Africa.⁶⁵

During his inaugural address in May 1999, Obasanjo stated that

60 Ibid.

61 Daniel E. Agbibo "Corruption and Economic Crime in Nigeria: Social and Economic Perspectives," *African Security Review*, 22, 1 (2013): 47-66.

62 Ocheje, "Law and Social Change," 176.

63 Agbibo, "Between Corruption and Development."

64 Adebajo, Adekeye. "Hegemony on a Shoestring: Nigeria's Post Cold War Foreign Policy" in *Gulliver's Troubles: Nigeria's Foreign Policy after the Cold War*, ed. Adekeye Adebajo and Abdul R. Mustapha (Pietermaritzburg: University of KwaZulu-Natal Press, 2008). 5.

65 Adebajo, "Hegemony on a Shoestring."

corruption, the greatest bane of society today, will be tackled head-on at all levels...No society can achieve anything near its full potential if it allows corruption to become full blown cancer as it has become in Nigeria.⁶⁶

In other words, Obasanjo promised millions of Nigerians that corruption will not be business-as-usual during his reign. To this end, he established the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and the Economic and Fincancial Crime Commission (EFCC). Under the inspired leadership of Nuhu Ribadu, the EFCC recovered over \$5 billion in stolen assets and prosecuted corrupt businessmen, politicians and policemen.⁶⁷

In unprecedented moves in 2005, Tofa Balogun, Nigeria's Inspector General of Police, was convicted of corruption and jailed; Fabian Osuji, education minister, and Mobolaji Osomo, housing and urban development minister, were also dismissed from office for respectively bribing legislators to pass a budget and selling government properties.⁶⁸ In collaboration with the London Metropolitan Police, the EFCC also uncovered some high-profile cases of corruption among Nigerian governors two of which are discussed here. The first case involves Joshua Dariye, former governor of Plateau state, who was found to operate 25 bank accounts in London alone to juggle money and evade the law. Like many governors of his ilk, Dariye used front agents to penetrate western real estate markets where he purchased expensive properties. The London Metropolitan Police determined Dariye had acquired £10 million in benefits through criminal conduct in London, while domestically EFCC were able to restrain proceeds of his crimes worth \$34 million.⁶⁹ In the other case, former governor of the oil-rich Delta state, James Ibori, pled guilty in the Southwark Crown Court in London to charges of moneylaundering and other financial crimes totalling 12.4 billion naira (\$79 million) he had committed during his eight-years in office. Ibori was sentenced to 13 years in prison.⁷⁰

Transparency International's 2005 report showed that under Obasanjo Nigeria moved within a year from third to sixth position, as the most corrupt nation in the world—an improvement on its performance in 2004 and 2003 when it occupied second and first position, respectively, on the list of the world's most corrupt nations. Daniel Kaufmann, head of global programmes at the World Bank, applauded the corruption cleanup efforts of Obasanjo's administration when he said "Nigeria is changing for the better... if the current momentum is maintained and

66 Omotola, "Through a Glass Darkly," 221.

67 Agbibo, "Corruption and Economic Crimes."

68 Ibid.

69 Agbibo, "Leaders or Leeches."

70 Ibid.

deepened, the progress made in the fight against corruption could become irreversible."⁷¹

Unfortunately, the anti-corruption drive of the Obasanjo administration was short-lived. His administration soon became littered with postures of reform, with grandiose promises and conspicuous lack of delivery. Finance minister Okonji-Iweala was dismissed from office by Obasanjo in 2006, and the EFCC was accused of manipulation by Obasanjo to target his political opponents in a selective manner.⁷² According to the International Crisis Group (ICG), the EFCC was "used [by Obasanjo] as a political weapon to whip political foes, especially state governors likely to stand for the presidency and their supporters, into line."⁷³ For example, five state governors, some of whom were considered contenders for the PDP presidential nomination, were impeached in 2005-2006 on allegations of corruption.⁷⁴

Obasanjo's botched attempt to change the Nigerian constitution in April 2006 to afford him the opportunity of running for a third presidential term badly damaged his democratic credentials. He reportedly offered bribes of \$400,000 to senators and representatives, had armed police break up a meeting in Abuja of legislators and governors opposed to a third term, and threatened state governors who failed to support his bid with impeachment.⁷⁵ Obasanjo's legacy was further soiled by an ugly spat with his vice-president, Atiku Abubakar, which saw both men publicly accusing each other of corruption regarding the government's Petroleum Technology Trust. In addition, under Obasanjo, who acted as his own oil minister throughout his eight years rule, Nigeria staged the most fraudulent elections in its history. Ballot boxes were stuffed and stolen, voters intimidated, and results appeared out of thin air in areas where voting had clearly not taken place.⁷⁶

Like the military before him, Obasanjo's administration openly encouraged corruption with impunity. A case in point was that of Chief Olabode George, a powerful figure within the ruling party under President Obasanjo and also former chairman of the Nigerian Ports Authority (NPA). In August 2008, Olabode was charged with contract-related offenses of close to N100 billion dating back to his time at the NPA. In October 2009, Olabode was convicted and sentenced to two

71 Daniel E. Agbibo, "Underdevelopment in Practice: Nigeria and the Enduring Problem of Corruption," *Development in Practice* (forthcoming).

72 Ibid.

73 International Crisis Group (ICG), "Nigeria's Elections: Avoiding a Political Crisis", Africa Report No. 123. (2007): 3.

74 Ibid.

75 Agbibo, "Serving the Few, Starving the Many: How Corruption Underdevelops Nigeria and How there is an Alternative Perspective to Corruption Cleanups," *Africa Today* 58, 4 (2012): 111-132.

76 Adebajo, "Hegemony on a Shoestring."

and a half years in prison after a surprisingly efficient trial. However, when Olabode emerged from prison in 2011 after serving a two-and-a-half year sentence following a landmark EFCC prosecution, he was treated to a rapturous welcome by members of Nigeria's political elite including President Obasanjo and then Defense Minister, Ademola Adetokunbo. According to a report by Human Rights Watch, this action showed that "proven criminality" was "no bar to the highest echelons of politics in Nigeria."⁷⁷ Reacting to the lavish reception, former anti-corruption czar Nuhu Ribadu said: "it is really a shameful thing that has happened. Instead of hiding their heads in shame they have the effrontery to celebrate corruption, in fact it is a national shame."⁷⁸ According to the Action Congress of Nigeria (ACN), the "PDP's action sends a wrong signal to Nigerian youths that it is alright to steal or mismanage public funds, since it can even turn them into a 'hero' like Olabode George."⁷⁹

In the end, Obasanjo's democratic rule proved a bundle of contradictions. Considered as an indispensable force for stability, he instead oversaw one of Nigeria's worst periods of instability. Earlier considered a force for unity, he presided uneasily over a country that is perhaps now more divided than at any time in its history since the civil war of 1967-1970. Considered a force for national salvation, he instead watched helplessly as the country was nearly torn apart by sectarian violence.⁸⁰ While much of the decay in the Nigerian polity had set in under the venal regimes of Generals Babangida and Abacha, the situation was further aggravated under Obasanjo's rule.

3.4 President Goodluck Jonathan, since 2010

In contemporary Nigeria, corruption has shown no sign of abating. If anything, the phenomenon has increased under the current presidency of Goodluck Jonathan—whom some have called the "accidental president" due to the manner in which he originally inherited office from his predecessor, Umar Yar'Adua, who died in May 2010 after a protracted illness. Most of the corruption in this period is directly related to the capture of oil revenues and theft of oil resources which is particularly destructive.

77 Human Rights Watch (HRW), "Corruption on Trial?" available at <http://www.hrw.org/sites/default/files/reports/nigeria0811WebPostR.pdf>, last accessed July 27, 2013.

78 *Vanguard* (Nigeria), "Anger, Shock Greet Lavish Reception for Bode George," February 28, 2011, available at <http://www.vanguardngr.com/2011/02/anger-shock-greet-lavish-reception-for-bode-george/>, last accessed February 23, 2013.

79 Ibid.

80 Ibid.

According to a recently leaked investigative report into Nigeria's oil and gas industry by the Chairman of the Petroleum Revenue Task Force, Nuhu Ribadu, nearly \$30 billion was lost in the last decade in an apparent gas price-fixing scam implicating government officials and foreign energy firms.⁸¹ The 205-page parliamentary report uncovered a long list of alleged wrongdoings involving oil retailers, Nigeria's Oil Management Company and the Nigeria National Petroleum Corporation. Specifically, the report showed that oil and gas companies owe the Nigerian treasury a combined US\$3 billion in royalties.⁸² Between 2005 and 2011, another US\$566 million was owed by companies for the right to exploit an oil block, known as "signature bonuses."⁸³ According to the leaks, a total of fifteen fuel importers collected more than US\$300 million recently without importing any fuel, while more than 100 oil marketers collected the same amount of money on several occasions.⁸⁴

In April 2012 a House of Representatives Committee led by Farouk Lawan and charged with investigating the fuel subsidy program (between 2009 and 2012) released a report showing massive fraud, corruption, and inefficiencies in the running of the program. The report alleged misappropriation of US\$6 billion in the fuel subsidy scam, with poor or nonexistent oversight by government agencies.⁸⁵ Furthermore, the report cited the stealing of 32.8 billion naira (US\$210 million) Police Pension Fund, which led to the arraignment of six suspects including a director at the Police Pension Office, Atiku Abubakar Kigo, who later rose to become permanent secretary in the Ministry of the Niger Delta, and the criminal charges against former Governor of Bayelsa state, Timipre Sylva, for laundering five billion naira (US\$32 million) of state funds.⁸⁶ In 2011 alone, the Nigerian government paid 900 times more in the subsidy than was budgeted, suggesting the complicity of the finance ministry and the central bank in the arrangement.⁸⁷ In July 2012, the government released a list of those who had benefited illegally from the

81 BBC News Africa, "Nigeria Fuel Subsidy Report 'Reveals \$6bn Fraud'" 24 April 2012, available at <http://www.bbc.co.uk/news/world-africa-17823959>, last accessed March 15, 2013.

82 Ibid.

83 BBC News Africa, "Nigeria: Oil-Gas Sector Mismanagement Costs Billions", 22 October 2012, available at <http://www.bbc.co.uk/news/world-africa-20081268>, last accessed July 18, 2013.

84 Ibid.

85 *Sahara Reporters*, "\$6bn Fuel Subsidy Scam: International Criminal Court Asked to Prosecute Indicted Nigerian Officials," April 22, 2012, available at <http://saharareporters.com/news-page/6bn-fuel-subsidy-scam-international-criminal-court-asked-prosecute-indicted-nigerian-offic>, last accessed October 9, 2013.

86 Ibid.

87 Refworld, "No End in Sight: Violence in the Niger Delta and Gulf of Guinea," March 8, 2013, available at <http://www.refworld.org/docid/513d9cd02.html>, last accessed April 12, 2013.

subsidy fund, which implicated key government officials in the Jonathan-led administration.⁸⁸

Like his predecessors, President Goodluck Jonathan has also embraced a system that rewards corruption rather than punishes it. In the most recent example, President Jonathan granted a pardon to ex-Bayelsa state Governor and former ally, Diepreye Alamieyeseigha (1999-2005) – who was convicted of stealing millions of dollars during his time in office – because he had been “remorsefull.”⁸⁹ Alamieyeseigha was also declared free to run for elections again. It is instructive to note that there are two steps leading to the granting of a presidential pardon. The first gatekeeper is the Presidential Advisory Committee on the Prerogative of Mercy. This body peruses any proposal by the President and makes its recommendations. However, President Jonathan bypassed this due process and went straight to the National Council of State, which considered and approved his request. According to Nigeria’s Nobel Laureate Professor Wole Soyinka, “what is going on right now gives the picture of a government that is floundering and justifying the unjustifiable. It amounts to encouragement of corruption.”⁹⁰

In 2013, a report submitted to the US Congress by the Secretary of State confirmed massive corruption at all levels of the Jonathan-led government. The document entitled “Country Reports on Human Rights Practices for 2012” stated that “[m]assive, widespread, and pervasive corruption affected all levels of government and the security forces in Nigeria.”⁹¹ Furthermore, the report scored the Nigerian judiciary system low as it noted,

[t]here was a widespread perception judges were easily bribed and litigants could not rely on the courts to render impartial judgements. Citizens encountered long delays and alleged requests from judicial officials for bribes to expedite cases or obtain favourable rulings.⁹²

88 BBC News Africa, “Nigeria: Oil-Gas Sector Mismanagement.”

89 BBC News Africa, “Nigeria Pardons Goodluck Jonathan Ally, Alamieyeseigha,” March 13, 2013, available at <http://www.bbc.co.uk/news/world-africa-21769047>, last accessed April 15, 2013.

90 *The Herald*, “Alamieyeseigha’s Pardon Encourages Culture of Corruption – Soyinka,” March 21, 2012, available at <http://www.theharaming.com/alamieyeseighas-pardon-encourages-culture-of-corruption-soyinka/>, last accessed August 29, 2013.

91 Tokunbo Adedaja, “US Report: There’s Massive Corruption in Nigeria,” *This Day Live*, 21 April 2013, available at <http://www.thisdaylive.com/articles/us-report-there-s-massive-corruption-in-nigeria/145531/>, last accessed June 12, 2013.

92 Olalekan Adetayo, Allwell Okpi, Temitayo Famutimi, “Corruption Massive under Jonathan – US,” *Punch* 21 April 2013, available at <http://www.punchng.com/news/corruption-massive-under-jonathan-us/>, last accessed June 12, 2013.

The report stated that though Nigerian law provides criminal penalties for official corruption, the government did not implement the law effectively, and officials frequently engaged in corrupt practices with impunity.⁹³

4. Conclusion

This article has examined the evolution of the problem of corruption in Nigeria, with attention to how the corrupt practices of Nigeria's postcolonial rulers have effectively turned a country with enormous potential into a crippled giant. Today, the corruption profile of Nigeria has risen to a worrisome level as many convicted political elites continue to go largely unpunished or are given a mild sentence that makes a mockery of their monumental theft. The situation has not only undermined whatever progress has been made on the anti-corruption front, but has clearly underscored a general lack of political will to fight the menace. It is therefore not surprising that in its recently released Corruption Perception Index, Transparency International ranks Nigeria as the eighth most corrupt out of 107 countries in 2013, with 84 per cent of those surveyed in Nigeria claiming corruption had increased in the past two years—a higher percentage than any other country in the world.⁹⁴

To curb the problem of corruption in Nigeria, a fusion of national and international strategies is required. At the national level, the current presidency of Goodluck Jonathan must publicly signal a commitment to break with the bad practices of previous administrations, especially the political interference with anti-corruption investigations and prosecutions. This should be combined with strong political will to ensure that those accused of corruption are properly investigated, punished and blacklisted from politics if found guilty, irrespective of their positions and connections. As well, government should set up an independent investigatory panel to review charges of corruption within government and the private sector. President Jonathan should endorse the panel and commit to ensure it has both the scope and the power to investigate and prosecute.

At the international level, Nigeria's international partners must maintain strong political pressure on the Nigerian government to allow anti-corruption institutions, including the Economic and Financial Crimes Commission (EFCC), to pursue robust and independent investigations of high-level corruption. They must also (a) actively pursue opportunities to bring criminal charges against Nigerian government officials who commit financial crimes in foreign jurisdictions and (b) make wide and proactive use of visa bans to deny Nigerian government officials credibly implicated

93 Ibid.

94Daniels Ekugo, "Nigeria Rated Eighth Most Corrupt Nation," *Sahara Reporters*, July 11 2013, available at <http://saharareporters.com/news-page/nigeria-rated-8th-most-corrupt-nation-pm-news-lagos>, last accessed September 18, 2013.

in corruption the opportunity to travel or invest their ill-amassed wealth abroad. The names of all Nigerian government officials denied visas on allegations of corruption should also be made public.

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LEARNING TO TALK THE TALK: RE-APPRAISING THE EXTERNAL PERSPECTIVE IN THE EU'S FOREIGN POLICY

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Abstract

How can the European Union (EU) remain a relevant and effective power in a multipolar world? Past studies have sought to address such questions through a focus on the internal constraints the EU faces in its foreign policy. Instead we propose leaving the beaten path by stressing the need for a stronger inclusion of the external perspective in the EU's foreign policy. This need, we argue, becomes increasingly important in a multipolar world as peripheral countries find themselves in a position to side by whichever power presents the most interesting proposition. In a case study on the EU's relations with Kazakhstan we will demonstrate in more detail how the presence of (re-)emerging powers brings new challenges to the front for the EU. Challenges which can best be dealt with by having a good knowledge about what attracts or detracts.

Keywords: European Union, Kazakhstan, multipolar politics, outside-in perspective

1. Introduction

How can the EU retain or improve its position as an important and relevant player in a multipolar world? The re-occurring observation that the EU is internally constrained by the need to forge a consensus is not particularly helpful for the identification of potential remedies. Most such remedies involve further integration or more intense coordination, features that cannot be accomplished overnight. Instead, we depart from the EU-centred approaches that have come to be the dominant framework to explain the choice for particular strategies and assess their (limited) influence.

More recently, research applying an outside-in perspective has questioned the overall desirability of the EU's policy proposals. It is suggested that this external perspective can explain the limited effectiveness of the EU's foreign policy. Understanding the political and economic context within which foreign decision-makers operate allows policy-makers to adjust the policy mix so that effective influence can be attained. This is especially the case for a constrained power like the

EU that relies for a large part on the 'power to attract'. Knowing what attracts or detracts is impossible without a proper understanding of the motives of the foreign partner.

In this article, we argue that providing a prominent role to this external perspective is even more important in a multipolar world where different powers vie for influence. Partner countries exposed to multiple offers and pressures now need to decide whether to abide with the policy package proposed by a pole. Understanding the complex web of relations of a specific country with various powers is important to offer an attractive and calibrated policy mix. The extent to which the EU is able to achieve this will determine whether it can remain an important player in a multipolar world.

To fully appreciate the prominence of the outside-in perspective within a multipolar context, we propose a novel two-step analytical framework. The first step refers to the incorporation of the partner's perception of the EU's policy communication. The second step elaborates how the ascendance of new powers further complicates this exercise. In so-doing this article seeks to contribute to an ever-growing literature on the role of external perspectives as a precursor of effectiveness in the EU's foreign policy.

The article is structured as follows: in the following section, we will revisit the literature on the EU's external policy and argue why a reappraisal of an outside-in perspective is unavoidable when assessing potential influence abroad. Following this review we introduce our analytical framework and provide some illustrative examples based on existing scholarship. In the subsequent section we apply this framework to the specific case of Kazakhstan. The final section concludes by reflecting on the implications of our findings and proposes some ideas for further research.

2. From improving internal cohesion to enhancing effectiveness

Since its very inception, EU foreign policy has been plagued by a perceived inability to meet the expectations set for such a large economic power. Behind this perception lies the observation that the EU often cannot act as a single foreign policy actor or lacks the required 'actorness'.¹ Subsequent research has shown that EU actorness varies across policy domains and on policy issues.² Cohesion and the

1 Joseph Jupille and James Caporaso, "States, Agency, and Rules: the European Union in Global Environmental Politics," in *The European Union in the World Community*, ed. Carolyn Rhodes (Boulder, CO: Lynne Rienner, 1998), 213-229 (214)

2 Simon Nuttall, "Two Decades of EPC Performance," in *Foreign Policy of the European Union: From EPC to CFSP and Beyond*, ed. Elfriede Regelsberger, Philippe de Schoutheete and Wolfgang Wessels (Boulder, CO: Lynne Rienner, 1996); Natalia Chaban, Ole

ability to speak with one voice has featured prominently in assessing actorness.³ In the absence of a consensus on a specific strategy to pursue such common goals, the EU's foreign policy often digresses in pronouncing the norms or goals on which the member states could agree. Asle Toje therefore concludes that:

The consensus–expectations gap is set to continue to prevent the EU from engaging in effective crisis management, leaving the Europeans to continue making statements and setting examples – rather than actually shaping world affairs.⁴

The effect on policy outcomes is a bit more complex. Actorness should not to be equated with effectiveness.⁵ Being able to speak with one voice is not a sufficient condition to attain the policy objectives set out. Here, the external context matters as power differentials and perceptions can influence the ultimate outcome.⁶ However, it is safe to argue that EU actorness is an important factor in explaining the degree of influence the EU can attain at international fora.⁷ Many scholars and practitioners have focused their attention on overcoming the internal institutional hurdles to improve EU actorness and thereby potentially increasing its effectiveness at the international level. Institutional reforms required to create such favourable conditions can easily follow. These reforms encompass socialization through the creation of a common set of values, the adoption of routines of informal coordination, methods of representation but also adjustments in the allocation of budgets or shifting competencies to create more homogeneous competencies.⁸ A clear manifestation of the need for these modifications in the EU's activities can be observed in the 2003 'European Security Strategy'. By stressing the need for a "more

Elgström, and Martin Holland, "The European Union As Others See It," *European Foreign Affairs Review*, Vol. 11: 245–62.; Martijn Groenleer and Louise Van Schaik, "United We Stand? The European Union's International Actorness in the Cases of the International Criminal Court and the Kyoto Protocol," *Journal of Common Market Studies* 45(5): 969–998.

3 In addition to cohesion, Jupille and Caporaso also suggested authority, recognition and autonomy to constitute actorness. We decided not to discuss these latter three concepts and only focus on the issue of cohesion.

4 Asle Toje, "The Consensus Expectations Gap: Explaining Europe's Ineffective Foreign Policy," *Security Dialogue* 39, no. 1 (March 01, 2008): 121–141.

5 Lisanne Groen and Arne Niemann, "EU Actorness and Effectiveness Under Political Pressure at the Copenhagen Climate Change Negotiations" Mainz Papers on International and European Politics n°1.

6 Ibid.

7 Jan Wouters, Sijbren de Jong, and Philip De Man, "The EU's Commitment to Effective Multilateralism in the Field of Security: Theory and Practice," *Yearbook of European Law* 29, no. 1 (2010): 164–189; Knud Erik Jørgensen, Sebastian Oberthür, and Jamal Shahin, "Introduction: Assessing the EU's Performance in International Institutions—conceptual Framework and Core Findings," *Journal of European Integration* 33, no. 6 (2011): 599–620.

8 Spyros Blavoukos and Dimitris Bourantonis, "The EU's Performance in the United Nations Security Council," *Journal of European Integration* 33, no. 6 (November 2011): 731–742.

active, more coherent and more capable" Union⁹, the EU implicitly embraced the idea of such reforms. The subsequent 2008 'Report on the Implementation of the European Security Strategy' further highlighted the need for strengthening the EU's coherence "through better co-ordination and more strategic decision-making".¹⁰ All such reforms, be it an organizational transformation, the fostering of a European identity among officials or a treaty reform, cannot occur overnight. For that purpose, we think it is useful to assess whether an increase in effectiveness can also be attained within the confines of the EU's internal constraints.

Maintaining the observation that the EU is institutionally constrained, implies acknowledging that a large part of its policy is based on diplomacy, setting examples or engaging in dialogues turning it into a *sui generis* soft power.¹¹ Soft power goes beyond the application of non-coercive (or remunerative) means to achieve influence. As originally conceptualized, it reflects the power to attract countries into adjusting their policies conform the desires of the influencing actor (*in casu* the EU). However, what is considered attractive for the EU is only one side of the story. In a communicative relationship, there is always a sender and a receiver. The receiver, however, interprets the message of the EU through its own local lens. Looking at those third country interpretations is a necessary condition for effectively sending a message through. The effectiveness of soft-power, and by expansion EU foreign policy, therefore hinges on the assumption that what the EU proposes is perceived as desirable. If that is not the case, influence will remain limited. External images are therefore indispensable to complete the picture.¹²

The plea to incorporate the partner's perspective in assessing the EU's external relations is not completely new. In discussing the impediments for the EU to become a true pole in a multipolar world Karen Smith acknowledged "the challenge of adapting foreign policy behavior to match the new international environment".¹³ Therein she contributes to a small but growing literature emphasizing the neglect of

9 Council of the European Union, *A Secure Europe In a Better World: European Security Strategy*, (European Union 2003).

10 Council of the European Union, *Report on the Implementation of the European Security Strategy: Providing Security in a Changing World* (European Union 2008).

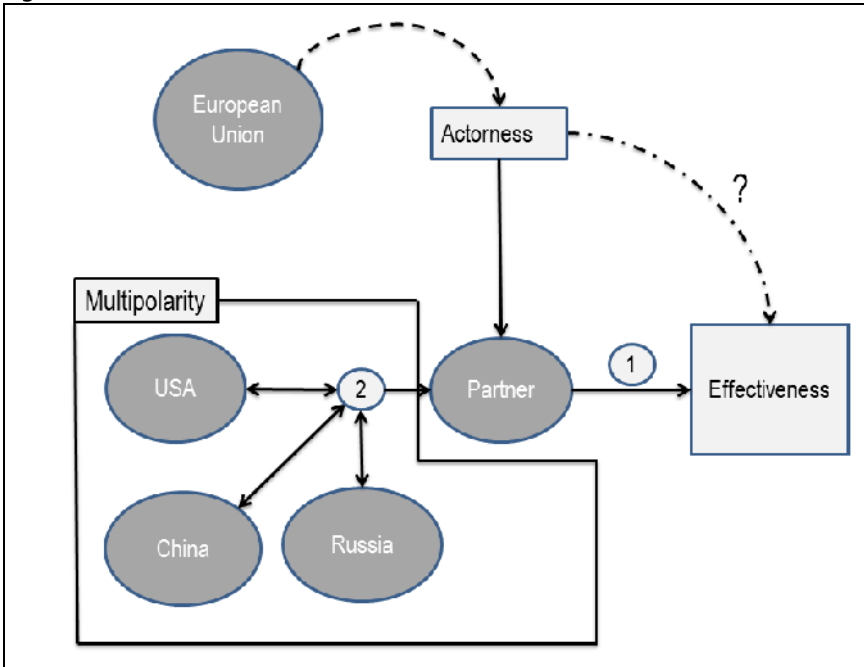
11 Joseph Jr. Nye, "Soft Power," *Foreign Policy* 80 (1990): 153-171.

12 Natalia Chaban, Martin Holland and Peter Ryan, eds., *The EU through the Eyes of Asia, Volume II : New Cases, New Findings*. (New Jersey: World Scientific, 2009); Sonia Lucarelli and Lorenzo Fioramonti, Lorenzo *External perceptions of the European Union as a global actor* (Oxon: Routledge, 2010).

13 Karen Smith, "Can the European Union be a Pole in a Multipolar World?" *The International Spectator: Italian Journal of International Affairs* 48 no2 (2013): 114-126.

an outside-in perspective within the development and study of the EU's foreign policy.¹⁴

Figure 1: Theoretical framework



We seek to contribute to this nascent literature in three ways. First, by conceptualising the problem within a larger context of multipolar politics, we heighten the salience of the outside-in perspective. Secondly, by developing and applying a basic framework (Figure 1) to study the various ways in which external perspectives can matter, we hope to foster further empirical research in this area. And finally, our case focuses on a region that has received limited attention within EU foreign policy analysis.

14 For an overview see Stephan Keukeleire, "Lessons for EU Diplomacy from an Outside-in Perspective," in Gstöhl, S. and Lannon, E. (eds.), *The Neighbours of the European Union's Neighbours: Diplomatic and Geopolitical Dimensions beyond the European Neighbourhood Policy*. London: Ashgate, forthcoming.

3. Lost in translation? Incorporating the outside-in perspective

The added value from incorporating the partner country's perspective to explain the EU's (lack of) effectiveness becomes apparent in two ways: on the one hand it allows a reassessment of the desirability of the EU's offerings while on the other hand through an appraisal of the international context within which the particular partner operates. This is indicated by relation ① and ② respectively in Figure 1. We will elaborate each of these in the following sub-sections.

3.1 Subjective perception: Offensive norms and attractive sanctions

In its relations with peripheral countries, and particularly when dealing with developing countries, the EU generally takes a normative stance, concentrating on human rights, social justice and good governance practices. These norms and principles became common ground in the EU's external relations in the 1990s and nowadays constitute the core of the conditions which third countries need to adhere to in order to earn, for example, financial aid or become part of a trade relationship.¹⁵ In taking these norms as a basic premise, the EU neglects the importance of (developing) country's receptiveness for such 'liberal', or 'Western' standards. The universality of European norms and values should not be taken for granted. The promotion of regional integration, a prominent focus in the EU's external policy, has been disputed as a universal norm.¹⁶ A similar observation was made by Haukkala when observing the EU's relations with its Eastern neighbourhood and Russia by noting that:

no one seems to doubt for a minute the Union neighbourhood's overall receptiveness to the Union's ideals and its application of its "normative" or "soft" power in the region adjacent to it, assuming that it gets its own policy 'right'.¹⁷

Haukkala further argues that the Union in this way acts from a self-perception of being a normative magnet at the heart of Europe, while in fact this normative power becomes gradually vulnerable to erosion.¹⁸

15 Peter Burnell, "Good Government and Democratization: A Sideways Look at Aid and Political Conditionality," *Democratization*, 1(3): 485-503; Gordon Crawford, *Foreign Aid and Political Reform: A Comparative Analysis of Political Conditionality and Democracy Assistance* (London: Palgrave, 2001).

16 Federica Bicchi, "'Our Size Fits All': Normative Power Europe and the Mediterranean," *Journal of European Public Policy* 13 no 2 (2006): 286-303.

17 Hiski Haukkala, "The Russian Challenge to EU Normative Power: The Case of European Neighbourhood Policy," *The International Spectator* 43 no 2 (June 2008): 35-47.

18 Ibid.

While the principle aim of the European Neighbourhood Policy (ENP) is the promotion of stability and prosperity through the emphasis on political and economic reforms, the outcomes have not always been as expected. Wolczuk, for instance, highlights that despite the importance of ties with Ukraine in the EU's eastern relations, the country has been mostly disgruntled with the framework imposed by the EU, resulting in only limited outcomes or transformations.¹⁹ In the case of more autocratic regimes, a trade-off between economic/energy benefits and the promotion of democratic values exists. Turkmenistan was, until recently, the most stark example of a country in which the interests of the EU (principally access to gas) stand in opposition to its commitment to the values of democracy and to human rights.²⁰ The promotion of democratic values, then, are diametrically opposed to the EU's economic and energy security interests.

A similar perception gap can be observed in their relations with the African, Caribbean and Pacific-countries (ACP). EU-ACP relations can be characterized by their strong connection between both aid and trade objectives.²¹ Here too, multiple criticisms have been voiced by African civil society representatives and policy officials on human rights and democracy conditions advocated by the EU. The debate about labour standards in trade agreements is a typical example. While CSO's and public opinion in the EU portray it as a universal, democratic and developmentally friendly value, it has not been perceived as such in the South. Gonzalez-Garibay analysed the perceptions of Brazil, Chile, India and South Africa towards the EU's trade-labour linkages. She concludes that such linkages are interpreted by many of these countries as a protectionist ploy to curtail their comparative advantage in low wage labour.²² Even more importantly, they often regard the conditions in the Cotonou agreement proclaimed by the EU as being driven by a certain form of self-interest.²³

19 Kataryna Wolczuk, "Implementation without coordination: the impact of EU conditionality on Ukraine under the European Neighbourhood Policy," *Europe-Asia Studies*, 61 no 2 (2009): 187-211.

20 Neil J. Melvin, "The European Union's Strategic Role in Central Asia," in *Engaging Central Asia. The European Union's new strategy in the heart of Eurasia*, ed. Neil J. Melvin (Brussels: Centre for European Policy Studies, 2008). 137-151

21 Siegmund Schmidt, "Soft Power or Neo-Colonialist Power? - African Perceptions of the EU," *Review of European Studies*, 4(2012): 100-103.

22 Montserrat GonzalezGaribay, "The Trade-Labour Linkage from the Eyes of the Developing Countries: A Euphemism for Protectionist Practices?," *European Foreign Affairs Review* 14(2009): 763-784.

23 Carlos Santiso, "Reforming European Union Development Cooperation: Good Governance, Political Conditionality and the Convention of Cotonou" *ACES Working Paper* 4(2002).

In the paragraphs above the argument was made that soft, norms-based foreign policy is not necessarily perceived as such. At the same time, harder approaches such as legally enforceable standards can at times be preferred over a soft approach. Two examples illustrate such a conclusion. A first case occurs when policy-makers wish to bind the hands of following generations. A strong enforceable commitment can ensure that future policy-makers shy away from negating on prior agreements. A second case involves signalling credible commitment. To attract foreign direct investments, investors seek strong protection from expropriation. Solid bilateral investment treaties can signal potential investors that the country takes such protection seriously.²⁴ Incorporating the external perspective can help the EU attaining more ambitious outcomes without necessarily paying a cost. To improve the effectiveness of the EU's foreign policy, it is critical to understand how the different demands are perceived by the international partner. A proper understanding of a country's politico-economic context can enhance EU effectiveness.

3.2 Complications in a multipolar world

The above discussion is complicated further if we take into account the presence of other global players. If a country is exposed to the influence from different powers it is in a position to choose. Assuming a certain degree of rationality, the policy-maker will abide by the demands or suggestions of that power that can offer it the most attractive policy package. This can imply a weighing of benefits offered but also the balancing between lesser evils depending on the issue at hand. The art, then, comprises of identifying what the partner country's needs and desires are, what the other relevant powers will offer, and how the EU's proposal fares in comparison to those of the other poles. Barry Posen has argued that multipolar systems are more "complex, flexible, and full of options, [which] seduce the creative expansionist into a search for opportunities, which occasionally exist"²⁵ The observed complexity and flexibility resonates with Kenneth Waltz's hypothesis on the inherent instability of multipolar systems. That is, if we were to define stability in reference to the various relations between the poles and peripheral countries.²⁶

The emergence of new global powers has increased the prominence of triads as a fundamental unit to study interactions among nations. As opposed to a dyad, triads

24 Andrew Kerner, "Why Should I Believe You? The Costs and Consequences of Bilateral Investment Treaties."

25 Barry Posen "Emerging Multipolarity: Why should we care?" *Current History* 108, no. 721 (November 2009): 347-352.

26 Kenneth Waltz, *Theory of International Politics*. (Boston, MA: Addison-Wesley: 1979).

allow for a greater variety in the relations to be studied.²⁷ An explicit focus on the direct relation between the EU and a partner country (dyad) misses the broader context within which the partner country operates. We will focus our discussion on two manifestations of such complexity: the potential threats or opportunities that can arise in a multipolar context for the EU's foreign policy effectiveness.

A good example of the former concerns the involvement of China in Africa. The EU's insistence on protection for human rights and good governance has often been met with lukewarm support. Moreover, the proposed reforms have not always been adapted to the needs of the recipients. Upcoming competitors to the EU like China appear better at anticipating these needs. Although it is true that the explicit emphasis on the principles of non-interference and respect for state sovereignty is too often combined with a neglect of some basic ethical norms, it needs to be said that China does take into account the point of view from the recipient countries. One very important actor in the Chinese relationship with Africa, for instance, is the EXIM-Bank, a Chinese state-owned investment bank. By granting loans to African governments for infrastructure projects without stressing the need for any political or economic conditionality, it offers two advantages that sharply contrast the EU's approach.²⁸ First of all, the constant focus on infrastructure projects and industry at least gives the impression that China follows a clear and straightforward line in meeting the basic needs of the recipient countries. Second, the emphasis on non-interference anticipates the resistance existing towards adopting rules that are perceived as being predetermined by others. These advantages mark the difference with EU's –not always appreciated– approach of conditionality. The following statement by Dennis Tull corroborates these observations:

By offering their African counterparts a mix of political and economic incentives, the Chinese government is successfully driving home the message that increased Sino-African cooperation will inevitably result in a 'win-win situation' for both sides.²⁹

However, taking into account this multipolar context can also help in the identification of opportunities. The most straightforward example concerns the declaration that 'the enemy of my enemy is my friend'. The recent tense relations between the US and Venezuela, have created many opportunities for Russian

27 George Simmel, "The Triad," in *Sociology of George Simmel* (New York: Free Press, 1950).

28 Brent Berger and Uwe Wissenbach, "EU-China-Africa Trilateral Development Cooperation: Common Challenges and New Directions," *Discussion Paper / Deutsches Institut für Entwicklungspolitik* (2007); Christine Hackenesch, "European Good Governance Policies Meet China in Africa: Insights from Angola and Ethiopia," *EDC2020 Working Paper* no. 10 (2011).

29 Denis M Tull, "China's Engagement in Africa: Scope, Significance and Consequences," *The Journal of Modern African Studies* 44, no. 3 (2006): 459–479.

investors to develop the latter's oil producing capacity and led to lucrative agreements for the purchase of military equipment.³⁰ But opportunities can also present themselves through a country's desire to reduce its economic dependence on a single partner for trade or investments or through the sensitivity of ex-colonies *vis-à-vis* their former colonizers. Finally, opportunities can also arise when different poles share a common goal. Such an opportunity is not only reflected through the increase in bargaining power, but also through the possibility that one can free-ride on others' efforts.

4. Kazakhstan's multi-vector energy policy

Following the above discussion, several cases could be examined to study the growing challenge of the multipolar context to EU effectiveness. The selected case – Kazakhstan – combines two important traits. First of all, Kazakhstan is an assertive partner country where an open struggle for its resources by multiple power centres takes place. The growing political assertiveness is reflected in Kazakhstan's foreign policy. President Nazarbayev even enunciated the country's multi-vector policy as striking a balance between Russia, China, the USA, and the EU (in this order of importance) thereby identifying the various poles that are of concern for our further analysis.³¹ The EU then not only deals with resilient Kazakh hybrid state/business actors, but also faces increasing competition from Russia, China and the USA in their struggle for access to natural resources. In this setting, EU effectiveness is put to the test.

Secondly, and in contrast to many African countries, Kazakhstan has inherited relatively strong institutions and a managerial class which has been socialised into a corporatist mode of controlling the energy sector.³² Moreover, since 2007, a new wave of resource nationalism characterises Kazakhstan's state-business relations, tilting the balance in the government's favour. For instance, the 2007 amendments of the law on Subsurface Operations, which grant the Kazakh government the exclusive right to cancel contracts unilaterally if the actions of the subsurface user

30 Isabelle Gorst, "Venezuela and Russia, Ties that Bind" *Financial Times*; March 7, 2013.

31 Nursultan Nazarbayev, Poslanie Prezidenta strany narodu Kazakhstana 2006 [State of the Nation of the President to the people of Kazakhstan] (Astana, 1.03.2006), available at http://www.mfa.kz/ru/#!/informatsiya_o_kazahstane/poslaniya_prezidenta_stranyi_narodu_kazahstana/44/, last accessed September 4, 2013; other powers acknowledged within the multi-vector policy were the neighboring countries in Central-Asia and the Islam world. In both cases, cultural and historic bonds were cited as main drivers for their inclusion in the multi-vector policy, rather than economic/security interests. Moreover no specific countries or regional actors were identified.

32 Wojciech Ostrowski, *Politics and oil in Kazakhstan* (London: Routledge, 2010), 60.

should 'lead to considerable change to the economic interests of the Republic of Kazakhstan', leaves ample scope for arbitrary interpretations.³³

Our case-study analysis is based on primary Kazakh documents, as well as the secondary academic literature and newspapers. We also spoke with stakeholders in the field on state-business relations and clan politics. These informal interviews took place in August 2013 in Almaty.

The framework as depicted in Figure 1 will now be applied to the case of Kazakhstan. First we frame the case and provide the necessary background information. In the second part, we discuss the EU's direct relations with the case-country (relation ①) whereas the third part elaborates how the presence of alternative powers creates both threats and opportunities for the EU (relation ②).

4.1 *The case of Kazakhstan*

Central Asia has become the focal point of the EU's hunt for alternative energy supply routes. The Caspian Region serves both as backup to unstable Middle Eastern oil and as an alternative corridor to keep Russia from monopolising the energy routes.³⁴ Kazakhstan is one of the major suppliers of non-OPEC oil, next to Russia and Azerbaijan. The country is the second largest oil producer among the former Soviet states, after Russia, and is ranked as one of the top 10 countries in oil and gas deposits. Kazakhstan accounts for 3.2% of the world's proven oil reserves and produces 1.8% of the world's oil output.³⁵ Moreover, the EU is Kazakhstan's main trade partner, accounting for 48.5% of total exports,³⁶ whilst Kazakhstan is the EU's most important partner in Central Asia, with bilateral trade worth over €15 billion.³⁷ About 75% of the country's exports to the EU consists of oil and gas.³⁸

33 Adil Nurmakov, "Resource nationalism in Kazakhstan's petroleum sector. Curse or blessing?", in *Caspian Energy Politics. Azerbaijan, Kazakhstan and Turkmenistan*, eds. Indra Overland, Heidi Kjaernet and Andrea Kendall-Taylor (London: Routledge, 2010). 20-37.

34 Maria Raquel Freire and Roger E. Kanet, *Key players and regional dynamics in Eurasia: the return of the 'great game'* (Basingstoke: Palgrave Macmillan, 2010), 31.

35 Farid Guliyev and Nozima Akhrarkhodjaeva, "The Trans-Caspian energy route: Cronyism, competition and cooperation in Kazakh oil export," *Energy Policy*, 37 no8 (2009): 3171-3182.

36 WTO, *Kazakhstan's Breakdown in Economy's Total Exports*, available at <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=KZ>, last accessed September 11, 2013.

37 Dave Bhavna, "The EU and Kazakhstan: Is the pursuit of energy and security cooperation compatible with promotion of human rights and democratic reforms?," in *Engaging Central Asia. The European Union's new strategy in the heart of Eurasia*, ed. Neil Melvin (Brussels: Centre for European Policy Studies, 2008). 43-67.

38 Neil J. Melvin, "The European Union, Kazakhstan and the 2010 OSCE Chairmanship," *Security and Human Rights*, 20 no 1 (2009): 42-47.

In comparison with neighbouring authoritarian regimes such as Uzbekistan and Turkmenistan, Kazakhstan has been treated as a privileged partner because of its reputation of being a more Westernised open economy. Kazakhstan, however, remains an authoritarian regime which is based on informal clan relationships, where crony capitalism is a way of redistributing energy rents from the state owned energy company KazMunayGaz. The Kazakhstan's 1995 constitution and subsequent amendments have vested unlimited constitutional and *de facto* powers upon the office of the president. The presidential party, Nur Otan, named after the president, is the dominant power in the parliament.³⁹ According to Freedom House, Kazakhstan's political status is "not free".⁴⁰ In April 2011, Nazarbayev was re-elected in a snap election, reportedly receiving 96% of the vote. Many potential challengers had been disqualified or boycotted the election, leaving three mostly symbolic opponents. After the country suffered an unusual series of minor attacks that were blamed on religious extremists, the government pushed through a new law in October that stepped up state control over religious groups and restricted public religious expression.⁴¹

Notwithstanding these major violations directed against democratic rule and human rights, Kazakhstan became an attractive pole for energy consuming countries thanks to its massive energy wealth and relative openness to foreign investors and trade partners. The EU, US, China and Russia are all actively involved in the Kazakh energy sector. This multipolar environment makes Kazakhstan an interesting case to study the effect of multipolar presence on the bilateral relations between the EU and Kazakhstan. In a competitive environment, the EU has to offer an attractive policy package which is adapted to Kazakh interests and sensitivities if it wants to be successful in securing an alternative energy corridor. At the same time, the EU's diversification policy is challenged by the authoritarian regime of its strategic trade partner. However, the EU's goal of democracy promotion as one of the six priorities of the EU strategy for a new partnership with Central Asia may be tempered if the EU has strong economic interests.⁴² The EU then has to balance between interest-based and value-based approaches.

39 Dave Bhavna "The EU and Kazakhstan", 43-67.

40 Freedom House, *Freedom in the World 2012*, available at <http://www.freedomhouse.org/>, last accessed July, 10th 2013.

41 Ibid.

42 Fabienne Bossuyt and Paul Kubicek "Advancing democracy on different terrain: EU democracy promotion in Central Asia," *European Foreign Affairs Review*, 16 no5 (2011): 639-658.

4.2 EU-Kazakhstan balancing act

The growing importance of Central Asia to the EU, and Kazakhstan in particular, is reflected by the gradual intensification of bilateral and regional relations. A Partnership and Cooperation Agreement between the EU and Kazakhstan was signed in 1999, forming the legal basis of the bilateral relationship. This instrument mainly focused on economic co-operation and trade, and paid only secondary attention to democratisation and the respect for Human Rights.⁴³

In 2004, the bilateral approach was supplemented with a regional energy strategy, "the Baku Initiative". The main objective is the gradual development of regional energy markets in the Caspian Littoral States and their neighbouring countries, enhancing the attraction of funding for new infrastructures, embarking on energy efficiency policies and programmes and making progress towards a gradual integration between the respective energy markets and the EU market. In 2007, the General Secretariat of the Council reinforced its regional approach by developing a regional strategy for Central Asia. This political document vaguely links the promotion of human rights, rule of law, good governance and democratisation to further cooperation in the fields of education, economic development, transport, environment and energy.⁴⁴ Although progress has been made in the latter fields, the overall progress with respect to the dispersion of EU-values has been limited, and in some instances regression can be observed.⁴⁵ The Commission's Regional Strategy paper for assistance to Central Asia over the period of 2007-2013 only indirectly mentions democracy as part of the 'good governance and economic reform' package.⁴⁶ This reflects a shift towards a more pragmatic, interest-based logic in the EU's regional strategy towards Central Asia.

Moreover, there exists a different interpretation of the function that the dispersion of EU values has. The Kazakh elite perceives them as an EU tool to undermine their domestic power. The different response to the Kyrgyzstan crisis serves as a clear example. The large opposition protests in spring 2010 which ousted president Bakiyev from office incited fears of spreading colour revolutions. The Shanghai Cooperation Organisation (SCO) explicitly refrained from interfering in the subsequent Osh riots. This is in large part because of the SCO's central principle of

43 Katharina Hoffmann, "The EU in Central Asia: successful good governance promotion?," *Third World Quarterly* 31 no1 (2010): 87-103.

44 European Council, *Regional Strategy Paper for Assistance to Central Asia for the period 2007-2013*, (Brussels: European Council, 2007).

45 Council of the European Union, *Joint Progress Report by the Council and the European Commission to the European Council on the implementation of the EU Strategy for Central Asia*, (Brussels: General Secretariat, 2010).

46 European Commission, *European Community regional strategy paper for assistance to Central Asia for the period 2007-2013*, (Brussels: European Commission, 2007).

non-interference, which is deemed to take precedence over interference on humanitarian grounds.⁴⁷ Vinokurov and Libman speak of protective integration, an SCO mutual support mechanism between autocracies to protect each other from popular uprising.⁴⁸ The Collective Security Treaty Organisation (CSTO) refused to intervene, arguing that it was a domestic political event and not an act of aggression requiring a collective response.⁴⁹ Conversely, the EU refers to the Kyrgyz crisis as “providing an opportunity for the EU to contribute to the process of democratic reform”.⁵⁰ However, such utterances only stir up fears of possible EU interference, supporting the (Kazakh) opposition (financially) in their fight against the repressive regime. In this way, linking values of rule of law and human rights directly to democratisation and regime change, it comes as no surprise that the Central Asian elites feel threatened in their own existence.

The willingness to democratize was put to the test when Kazakhstan was granted the chairmanship of the OSCE in 2010, with active EU support. Although Astana promised to improve its human rights situation, both prior to and during the chairmanship, no significant progress has been achieved.⁵¹ Rather than accentuating the human rights dimension, Foreign Minister Kanat Saudabayev emphasized security and economic priorities of the Kazakh chairmanship.⁵² The under-emphasis of the human rights dimension raised some criticism from the EU.⁵³ At the OSCE Astana summit, the EU repeated its criticism by stressing that the promotion and respect for human rights and fundamental freedoms, democracy and the rule of law lies at the core of the OSCE comprehensive security concept.⁵⁴ However, no improvements in these political and human rights have emerged. On the contrary, according to Human Rights Watch, Kazakhstan’s human rights record

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- 47 Stephen Aris, “The Response of the Shanghai Cooperation Organization to the Crisis in Kyrgyzstan,” *Civil Wars*, 14 no3 (2012): 451-476.
- 48 Evgeny Vinokurov and Alexander Libman, *Eurasian Integration. Challenges of Transcontinental Regionalism*, (Basingstoke: Palgrave Macmillan, 2012).
- 49 Eric Marotte, “Kazakhstan’s OSCE Chairmanship: a Halfway State of Affairs,” *Security and Human Rights*, 21 no 3 (2010): 176-188.
- 50 Council of the European Union, *Joint Progress Report by the Council and the European Commission to the European Council on the implementation of the EU Strategy for Central Asia* (Brussels: General Secretariat, 2010), 10.
- 51 Eric Marotte, “Kazakhstan’s OSCE Chairmanship”.
- 52 Kanat Saudabayev, “Statement of Mr. Kanat Saudabayev, Chairman-in-office of the OSCE and secretary of state and minister for foreign affairs of the Republic of Kazakhstan”, at the 789th meeting of the OSCE Permanent Council. (Vienna, 14 January 2010).
- 53 Spanish Presidency of the European Union. *EU statement in response to the address by the CiO, Secretary of State and Minister for Foreign Affairs of Kazakhstan, H.E. Kanat Saudabayev*. (Vienna, 14 January 2010).
- 54 Belgian Presidency of the European Union. (2010). *EU statement in response to the address by the Chairperson-in-Office, Minister of Foreign Affairs of the Republic of Kazakhstan, His Excellency Mr Kanat Saudbayev*. (Vienna, 14 January 2010).

has seriously deteriorated following violent clashes in December 2011 between police and demonstrators, including striking oil workers.⁵⁵ The EU effectiveness in promoting respect for human rights, good governance and democracy by means of blaming and shaming on the political level seems to have crumbled away. On the contrary, by supporting the regime's bid for the OSCE chairmanship, the EU *de facto* endorsed the Kazakh regime. This policy of 'blowing hot and cold' at the same time clearly undermines the coherence component of EU actorness.

There is, however, a clear common interest, between the EU and Kazakhstan with respect to energy in the framework of INOGATE. Astana is keen to diversify its exports routes to diminish its dependence on Russian export routes. At the same time, the EU is anxious to diversify energy supplies and is looking for transit routes across the South Caucasus and Caspian Sea.⁵⁶ The conclusions of the Ministerial Conference on Energy cooperation between the EU, the Caspian Littoral States and their neighbouring countries (The Baku Initiative) clearly demonstrate EU concerns over its own security of supply. The final goal would be integration between the respective energy markets and the EU market.⁵⁷ The other main objectives of the initiative are to support sustainable energy development and to attract investments towards energy projects. More interestingly, the text remains quite pragmatic, neither referring explicitly to Human Rights and the Rule of Law nor to democracy-related issues.⁵⁸

This interest-based approach devoid of political conditionality is also strikingly articulated in the immediate aftermath of the 2005/2006 energy crisis between Russia and Ukraine. Kazakhstan is seen as one of the major alternative energy suppliers fitting seamlessly into the EU's objective to diversify suppliers. In a memorandum of understanding, agreed upon in late 2006, the parties stressed the mutual interest in facilitating energy transportation infrastructure, thus addressing

55 Human Rights Watch, *Striking Oil, Striking Workers: Violations of Labor Rights in Kazakhstan's Oil Sector*, (HRW, 2012), available at http://www.hrw.org/sites/default/files/reports/kazakhstan0912ForUpload_0.pdf, last accessed 14 July 2013.

56 Neil Melvin, "The European Union, Kazakhstan and the 2010 OSCE chairmanship".

57 European Commission, *Conclusions of the Ministerial Conference on Energy Cooperation between the EU, the Caspian Littoral States and their neighbouring countries*, (Brussels, European Commission, 2004).

58 European Commission, *Ministerial Declaration on Enhanced energy co-operation between the EU, the Littoral States of the Black and Caspian Seas and their neighbouring countries*. (Brussels, European Commission, 2006).

the joint interest to diversify energy supplies. Political values were cautiously left out of the discussion.⁵⁹

However, as a result of this narrow focus on economic interest, the EU actually supports clan politics rather than promoting democratic rule. Nazarbaev has sought to consolidate a super-presidential system in which his network controls natural resources. KazMunayGaz, the vertically integrated state-owned energy company, is a stakeholder in virtually every Kazakh oil or gas project of significance.⁶⁰ The company is the exclusive partner for every foreign investment in the Kazakh energy sector. In 2011, president Nazarbayev appointed his then Deputy Prime Minister Umirzak Shukeev, a member of the Elder Clan, to lead the National Welfare Fund Samruk-Kazyna, which has a 100% share in KazMunayGaz. Moreover, one of Nazarbaev's sons-in-law is the director of a monopolistic pipeline company and is influential in the lucrative oil and gas sectors.⁶¹ Nazarbayev's grandson, Aysultan Nazarbayev is set to marry Alima Boranbayeva, the daughter of the head of KazRosGas energy venture.⁶²

As a result of this clan control over energy assets, energy wealth has been diverted disproportionately to Nazarbaev's clan.⁶³ The Elder Clan, based on Nazarbaev's kinship relations, gained in political power and wealth as a result of massive inward foreign direct investments – especially in the oil sector.⁶⁴ Energy wealth, in conjunction with rising oil prices until 2008, had bolstered Nazarbayev's regime, allowing him to invest in his power structures.⁶⁵ The oil rents are used to take over 'independent media', currently controlled by Nazarbayev's daughter, Dariga Nazarbaeva, to finance the pro-presidential party Nur Otan and to invest in the national security service, headed by his son-in-law, to repress the opposition. By focussing narrowly on its energy interests, EU investments are at least partially responsible for financing undemocratic clan politics.

59 EU and Kazakhstan, *Memorandum of Understanding on Co-operation in the field of energy between the European Union and the Republic of Kazakhstan*, (Brussels, 4 December, 2006), available at <http://eeas.europa.eu/kazakhstan/>, last accessed 14 July 2013.

60 Martha B. Olcott, "Kazakhstan's Oil and Gas Development: Views from Russia and Kazakhstan", in *Russian Energy Security and Foreign Policy*, ed. Adrian Dellecker and Thomas Gomart (London: Routledge, 2011). 107-121.

61 Kathleen Collins, *Clan politics and regime transition in Central Asia*, (Cambridge: Cambridge University press, 2009), 301.

62 Joanna Lillis, "Kazakhstan: Nazarbayev Clan Set to Grow," *Eurasianet June 10, 2013*, available at <http://www.eurasianet.org/node/67097>, last accessed July 13 2013.

63 Kathleen Collins, *Clan politics and Regime transition in Central Asia*.

64 Edward, Schatz, "Reconceptualizing Clans: Kinship Networks and Statehood in Kazakhstan," *The Journal of Nationalism and Ethnicity*, 33no2 (2005): 231-254.

65 Kathleen Collins, *Clan politics and Regime transition in Central Asia*, 301.

Besides the political level, EU companies could bolster Kazakh development as well. International energy companies are important because of their technologies, know-how and investments they bring. EU energy concerns such as Total and Eni can provide advanced technology, worker safety and health protection norms, which are often lacking in Kazakh worksites. Of course, "immoral deals" in the private sector cannot be excluded. It is challenging to enter into competition with domestic and foreign companies which apply lower labour standards. However, this is what the EU stands for and the improvement of working conditions is part of the *acquis*. To achieve this, a deeper alignment between EU companies and the EU should be realized. Corporate Social Responsibility would help as firms are the most visible actors on the field and could lead by example.

All too often, EU companies are tempted to play the game by adhering to local rules, which entail bribes and violations of labour standards. For instance, the UK-based company "GPW Consultancy", at a conference in Kazakhstan, recommended investors make friends among the *Akims* (local representatives of the president).⁶⁶ Moreover, raising awareness of the "EU-ness" would breach the strong links of the current national champions to the national level. Such an 'EU-clause' would fit the goal of liberalizing the EU market, whilst at the same time helping to disseminate core EU values abroad. It would strengthen EU actorness as a protector of human rights and labour standards by offering an answer to the needs of the foreign partner: avoiding mine disasters and repression against strikers by improving labour conditions and the respect for human rights.

However, EU companies should remain cautious as they are increasingly being challenged by National Oil and Gas companies.⁶⁷ Since 2004, Kazakhstan has gradually consolidated its power over foreign oil firms and in general pursued a policy line of resource nationalism aimed at consolidating the state's control of the petroleum sector. The risk then consists of long-term technological investments which turn out to be unrecoverable.

4.3 The gradual move towards a Multipolar Competitive Environment

As a Soviet legacy Kazakhstan traditionally supplies its oil and gas to Russia. Before 2001, almost all Kazakh oil exports went through the Atyrau-Samara pipeline, which was fully controlled by Transneft. From this moment on, a gradual export differentiation has been realized. A multi-vector policy was put in place to attract as many partners as possible in the exploitation of the country's natural resources, and

66 Dosym Satpayev and Tolganay Umbetaliyeva, *Sumerechnaya zona ili lovushki perekhodnogo perioda* [*The Twilight Zone: Traps of the Transition Period*], (Almaty: Alyans Analiticheskich Organizaciy, 2013), 123.

67 Maria Raquel Freire and Roger E. Kanet, *Key players*, 31.

to develop a multitude of routes connecting those resources to several consumer countries.^{68,69}

Since May 2006, Kazakhstan began shipping to China through the newly built Atasu-Alashankou pipeline. It is seen as a political guarantee against dependence on a single market, Russia. The final stage of the pipeline, running from Kazakhstan's Caspian shore to Xinjiang province, was completed in 2011. There are, however, concerns over the economic viability of the pipeline. High transportation costs make the economic benefits of the pipeline to Kazakhstan uncertain.⁷⁰

Until recently, Kazakh oil reached Europe exclusively through Russia's transit pipelines.⁷¹ On November 14, 2008 Kazakhstan and Azerbaijan concluded an agreement with respect to the development of a Trans-Caspian oil transport system to distribute Kazakh oil to western markets. The new transport system consists of a fleet of tankers to carry Kazakh crude oil to the Azerbaijani Sangachal terminal which is then to be fed into the Baku-Tbilisi-Ceyhan pipeline (BTC).⁷² This BTC is the core infrastructure of the American strategy to create an East-West energy corridor, bypassing Russia. The diversification of export routes is in the interest of both Kazakh and European consumers to gain more independence from the Russian pipeline network. In the case of the EU, it is a matter of supplier diversification, for Kazakhstan the diversification of export markets is equally important. Despite this process of opening up alternative energy routes, 80% of Kazakh oil is still transported through the Russian pipeline network.⁷³

4.3.1 Opportunities: the American BTC and Russia's Eurasian Union

The multipolar environment creates some opportunities for the EU to build closer relations with Kazakhstan. First and foremost, the US's shared concern for democracy and human rights, together with the policy of keeping Russia from becoming a regional great power eased the way for the EU's alternative energy corridor. By virtue of major US investments in the BTC-pipeline the EU could

68 The monopoly of Transneft was breached with the launch of the Caspian Oil Consortium pipeline to the Novorossiysk-2 Marine Terminal on Russia's Black Sea coast, in which Transneft still has the biggest share (31%, but a consortium of international oil companies also participates). Still, all oil exports were targeted at Russia.

69 Reuel R. Hanks, "Multi-vector politics' and Kazakhstan's emerging role as a geo-strategic player in Central Asia," *Journal of Balkan and Near Eastern Studies*, 11 no 3 (2009): 257-267.

70 Dave, Bhavna "The EU and Kazakhstan", 43-67.

71 Ibid.

72 Farid, Guliyev and Nozima, Akhrarkhodjaeva, "The Trans-Caspian energy route," 3171-3182.

73 Ibid.

effectuate its diversification policy towards Central Asian suppliers. US investments in Kazakhstan are significant, reaching 47 billion dollar in 2010.⁷⁴ ExxonMobil's stakes in the Tengiz and Kashagan fields facilitated Kazakh supplies to the BTC.⁷⁵ In contrast, the EU-backed Nabucco project, which could bypass Russia through a "Southern corridor", turned out redundant with the acceptance of the Trans-Adriatic Pipeline.⁷⁶

Secondly, the Kazakh elite, and president Nazarbayev in particular, are concerned about developing an overly close relationship with Russia.⁷⁷ Russia's political interpretation of a Eurasian Union reinforced Kazakh's fears of a revamped Soviet Union. This stands in firm contrast to the cherished jewel of national sovereignty. In 2012, the Customs Union between Russia, Belarus and Kazakhstan expanded into the single economic space (SES). The SES – which primary goal is to promote the free movement of goods, capital, services and people – is based on principles of respect for the universally recognized norms of international law, including respect for sovereignty, which reaffirms Kazakhstan's position as an independent player. Therefore, the president holds back when political integration on the Eurasian continent is discussed:

I want to stress this once again, that the Eurasian integration, which is taking place on my personal initiative, Kazakhstan, never was and never will be targeted at the reincarnation of some kind of political union, not to speak of the former Soviet Union.⁷⁸

The Single Economic Space, which became operational on 1 January 2012, is rather interpreted as an exclusive economic instrument to further Kazakhstan's exports and investments flows, as well as to attract Russian investments into Kazakhstan. The

74 Dmitri Trenin, *Post-Imperium: A Eurasian Story*, (Washington, D.C.: Carnegie Endowment for International Peace, 2011), 171.

75 John Daly, "Analysis: Kazakhstan and the BTC pipeline" UPI.com, 15 October 2008, available at http://www.upi.com/Business_News/Energy-Resources/2008/10/15/Analysis-Kazakhstan-and-the-BTC-pipeline/UPI-54001224110687/, last accessed August 30, 2013.

76 EurActiv, *EU-backed Nabucco project 'over' after rival pipeline wins Azeri gas bid*, available at <http://www.euractiv.com/energy/eu-favoured-nabucco-project-hist-news-528919>, last accessed September 10, 2013.

77 The main reason for moving the capital from Almaty to Astana was to gain a stronger Kazakh presence in the Northern part of the country (see Michael Rywkin, "Stability in Central Asia: Engaging Kazakhstan," *The Journal of the National Committee on American Foreign Policy*, 27 no5(2005): 439-449). Some Russian nationalists, including Solzhenitsyn, demanded the incorporation of today's Northern provinces to the Russian Federation, since a significant minority of ethnic Russians are located in this region.

78 Denis Lavnikovich, "Yevraziyskaya nedointegratsiya [Eurasian halfhearted integration]" *Gazeta.ru*, 18 January 2013, available at http://www.gazeta.ru/politics/2013/01/18_a_4931749.shtml#p2, last accessed July 14, 2013.

fear of staying overly dependent on its largest neighbour once again stimulates Kazakhstan's leadership to engage with other major players, including the EU.

4.3.2 Challenges: Attractive Alternatives

The EU is, however, not the only actor willing to pay a higher price to secure its energy supply. China's booming economy with its accelerating energy demand affects the orientation of trade flows to and from the region. Chinese companies have displayed an ability and willingness to overpay for resources. Furthermore, Chinese investments have contributed to strengthening Kazakh bargaining power vis-à-vis other investors.⁷⁹ Kazakhstan is no longer dependent on a single country's investments as was the case during Soviet times. China not only invests in the energy sector, but also committed itself to constructing a railroad connection between Astana and Almaty and granted a \$1.7bn loan to Kazakhstan's national welfare fund.⁸⁰ This investment policy answers the needs of Kazakhstan's society in its quest for economic development. Moreover, China's non-interference policy is less threatening than the EU's quest for democratic reform which directly questions the position of the current ruling elite.

The EU must find ways to bend its value approach from being an obstacle towards a positive story of answering the needs of Kazakh society. Instead of focussing on supporting the opposition, selective social and technical assistance could improve the local situation, reflecting positively on the EU's image. In terms of goal attainment, it might also be more productive to focus on those social or democratic reforms that are feasible within the domestic context than those that are politically sensitive and run the risk of being implemented haphazardly.

The attractiveness of the EU's foreign policy towards Kazhakstan is, however, also affected by Russia's long term political ambitions. As a result of the five day war over Abkhasia and South-Ossetia, several pipelines, among them the BTC, were temporarily shut down because of security reasons.⁸¹ This demonstrates the high vulnerability of the Southern Energy Corridor to political events in the CIS, on which the EU has only very limited leverage. Russia also remains dominant in Central Asia's gas industry, and controls Central Asian hydroelectric power.⁸² As a consequence, today's alternative suppliers could easily fall prey to the ever increasing regional

79 Maria Raquel Freire and Roger E. Kanet, *Key players*, 279.

80 Lesley Hook and Isabel Gorst, "Kazakhstan embraces Chinese investment," *The Financial Times*, 22 February 2011, retrieved from <http://www.ft.com/cms/s/0/8c25e008-3e5e-11e0-9e8f-00144feabdc0.html#axzz2PmSe4cWZ>, last accessed July 14, 2013.

81 BBC, "BP shuts down Georgia pipelines," *BBCnews*, 12 August 2008, available at <http://news.bbc.co.uk/2/hi/business/7556215.stm>, last accessed July 14, 2013.

82 Martha B. Olcott, "Kazakhstan's Oil and gas development: views from Russia and Kazakhstan".

and global political ambitions of the Russian Federation. In this case, the promotion of democracy might offer the only long term insulation against Russia's ambition to unite the Eurasian space under its leadership. Conversely, challengers such as Russia and China explicitly refrain from promoting democracy which would undermine Nazarbayev's rule. Both superpowers advocate a strong state, norms that match Kazakhstan's interests in strengthening its power base.⁸³

5. Conclusion

In this article, we have stressed the need for the adoption of an outside-in perspective in the EU's foreign policy. While a growing literature is starting to acknowledge the added value of such a perspective to enhance the EU's effectiveness, the severity of such a need is not fully apprehended. Following the increasing assertiveness of multiple global powers, we argue that the incorporation of an external perspective has become imperative. To study the impact of incorporating such a perspective on the EU's effectiveness, we propose a two-step analysis. In a first step, we focus on the direct relation between the EU (as a sender) with the partner country (as a receiver). How are the EU's political actions interpreted by the partner country? Most existing studies advocating the incorporation of an external perspective fit within this category. In a second step, we suggest to bring in the other great powers active within the particular partner country. This novel approach can reveal both threats as well as opportunities.

This framework was then applied to the study of EU-Kazakhstan relations. Our findings reveal that EU effectiveness is constrained by a limited degree of empathy. In an environment of CIS sub-regional organisations which promotes non-interference, EU's support to the opposition is perceived as an outright attack on the political stability of the country in particular, and the region in general. Moreover, non-state actors such as EU-companies also bear responsibility for the EU's democratic image abroad. In addition, the EU inadvertently lends support to non-democratic clan clientelism by focussing on energy interests, rather than fostering democratisation. However, in a resource-laden country such as Kazakhstan, the EU is not the only active power. Russia still remains a strong regional power which retains a lot of geopolitical leverage over its 'near abroad'. China adheres to a policy of non-interference, avoiding the possible negative effect of democratic norms and the US is looking for lucrative investments and geopolitical control over energy sources and transit pipelines. Potential threats to EU effectiveness abound. Fortunately, the Kazakh desire to diversify its export

83 Maria Omelicheva, "Competing Perspectives on Democracy and Democratization: Assessing Alternative Models of Democracy Promoted in Central Asian States," *Cambridge Review of International Affairs*, forthcoming.

markets away from Russia as well as the American's common interest in the region, provide ample opportunities as well.

The implications of our findings for policy-making are threefold. First of all, any one-size-fits-all approaches are to be avoided.⁸⁴ Incorporating an external perspective implies tailoring foreign policy demands to each partner's economic and political context. The odds that the eventual policy mix of soft and hard instruments will be identical for two countries is rather slim. The second lesson to be drawn refers to the need to search for creative ways to balance both the value and interest-based approaches that permeate in the EU's foreign policy. In the case study presented, the EU could frame its values in a less intrusive way, rather than fostering fears of interference. If EU companies would engage in disseminating labour and safety standards, Kazakh mines would become more effective and workable. This would answer the need to develop the Kazakh economy and improve the living standard of its population. Insisting on Corporate Social Responsibility binds private trade and investment contracts which ensures that EU normative objectives do not conflict with private economic interest. In such case, EU companies would reflect social and human rights standards, thereby contributing to the improvement of the situation on the ground. The third and final implication that we draw from our study is the growing importance for the EU to strengthen its foreign expertise both at home as well as abroad. Keeping track of partner country sensitivities while assessing the strategic opportunities and threats posed by the other global powers requires a large and high performing diplomatic service. As Barry Posen noted "Diplomacy becomes a respected career again under multipolarity".⁸⁵ The logical question that follows, then, is whether the EU's External Action Service is able to live up to such a task. Clearly, future research could benefit from integrating both inside-out and outside-in approaches to understand the occurrence of limited EU effectiveness, but also to help identify the required reforms to address such challenges.

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84 Tanja Börzel and Thomas Risse, "One size fits all! EU policies for the promotion of human rights, democracy and the rule of law," Paper presented at the Workshop on Democracy Promotion, 4-5 October 2004, Stanford University.

85 Barry Posen "Emerging Multipolarity: Why should we care?" *Current History* 108, no. 721 (November 2009): 347-352.

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THE DRIVERS OF POLICE REFORM: THE CASES OF GEORGIA AND ARMENIA

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Abstract

This article analyzes cases of police reform aimed at eliminating corruption. It focuses on two cases sharing similar problems of corruption in the past but with different outcomes after undertaking police reform: Georgia and Armenia. It seeks to understand why police reform is more successful in Georgia than in Armenia and uses legal documents, external reports, and secondary literature in this cause. It concludes that the primary factor influencing the outcome is a change in the political elite. Other factors contributing to the outcome of the police reforms were the involvement of foreign actors, the content of the reform, and the magnitude of the corruption.

Keywords: police reform; corruption; Georgia; Armenia; elites

1. Introduction

The question of corruption has been on the agenda of such organizations as the UNDP since the early 1990s. Corruption can distort the operation of public services and can also reduce the efficiency of companies, when they become specialized in bribe-giving.¹ Fighting corruption is also on the agenda of such organizations as the UN, the Council of Europe, the OSCE, the OECD and many others. Indeed, around the world countries have been fighting corruption yet only a small proportion of anti-corruption programs succeed. Singapore and Taiwan are among the famous examples. As Transparency International notes, corruption is especially dangerous when it is a feature of the police, who are supposed to be guardians of the society. One country which achieved significant progress in fighting corruption in the police force is Georgia.² The World Bank writes: "Georgia's experience shows that the vicious cycle of endemic corruption can be broken and, with appropriate and decisive reforms, can be turned into a virtuous cycle".³ On the other hand, anti-corruption efforts have also been made in Armenia since the beginning of the

1 Svensson J., "Eight Questions About Corruption," *The Journal of Economic Perspectives* 19, no. 3 (2005): 19.

2 Transparency International, "Research: Corruption Perception Index," 2011, available at <http://www.transparency.org/research/cpi/overview>, last accessed August 30, 2013.

3 OCCRP, "World Bank: Georgia Is Anti-Corruption Success Story," *Organized Crime and Corruption Reporting Project*, February 2, 2012, available at <https://reportingproject.net/occrp/index.php/en/ccwatch/cc-watch-briefs/1324-world-bank-georgia-is-anti-corruption-success-story>, last accessed August 30, 2013.

2000s, and part of this effort included police reform. Nevertheless, the reforms did not deliver significant results. Transparency International's index demonstrates that in public opinion the police are among the institutions perceived as the most affected by corruption.⁴

This study analyzes why the police reform in Armenia has been less successful than in Georgia. It does not claim that the reforms completely eradicated corruption in either country. It is unarguable that the success can be called only relative, and there are more steps to be taken to increase the level of public service; nevertheless, the pace and progress of the improvement deserves the attention given to its defining factors in this study. The study touches only upon police reform and considers only changes and progress made in this sector in Armenia and Georgia, therefore, the conclusions can be inferred only to other cases of police reforms in similar countries.

Lower corruption is used in this paper as an indicator of the successful outcome as it was one of the major objectives of the implementation of the reforms. The concept of corruption used in this study is taken from Svensson: "the misuse of public office for private gain"⁵. There could be used different indicators for assessing the police reform in Armenia and Georgia; for example, Sun suggest the number of registered crimes or a number of cleared cases. Though such statistics exist, various reports state that the data in Georgia before the reform did not reflect reality as the population did not have enough trust in the police to call for help⁶. Therefore, due to this and to the fact that the reforms were clearly directed at eliminating corruption, the Transparency International Index was used in this study.

The literature on the difference in anti-corruption reforms and their results in the post-Soviet region is quite extensive. For example, Peter Nasuti focuses on the factors which determine success of the reforms in Georgia.⁷ He makes a suggestion that state capacity can be such a determinant. However, in opposite, this study suggests that higher state capacity is an achievement of the reforms, not the factor which defines their successful implementation. Also, Kakachia and O'Shea argue that the difference between the outcomes of the police reforms in Russia and Georgia is connected to measures (such as salary increase) taken by the reformers in eliminating predatory state behavior, the nature of relations with criminals and

4 Transparency International, "Research: Corruption Perception Index."

5 Svensson, "Eight Questions About Corruption," 20.

6 Shinn Sun, "Measuring the Relative Efficiency of Police Precincts Using Data Envelopment Analysis," *Socio-Economic Planning Sciences* 36, no. 1 (2002): 51–71.

7 Peter Nasuti, "The Determinants of Anti-Corruption Reform in the Republic of Georgia," 2012, available at <http://ec2-107-22-211-253.compute-1.amazonaws.com/sites/default/files/NASUTI%20Research%20Summary.pdf>, last accessed August 30, 2013.

procedures for the recruitment and promotion of police officers.⁸ They also argue that in Georgia success was due to the unity of the elite; nevertheless, the authors ignore that even though the government can be renewed there can still be bureaucrats who restrict the reformers. This article does consider this dimension and explains why relations between the government and the losers of the reform are so important.

Di Puppò also argues that one of the major reasons of the success of the reforms in Georgia was support from the West.⁹ The factor of involvement of foreign actors is discussed in the section 4.3.1 but it is argued that this did not play a major role. Shahnazarian's study takes into consideration Nagorno-Karabakh, as well as Georgia and Armenia.¹⁰ Her conclusion is that police reform in Armenia did not have the same success as it did in Georgia due to the structure of political and economic elites. She argues that in Georgia the political and economic elites were separated, while in Armenia they were consolidated and did not allow the opposition to form and to stand against the old regime. This article's main argument also focuses on the elites, but from a different point of view, considering their interests and relations with the losers from the reform. In general, the literature on the anti-corruption reforms does point out the importance of the Rose Revolution and focuses on the age and Western education of the new government. Nevertheless, it ignores the fact that despite the personal characteristics of the reformers, they can be restricted by the losers of the reform, who can constrain the government from implementation. Therefore, this study aims at filling this gap and applies theories to the losers from the reforms and partial reforms to this problem.

The next two sections include the theoretical underpinnings and methodological issues. A fourth section presents the empirical influence of independent variables on the reform outcomes. The conclusions summarize the key findings, explore the limitations of this approach and discuss the implications of this study.

8 Kornely Kakachia and Liam O'Shea, "Why Does Police Reform Appear to Have Been More Successful in Georgia Than in Kyrgyzstan or Russia?", *The Journal of Power Institutions in Post-Soviet Societies. Pipss. Org* no. 13 (2012), available at <http://pipss.revues.org/3964>, last accessed August 30, 2013.

9 Lilli di Puppò, "Police Reform in Georgia. Cracks in an Anti-corruption Success Story," *U4 Practice Insight* 2010, no. 2 (2010), available at <http://www.cmi.no/publications/publication/?3748=police-reform-in-georgia>, last accessed August 30, 2013.

10 Shahnazarian, Nona, "Police Reform and Corruption in Georgia, Armenia, and Nagorno-Karabakh," Policy Memo #232, September 2012, available at http://www.gwu.edu/~ieresgwu/assets/docs/ponars/pepm_232_Shahnazarian_Sept2012.pdf, last accessed August 30, 2013.

2. Theoretical explanations

To provide theoretical background for the main argument of the article, it is necessary to turn to the question of the insulation and influence of the interest groups. Successful reforms can be caused by institutional vacuum and political insulation, while partial reforms in other cases can be due to existing losers or winners of the partial reforms. Independence of the reformers is especially important when dealing with politicians and other public servants who held positions before the reforms. As Hellman argued in his research on the reforms in post-Communist countries, most of the opposition to the continued reforms in economic sphere comes from insiders.¹¹ Fernandez and Rodrik also argue that “the gains from the status *quo* may be concentrated on a small number of individuals while the losses are diffuse”¹², therefore, the presence of the losers from the reform can keep the reforms from being undertaken. This turns to be a question of insulation in the reforms from the influences of different kinds of interest groups. Even though his study is on transitional economic reforms, this approach can be applied in this article. In the context of Georgia and Armenia, this aspect could play a role, in terms of implementing the reforms after the period of transition. As will be indicated later, among the main losers from the reform are the bureaucrats and police officers who are involved in bribery. Therefore, according to this theory, their interest would be to not allow the reform to be implemented. In this way the reformers should have been either insulated from the losers or should have eliminated them.

Returning to the alternative explanations, there are three which cannot be considered as major factors, but that still contribute to the outcome of the police reform,. The first alternative explanation is the content of the reform. Though on paper the reforms were the same, in reality in Armenia many of the planned activities were not implemented, which makes it possible to describe it as a partial reform. The above-mentioned theory by Hellman points out to the interest groups that can resist the reform’s implementation process, and that can lead to partial reforms, as full police reform implementation can be of little benefit to them.¹³ While the explanation can be valid for defining why the reform in Armenia were not as successful as in Georgia, it is closely related to the main argument, as without the change of the elite the reformers in Georgia would not be able to implement full reforms, avoiding the influence of the losers from the reform.

11 Joel Hellman, “Winners Take All,” *World Politics* 50, no. 2 (1998): 203–234; Joel S. Hellman, Geraint Jones, and Daniel Kaufmann, “Seize the State, Seize the Day: State Capture and Influence in Transition Economies,” *Journal of Comparative Economics* 31, no. 4 (2003): 751–773.

12 Raquel Fernandez and Dani Rodrik, “Resistance to Reform: Status Quo Bias in the Presence of Individual-specific Uncertainty,” *The American Economic Review* (1991): 1146.

13 Hellman, “Winners Take All.”

Another alternative explanation is the involvement of foreign actors. The theoretical background of this argument goes back to Jacoby's argument on coalition approaches. He argues: "We should see outside actors as striving to influence the choices of existing domestic actors with whom they can be seen to form a kind of informal coalition".¹⁴ The involvement of the foreign actors (NGOs, foreign governments) can be considered as such an informal coalition due to cooperation in the policy-formation, financing from abroad and accountability of the reforming governments to the consulting bodies. Nevertheless, this argument is also closely related to the main one: the greater interest and funding of Georgian reforms can be explained by the change in the elites, which provided popular support to the reformers and more credibility in the eyes of the foreign actors.

The last alternative explanation is the severity of corruption before the reform. The theory (mentioned, for example by Alesina¹⁵) says that the reforms tend to be implemented when the crisis reaches a certain threshold. As the Georgian level of corruption was higher before the reforms, it may be a relevant explanation of why the reforms took place.¹⁶ Nevertheless, the full reform implementation is also related to the major argument, as lack of internal constraints helped the Georgian government to implement the police reforms to a greater extent, compared to Armenia. Therefore, the magnitude of corruption has put additional pressures over the reformers, as well as more legitimacy for the reform. However, when it comes to the reform implementation, the reformers would anyway face the internal constraints from the bureaucracy and police officers previous government, and in this way the lack or presence of the losers of the reform became primary and decisive factor for the outcome of the reform.

3. Data and methodology

The hypothesis of the article is that the major reason for the success of the reforms in Georgia and lack of success in Armenia is a change in the elites and their relationship with the losers of the reform. Among the control variables are the involvement of foreign actors, the content of the reforms and severity of corruption before the reforms; these will be analyzed using governmental documents, official documents of the involved NGOs, reports, and academic studies. This is a comparative study of two most-similar cases: Armenia and Georgia. Both countries

14 Wade Jacoby, "Inspiration, Coalition, and Substitution: External Influences on Postcommunist Transformations," *World Politics* 58, no. 4 (2006): 625.

15 Alberto Alesina, Silvia Ardagna, and Francesco Trebbi, *Who Adjusts and When? On the Political Economy of Reforms* (National Bureau of Economic Research, 2006), available at <http://www.nber.org/papers/w12049>, last accessed August 30, 2013.

16 Transparency International, "Research: Corruption Perception Index."

shared similar problems with police corruption and, due to a shared history, the type and nature of corruption appears similar.

This study is based on expert evaluations by various institutions, both domestic and international, in both Armenia and Georgia, and public opinion indices (such as the Corruption Perception Index by TI). The research consists of analysis of legal documents on the reform process by the governments, their special committees on police and corruption, the parliament, etc. The analysis also includes reports by the non-governmental organizations, and special attention is given to the international organizations, such as the Council of Europe. In addition, various academic papers are used to analyze activities during the police reform process. To evaluate corruption public indices are used, including Transparency International and World Bank indicators.

4. Factors defining successful police reform

This section starts with discussion of the similarities between Georgia and Armenia in the 1990s, because it is both a period when the countries had obtained independence and were able to enjoy autonomy in their policy-making process, and it is also a period where neither of the countries had yet started developing anti-corruption polices, including police reform. Also, choosing this period allows the analysis to hold some factors constant. The section continues with the impact brought by the reform and ends with a comparison of the reform content in both countries, as well as other possible explanations, such as elite change, foreign involvement and corruption severity.

4.1. Content of the reform

Before the reforms both countries had similar issues related to organized crime, corruption and a low state capacity, that was present in the police as well and which did not allow the government to manage the situation and avoid the involvement of other groups. Avagyan and Hiscock argue that in Armenia since independence in 1991 the police sector of the government has been very vulnerable and experienced various changes in leadership at the Ministry of the Internal Affairs due to corruption.¹⁷ Corruption in the police and connections with organized crime, according to Avagyan and Hiscock, was claimed to be one of the biggest problems and was even called to be a focus of the policies by Sargsyan, newly appointed Minister of Internal Affairs in 1996.¹⁸

17 Gagik Avagyan and Duncan Hiscock, *Security Sector Reform in Armenia* (Saferworld, 2005), http://mercury.ethz.ch/serviceengine/Files/ISN/19431/ipublication/document_singledocument/b2ef71cd-8180-4999-adcf-55539bfb0e6e/en/SW_Armenia.pdf, last accessed August 30, 2013.

18 Avagyan and Hiscock, "Security Sector Reform in Armenia".

Similar problems were experienced in Georgia. Kakachia and O'Shea describe the situation in several countries, including Georgia:

Thus, regardless of involvement in predatory policing or organized crime, the political elite in each country operates on the basis of organizational cultures where recruitment and, especially promotion, are determined by adherence to principles such as personal loyalty and discipline rather than the performance of ones' duties according to the principles of some sort of democratic governance.¹⁹

Similarity in terms of corruption in the police forces and more generally in public administration in Armenia and Georgia in the 1990s makes it puzzling as to how the reform of the police brought different results in each case.

The reforms in Armenia and Georgia started at the very beginning of the 2000s. The reforms in both countries are still ongoing and evolve with time. Yet even though the reforms have not yet reached their end, it is already clear that reforms in Georgia are bringing positive results in fighting corruption. Two figures below demonstrate the general decrease in the level of corruption and improvement in state capacity in Georgia, while staying nearly the same in Armenia. Figure 1 shows the increase in the Corruption Perception Index by Transparency International over recent years in Georgia. The data for the figure was collected over 12 years and includes level of perceived corruption by Georgians and Armenians in the 1990s before the reforms, in the second time point chosen in this study, as well as in the period after reform. What is remarkable is the sudden improvement in Georgia after 2004, which was the year when Saakashvili was elected and a new government was formed after the Rose Revolution. It is also important to draw attention to corruption before 2004, where it drastically dropped.

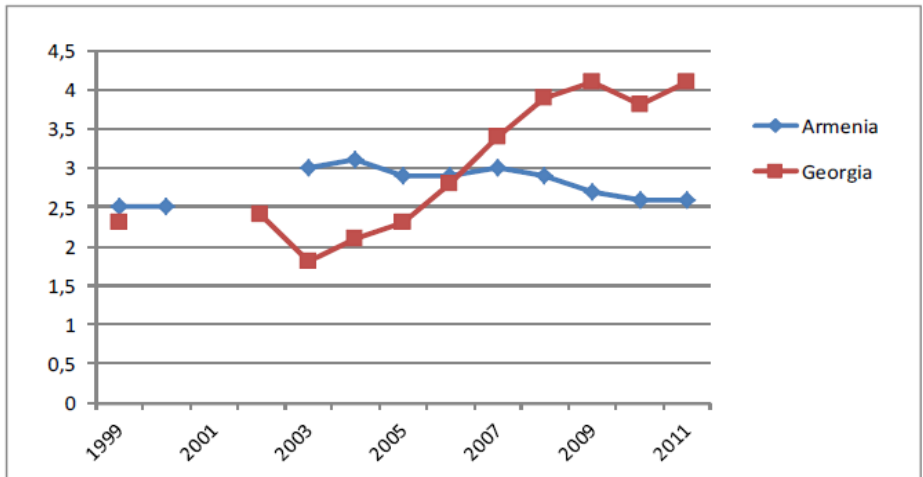
To demonstrate the fact that the corruption had generally decreased, another corruption indicator has been chosen: the World Bank CPIA transparency, accountability, and corruption in the public sector rating, which ranges from "1" which is low to "6" which is high.²⁰ According to this index in 2005 Armenia had a score of 2.5, compared to 3.5 for Georgia. It is clear that for Georgians police become one of the most trusted institutions in the country, and, as was cited before, the explanation can lie in the fact that the new elite which has come to power during the revolution needed to obtain the popular support sufficient to be able to stand against the losers of the reform and to be able to continue their political

19 Kakachia and O'Shea, "Why Does Police Reform Appear to Have Been More Successful in Georgia Than in Kyrgyzstan or Russia?".

20 World Bank, "CPIA Transparency, Accountability, and Corruption in the Public Sector Rating."

course. Therefore, the police sector was strategically important as one of the most visible state institutions for the public.

Figure 1: Corruption Perception Index in Armenia and Georgia in 1999-2011



Note: 0 = a country is perceived as highly corrupt; 10 = a country is perceived as very clean.

Source: Transparency International.²¹

To consider the level of corruption particularly in the police there is a Global Corruption Barometer Survey, conducted by Transparency International. It is a public opinion survey that demonstrates the sectors which are perceived to be the most corrupt.²² Analyzing the results of the survey from 2001 to 2011, it is possible to conclude that Georgia's police have got twice lower scores in the level of perceived corruption, while in Armenia the police remained one of the most corrupt sectors in the state (1, 2 for education and 3 for judiciary).²³ Another evidence of decrease of corruption in Georgian police is a report by the World Bank. They state: "Corruption in the police force has fallen sharply, as several surveys reveal. A 2010 survey indicates that only 1 percent of Georgia's population reported having paid a bribe to the road police".²⁴

There have been several attempts to adopt single legal acts in both countries, as for

21 Transparency International, "Research: Corruption Perception Index."

22 Ibid.

23 Ibid.

24 OCCRP, "World Bank: Georgia Is Anti-Corruption Success Story."

example in Georgia: "The Law on Conflict of Interests and Corruption in the Public Service was adopted in 1997 and deals with the prevention and suppression of corruption".²⁵ Nevertheless, the level of corruption in Georgia remained approximately the same until the Rose Revolution, which raises a question of why it happened only after the Revolution and the elections and what measures were taken by the new government to decrease the level of corruption.

First of all, it is important to note that most of the activities of the police reform both in Armenia and Georgia were built into larger anti-corruption reforms, and that these were taking place simultaneously. The reforms transformed several sectors and, to take a wider view, it makes sense to present a brief comparison of the activities undertaken by the Georgian and Armenian governments.

Table 1: Major Anti-corruption Programs in Georgia

Year	A Program
2005	National Anti-Corruption Strategy
2005	Anti-Corruption Strategy Action Plan (2005-2006)
2010	National Anti-Corruption Strategy
2010	National Action Plan for the Implementation of Anti-Corruption Strategy (2010-2013)

Source: Transparency International²⁶ and Ministry of Justice of Georgia²⁷.

Overall, the reforms undertaken by Armenia and Georgia resemble each other. Both states implemented reforms with the help of such organizations as Council of Europe, European Union and OSCE. Both countries have had simultaneous reforms (Tables 1 and 3) directed towards the improvement of public service quality through increasing accountability and transparency.

25 Directorate General I – Legal Affairs, *First Evaluation Round. Evaluation Report on Georgia*, GRECO, June 15, 2001, available at [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round1/GrecoEval1\(2001\)5_Georgia_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round1/GrecoEval1(2001)5_Georgia_EN.pdf), last accessed August 30, 2013; Directorate General I – Legal Affairs, *Third Evaluation Round. Evaluation Report on Georgia on Incriminations*, GRECO, May 27, 2011, available at [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3\(2010\)12_Georgia_One_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3(2010)12_Georgia_One_EN.pdf), last accessed August 30, 2013.

26 World Bank, "CPIA Transparency, Accountability, and Corruption in the Public Sector Rating," n.d., available at <http://data.worldbank.org/indicator/IQ.CPA.TRAN.XQ>, last accessed August 30, 2013.

27 Ministry of Justice of Georgia, "About Ministry of Justice of Georgia," *Website of the Ministry of Justice of Georgia*, 2013, available at http://www.justice.gov.ge/index.php?lang_id=ENG&sec_id=1, last accessed August 30, 2013.

Table 2: Police Reform Activities by the Georgian government

Date	Activity
July 2004	Dismissal of the Traffic Police and creation of Patrol Police
End of 2004	Dissolution of the Ministry of the State Security and renewal of the Ministry of the Internal Affairs
End of 2004-2005	Renewal of police equipment
2005	Payment of salaries in bank checks instead of cash

Source: Devlin²⁸ and Saakashvili²⁹.

Such reforms included measures on privatization, installation of the new equipment and the creation of electronic databases in both Armenia and Georgia. It is possible to make the conclusion that similar legal acts and principles used during the reforms are the result of the involvement of the same international organizations. Among the main directions in both countries' reforms were modernization of the police equipment, its educational institutions and other police-related services, as well as creating and maintaining electronic databases, ensuring more transparent public procurement and public officer incomes and increasing penalties for crimes related to corruption. Both countries indicated raising public awareness of their rights and improving public image of the police as one of the goals of their activities.

However, there were some dissimilarities, as, for example, the fact that Georgia dismissed its Traffic Police personnel entirely before the beginning of the reform (Table 2) and made several other radical steps, such as firing high-ranking police officials, who were accused of corruption. In Armenia, there have been attempts to decrease personnel, but nothing in comparison to the measures taken in Georgia. This raises the question of what could stop the reformers from taking similar steps in Armenia, and what enabled the Georgian government to make such a radical move. Another dissimilarity are evidential partial reforms in Armenia. There are studies which demonstrate that, despite the call for modernization on paper, in reality the Armenian police remains a Soviet-type force with the same equipment, uniform and attitudes, and accordingly the same level of corruption as in the Soviet Union. For example, Ivkovich and Khechumyan argue that even though new legal documents bring stricter rules which should reduce corruption, such as increased punishments

28 Devlin Mathiew, "Seizing the Reform Moment: Rebuilding Georgia's Police, 2004-2006" (Innovations for Successful Societies, 2010), available at <http://www.princeton.edu/successfulsocieties/content/focusareas/PL/policynotes/view.xml?id=126>, last accessed August 30, 2013.

29 Saakashvili, Mikhail, Georgia's National Police Corruption Project, interview by Robert Siegel, NPR, September 15, 2005, available at <http://www.npr.org/templates/story/story.php?storyId=4849472>, last accessed August 30, 2013.

and better communication with the population, it does not work in reality.³⁰ “Although rules for detection, investigation, and discipline of police misconduct are in place, critics – primarily various NGO reports – indicate that the enforcement of these rules is weak”.³¹ This calls into question why the Armenian government was not able to implement its planned activities and bring real “modernization” to the Armenian police.

Table 3: Major Anti-corruption Programs in Armenia

Year	Program
2003	Republic of Armenia Anti-Corruption Strategy (2003-2007)
2003	Implementation Action Plan of the Anti-Corruption Strategy of the Republic of Armenia
2009	Republic of Armenia Anti-Corruption Strategy (2009-2012)
2009	Implementation Action Plan of the Anti-Corruption Strategy of the Republic of Armenia

Source: Government of the Republic of Armenia.³²

Both dissimilarities stem from the main hypothesis of this study. The renewed Georgian government after the Rose Revolution consisted of bureaucrats who did not serve as ministers before, and had little to do with the old Shevardnadze system. It allowed them to be unconstrained by the losers of the reform – corrupt politicians and public servants – as well as eliminating the losers themselves through massive firings. In contrast, in Armenia the government went through elections and its revolutionary movement with its old team who were uninterested in resisting corruption from which they are benefiting. Therefore, reductions in personnel in a similar manner to Georgia were not possible in Armenia, as well as partial reforms were endorsed by the losers of the reforms. Without the change to the elites the Georgian government would not be able to consider firing personnel across the whole department or completing vast reforms, due to resistance from the losers in the reforms. The next section will go deeper into discussion of the revolutionary movement and will provide evidence for the main argument of this study.

4.2. Elite Change

The main argument of this article is that the change in the elites and their relations with the losers in the reform could be the main factor which brought a difference to

30 Sanja Kutnjak Ivkovich and Aleksandr Khechumyan, “The State of Police Integrity in Armenia: Findings from the Police Integrity Survey,” *Policing: An International Journal of Police Strategies & Management* 36, no. 1 (2013): 70–90.

31 Ibid, 75.

32 The National Assembly of the Republic of Armenia, *The Law of the Republic of Armenia on Police*, 2001, available at <http://www.parliament.am/legislation.php?sel=show&ID=1271&lang=eng>, last accessed August 30, 2013.

the police reform outcomes between Armenia and Georgia. In Georgia, after the Rose Revolution, a new group of young educated politicians came to power and were able to avoid the old traps of the system. Before, as several researchers point out and which will be discussed in detail below, the whole public administration system was corrupt and in order for *nomenclature* to survive they could use *compromat* ("incriminating evidence") against each other, sharing a piece of governmental cake. There were two types of changes brought by the Revolution in Georgia: elimination of the losers' channels for manipulating the reformers, and some of the losers in the reforms were removed from public service. The change from the old government administration brought by the revolution did not allow losers to act the same way as they had, and the new administration eliminated a vast part of the losers of the reform.

The events of the Rose Revolution could be considered to have started from the creation of the reformers group within parliament with such politicians as Saakashvili and Noghaideli, who were later appointed as ministers for Justice and Finance accordingly. As Wheatley points out, the members of the reformer group in the parliament did not have anything in common with the Soviet politicians who still remained in power.³³ In the aftermath of the revolution Saakashvili continued surrounding himself with the like-minded. Mitchell also points out the fact that some of the government members returned to Georgia after training in the West in order to serve in the government after Saakashvili's call to the diaspora.³⁴

When Saakashvili entered office in early 2004, he had just turned 36, making him one of the youngest presidents in the world at the time. Many of his cabinet and advisers were even younger. Like the president, several had attended universities in Western Europe or the United States before returning to Georgia to work in civil society organizations.³⁵

According to Wheatley, during the elections in Georgia various international observers were invited, such as the "Global Strategy Group", who recorded electoral fraud.³⁶ The authorities reported that a significant number of votes had gone to the pro-government bloc, which put it ahead of the opposition. As Wheatley reports, Saakashvili organized a movement on the streets and led the people to the parliament, and in a few days had brought a cortege of several kilometers of opposition supporters to Tbilisi, forcing Shevardnadze to resign. Saakashvili, says

33 Jonathan Wheatley, *Georgia from National Awakening to Rose Revolution: Delayed Transition in the Former Soviet Union* (Aldershot, Burlington: Ashgate Publishing, 2005).

34 Lincoln A. Mitchell, "Democracy in Georgia Since the Rose Revolution," *Orbis* 50, no. 4 (2006): 669–676.

35 Mathiew, "Seizing the Reform Moment: Rebuilding Georgia's Police, 2004-2006."

36 Wheatley, *Georgia from National Awakening to Rose Revolution*.

Wheatley, gained 96.24 percent of support during the elections in the following year, appointing new ministers who did not serve under Shevardnadze (with a few exceptions) (Table 4).

Table 4: Heads of the key Georgian ministries after the Rose Revolution (appointed February 2004)

Ministry	Name	Served as a minister in (the previous) Shevardnadze's governments	Was part of reformers' group
Ministry of Defense	Gela Bezhuashvili		
Ministry of Finance	Zurab Noghaideli	X (before 2002, resigned)	X
Ministry of Justice	Giorgi Papuashvili		
Ministry of Internal Affairs	Giorgi Baramidze		

Source: www.civil.ge; Ministry of Justice.³⁷

As Saakashvili's political campaign was built on opposition to the Shevardnadze regime, all his steps were directed to demonstrate his distinctiveness from Shevardnadze: "Fighting corruption, however, was not an isolated undertaking; it was part and parcel of a wider attempt to overhaul the old system".³⁸

Regarding the change in the methods of how losers from the reform influenced the government, it is important to underline that, according to Wheatley, the internal politics within the public institutions were made through having "*compromat*" against each other, blackmailing and inclusion in corruption schemes as a way of solving problems.³⁹ This was a common feature in post-Soviet states: "Corruption and organized crime are rooted in Soviet rule and in cultural, traditional and psychological factors. From that point of view Georgia is not unique".⁴⁰ As the newly appointed government did not have the experience of working in the old system,

37 Ministry of Justice of Georgia, "About Ministry of Justice of Georgia"; Ministry of Justice of Georgia, "Giorgi Papuashvili: About," *Website of the Ministry of Justice of Georgia*, 2011, available at http://www.justice.gov.ge/?sec_id=184&lang_id=ENG, last accessed August 30, 2013.

38 Engvall, Johan, "Corruption and What It Means," *Silk Road Studies* (2012), 22.v available at <http://www.silkroadstudies.org/new/docs/silkroadpapers/1209Engvall.pdf>, last accessed August 30, 2013.

39 Wheatley, *Georgia from National Awakening to Rose Revolution*.

40 Alexandre Kuchianidze, "Corruption and Organized Crime in Georgia before and after the 'Rose Revolution'," *Central Asian Survey* 28, no. 2 (2009): 215.

they were not rooted into the existing schemes of corruption and were able to start police reforms during the window of opportunity and avoid the influence of the losers.

The whole system of police and bureaucrats related to the police were interconnected and they were involved in the same corruption schemes. Newly appointed ministers and reformers who did not serve in the government before did not have an interest in maintaining the system as they were not involved and, therefore, did not benefit from it. Therefore, it was possible to proceed with the mass firings, and further reforms which were described in the legal acts in the previous section. An example of arrests and firings of high officials is the head of Georgian Railways: "He has been joined in detention by other high-profile violators, the former energy minister and the chairman of the Georgian Football Association".⁴¹ The distinctiveness of the new elite and unlikeliness of inclusion in the old system can be also be argued for by the common view in academia that Saakashvili was using the anti-corruption drive as a political tool to eliminate his political enemies and clean up the old system:

Saakashvili knew the political and public support-building benefits of anticorruption drives. He knew that exposure of the corruption in Shevardnadze's government would serve as a pretext to clean up the system.⁴²

Another element is the elimination of a large number of losers themselves. The entire Traffic Police squad was fired, as were the low and middle rank heads of police regional offices. Therefore, a large number of the losers of the reforms who were involved in the corruption and in the links to organized crime were eliminated from the public service.

In Armenia, in contrast, the reform could not be implemented and achieve its goals as the old corruption schemes remained the same and no power shift had occurred. As Wheatley points out, a similar movement in Armenia which aimed at displacing president Kocharian in early 2004 turned out to be unsuccessful. As well as in Georgia, the presidential and parliamentary elections in the first half of 2003 were also reported as fraudulent.⁴³ The incumbent president Kocharian, who had been in power since 1998, received more than 60% of the votes. As Beachain and Polese put it, the events of the Rose Revolution in Georgia unified Armenian opposition and the conflict began in 2004 with a "parliamentary boycott in response to the pro-

41 David L. Phillips, "Corruption Next in Georgian Cleanup," *Christian Science Monitor*, February 5, 2004, available at <http://www.csmonitor.com/2004/0205/p11s02-cogn.html>, last accessed August 30, 2013.

42 Alexander Kupatadze, "Explaining Georgia's Anti-corruption Drive," *European Security* 21, no. 1 (2012): 23.

43 Wheatley, *Georgia from National Awakening to Rose Revolution*.

Kocharian majority cutting off a debate to initiate a confidence plebiscite in the President".⁴⁴ The opposition brought more than 20,000 protesters to the streets and, as Beachain and Polese report, took measures used by Georgia: people marching from Freedom Square to the parliament where they chanted calling for Kocharian to resign and stayed on the streets overnight. Nevertheless, as researchers put it, the protesters were met by the armed forces and were defeated which resulted in a hundred arrests and several injuries. The main reason for the lack of success of the protests, as Wheatley puts them, is that the movement lacked good leadership:

The most prominent opposition leader, Stepan Demirchian, who stood against Kacharian in the 2003 presidential elections, had neither experience in government, nor widespread public support. His reputation was based merely on the fact that he was the son of the former First Secretary of the Armenian Communist Party, Karen Demirchian.⁴⁵

After the attempted revolution Kocharian's government continued their anti-corruption reforms. Even having similar reforms on paper, the reformers in Armenia did not manage to achieve the same results as the elites did not change (Table 5) and even though the government made some reductions in the police personnel, it did not hit the corrupt officers and did not distort the corruption schemes, so the corruption remained on the same level and even grows, according to Transparency International. Therefore, of the absence of any change in the elites did not allow for the implementation of the reforms in the similar conditions as in Georgia. Since the losers from the reform – corrupt politicians and, particularly, police officers - still held their positions after the implementation of the police reforms, and as the officials who were implementing the reform were the same as before, they were able to maintain their corruption schemes. The losers would not have any interests in increasing the transparency of the police and this reality is demonstrated in the worsening TI indices for Armenia. The Armenian government remained the same on several levels: Kocharian stayed in power through the attempt at revolution as well as after the elections, and the ministerial position holders remained the same, too. It is especially important to note that the Minister of Internal Affairs (who became the Head of the Police Department afterwards) continued to hold office throughout the considered period. The ruling Republican Party also did not have major changes in its structure, having the Prime Minister Margaryan as its head until his death in 2007.⁴⁶ Without a change in officials, and as a consequence of 2003 elections and

44 Donnacha Ó Beacháin and Abel Polese, ed. *The Colour Revolutions in the Former Soviet Republics: Successes and Failures* (Abingdon and New York: Routledge, 2010), 21.

45 Wheatley, *Georgia from National Awakening to Rose Revolution*, 193.

46 Republican Party of Armenia, "History of the Party," *Website of the Republican Party of Armenia*, 2012, available at <http://www.hhk.am/en/history/>, last accessed August 30, 2013.

the failure of the attempt of the Revolution, Armenia could not repeat the Georgian success and break out from the existing corruption schemes and sweep away the losers, who might resist the police reforms.

Table 5: Heads of the key Armenian ministries under prime-minister Margaryan

Ministry	Name	Served under Kocharian's government before the reforms
Ministry of Defense	Serge Sargsian	X
Ministry of Finance and Economy	Vardan Hachatrian	X
Ministry of Justice	Davit Harutunian	X
Ministry of Internal Affairs	Haik Harutunian	X ⁴⁷

Source: Adalian⁴⁸.

4.3. Other possible explanations

4.3.1. Involvement of foreign actors

One of possible alternative explanations is the presence of foreign actors in the reform process. Davison, in discussing the “soft power” concept, argues that various international organizations have created regimes which made it possible to shape the policies of the targeted states through various norms, rules and sanctions.⁴⁹ Involvement of foreign actors could be considered as one of the reasons why the police reform did not achieve the planned results in Armenia but did in Georgia. Saakashvili, being a pro-Western politician, got words of support from abroad and especially from the US.⁵⁰ Nevertheless, Group of States Against Corruption (GRECO), as well as other organizations, has been closely working with both countries and included similar recommendations to the countries. Both countries

47 Since 2002 – Head of the Police of the Government of the Republic of Armenia.

48 Rouben Paul Adalian, *Historical Dictionary of Armenia* (Plymouth: Scarecrow Press, 2010).

49 Remy Davison, “‘Soft Law’ Regimes and European Organisations’ Fight Against Terrorist Financing and Money Laundering,” in *Terrorism, Organised Crime and Corruption: Networks and Linkages*, ed. Leslie T. Holmes (Cheltenham UK: Edward Elgar Publishing, 2007).

50 Cory Welt, “How Strategic Is the US-Georgia Strategic Partnership?,” *Harriman Institute: Columbia University*, 2010, available at <http://home.gwu.edu/~cwelt/USGeorgiaStrategicPartnership.pdf>, last accessed August 30, 2013.

received recommendations on further activities. Therefore, the foreign actors' involvement though can be an important part of the scope of causes of different outcomes of the reforms, but was not the primary factor which influenced the outcome of the reforms. Moreover, as Davidson points out, the mechanisms implemented by the international organizations leave room for manoeuvring by the states and, therefore, states' internal reasons can play a bigger role in the reform process.⁵¹ He makes an example of the case of Macedonia, which also received recommendations from GRECO, but has

not enacted any legislation dealing with prevention of corruption. This exemplifies the gap between the ratification of international conventions and the implementation of the necessary legal instruments within domestic jurisdictions.⁵²

Therefore, the foreign actors' involvement though can be an important part of the scope of causes of different outcomes of the reforms, but was not the primary factor which influenced the outcome of the reforms, due to similarities of programs by international organizations (such as OSCE, for example) in which Armenia and Georgia participated.

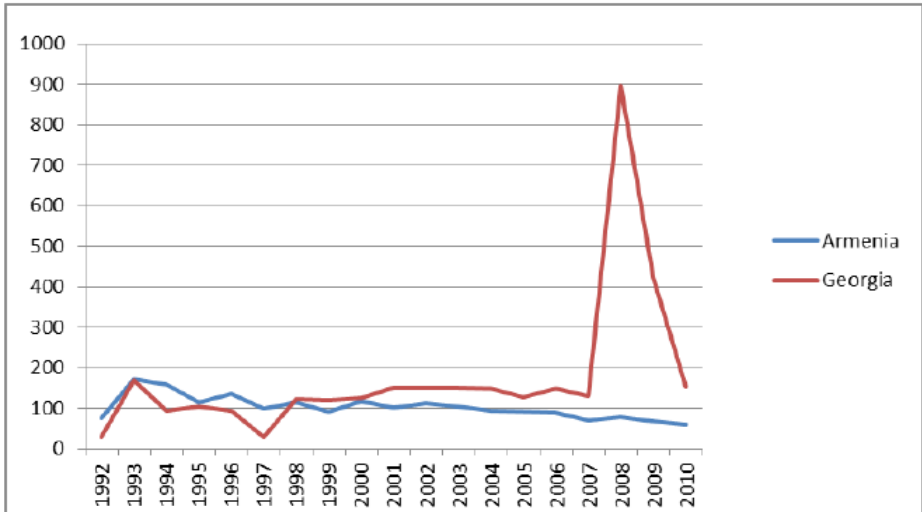
There are, however, more reasons to state that foreign involvement could not be a primary driver for an outcome of a police reform. Another dimension of foreign involvement is the amount of funding which the countries have received during the process of the police reform implementation. On the question of financing, there are different sources of aid that were directed to Georgia and Armenia. Among the biggest donors are the United States and European Union.⁵³ Analyzing the level of funding which became available to Georgia and Armenia (Figure 2), for example in the case of the funding from the United States agencies, the amounts received by Armenia were bigger than those of Georgia during the 90s, and though the level of aid to Armenia declined after the beginning of the 2000s, the difference was not significant until 2008 and the events in Abkhazia and Ossetia.

51 Remy Davison, "Soft Law Regimes and European Organisations' Fight Against Terrorist Financing and Money Laundering."

52 Ibid., 141.

53 Ibid, 3.

Figure 2: U.S. Assistance to the South Caucasus (in millions of current dollars)



Source: Nichol⁵⁴.

It is true, that the level of funding directed to Georgia is slightly higher, though it is also explained by the change in the elites and the excitement of the West about changes and the future cooperation with Georgia. Referring to the level of corruption recorded in both Armenia and Georgia, if the funding played a major role in defining the outcome of the police reform, then after the beginning of the 2000s Georgia, having higher incomes (Figure 2) from international donors, should have achieved a decrease in corruption (Figure 1) earlier during the attempts of police reform by Shevardnadze's government. As higher aid did not bring such results, it is possible to conclude that there were more important factors than financial aid from the abroad in the question of the implementation of the reforms. In other words, the funding contributed to the successful reform implementation, but changes in the elite and their relations with the losers were the major factor which enabled the attractiveness of Georgia over Armenia due to the outcome of the Revolution and the possibility for the reformers to be free from the internal constraints set by the corrupt bureaucrats and police officers.

4.3.2. Severity of corruption

As Figure 1 showed, the level of corruption in Armenia was lower than in Georgia

54 Jim Nichol, *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests*, Congressional Research Service, April 9, 2009, available at <http://fpc.state.gov/documents/organization/124976.pdf>, last accessed August 30, 2013.

before the reforms. According to earlier research, reforms can be triggered by serious crisis.⁵⁵ Though the “crisis hypothesis” is usually applied to the economic reforms, it can be useful in analyzing police reform as well: the police reform in Georgia can follow from a serious corruption crisis which was an obvious problem in the country, visible to everyone.

Nevertheless, though the crisis hypothesis explains why the decision for the need of the reforms was in place, only presence or lack of the losers of the reform can explain why the reforms were done partially or not. Level of corruption in Georgia was higher than in Armenia before the reforms and it could contribute to why it was so important for the reforms to be completed, the crisis also enabled the new government to be empowered with more legitimacy in order to stand against the losers during the reform implementation. In Armenia, the corruption was at a lower level and the elites did not change, and though the reforms still took place, the losers of the reform could restrain the reformers, who also lacked external pressure due to levels of corruption, which led to the partial reform implementation.

All the previously mentioned alternative explanations contributed to the outcome of the police reform, though were only enabled due to the main argument of the study – lack change of the elite and remaining connections with the losers of the reform did not allow Armenia to make the same progress in anti-corruption measures as Georgia did. Therefore, even though corruption magnitude is a plausible explanation, changes in the elite still remain a superior explanatory factor which defined the outcome of the police reform because a new government has less constraints and more credibility from the population, as well as from the foreign actors involved, and therefore in Georgia the reformers could implement full reforms.

5. Conclusion

This article has addressed the problem of implementing the police reform in two Caucasian countries: Armenia and Georgia. The countries share a similar historical and cultural past and have similar levels of corruption in the past. The reforms, started in both countries in the early 2000-s, despite the similarities of the actions taken by both governments, led to different outcomes. While in Georgia the reforms increased the trust of the population in the police and decreased levels of corruption, its level in Armenia stayed approximately the same. The research question of this study is why the reforms in Armenia were less successful than in

55 Ashoka Mody and Abdul Abiad. “Financial Reform: What Shakes It? What Shapes It?” *International Monetary Fund*, 2003; Alberto Alesina, Silvia Ardagna, and Francesco Trebbi. “Who Adjusts and When? On the Political Economy of Reforms”. *National Bureau of Economic Research*, 2006. Available at <http://www.nber.org/papers/w12049>. Accessed August 30, 2013.

Georgia. The hypothesis is that the major reason for success of the reforms in Georgia and lack of success in Armenia is a change in the elites and, consequently, their relations with the losers of the reform, which found support in this comparative case study. The question of fighting corruption in the post-Soviet region has been widely discussed in the literature, and this study analyzed the question in the framework of the elite continuity and internal constraints related to the reform implementation.

The main finding of this study is that the success of the police reform in Armenia and Georgia was defined by the outcomes of the revolutionary movements which emerged in 2003/04 in both states. The main argument is that the change in the elites which took place in Georgia allowed the reformers, who did not hold their positions in the government before, to be free from the internal constraints put by the corrupt bureaucrats of the Ministry of Internal Affairs and the police officers. In Armenia, in contrast, the failure of the revolutionary movement allowed the government of Kocharian to stay in power and ministers to continue holding their positions. Therefore, even though the actions indicated in the reform action plan and strategies were similar to the ones made by Georgia (due to involvement of the same international consulting bodies), their implementation was restricted by the losers from the reforms: the corrupt bureaucrats.

New governments are not bound by the old connections and existing corruption schemes and, therefore, are better able to implement reforms. This is reinforced due to the higher credibility and recent legitimization of their power and their proposed course of action during the revolution. With all the received support the reformers were able to go through the series of measures in Georgia. This study emphasizes the importance of the elite change for the successful police reform in Georgia and Armenia. Nevertheless, it does not claim that other factors are unimportant. Indeed, it states that, all together, they created a critical mass which allowed the police reform in Georgia to bring such a successful result and allowed the situation to remain the same in Armenia.

A major limitation of such an argument is the complexity of the issue and difficulty of credible testing of a large number of variables on a set of two cases. This is why only one factor was chosen as of a primary importance while others serve as additional. The cases were also selected on the dependent variable and, therefore, the conclusions have to be considered with the greatest care for further inferences. The finding of this study can only serve as generalizable to the countries which are similar to Georgia and Armenia in various ways: size, political regime, culture, history, economic development and so on. The problem with selecting the dependent variable also can result in unobserved variables which vary slowly over time, which was partly solved by comparing countries at a second point in time (during the 1990s), as well as picking countries which are similar in various

dimensions. Azerbaijan can be considered among such countries. The state also had made steps in implementing police reforms and, though having a different political regime, can serve as a case for further studies. Another drawback is a limited availability of information on corruption schemes and internal governmental relations.

Discussing the future of the police reforms and the level of the corruption, one can expect that the effect of the changes done by Georgia, and lacking in Armenia, may be not permanent. Following from the main argument of the study, the police reform succeeded due to the change in the elite. It was important for Saakashvili to gain popular support in conditions of political instability after the Rose Revolution, and therefore, the police reforms were chosen as the forefront of the new government's policies. Nevertheless, as time passes the new government members and public servants can create new corruption schemes as the government is no longer under the political pressure arising from instability. Corruption can also re-emerge due to the elimination of excitement in the international community about Georgia, particularly after the events of August 2008⁵⁶, popular rallies for Saakashvili resignation⁵⁷ and various reports on abuses⁵⁸ and, consequently, due decrease of funding. Nevertheless, the fact that in Georgia the reforms were relatively fully implemented (compared to Armenia, the police department has through real rebranding, as well as having received new equipment and the transparency has been increased through electronic systems) it is not likely that the level of corruption will return to the where it was before the reforms.

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INVOLVED BY DEFAULT: EXTERNAL ACTORS AND FOREIGN POLICY OF THE WESTERN BALKAN STATES

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Abstract:

The foreign policy of the Western Balkan states is formulated on the basis of several factors, many of which do not reflect their strategic national interests. An important contributing factor is that all Western Balkan countries could be defined as small states, despite the fact that within the region some of them are considered as being comparatively large and strong. The potential for formulation and implementation of foreign policy in all of these states is very low, due to a number of reasons. These include small territories and population, weak economies, unfinished democracy-building processes, and a generally unsettled situation, typical of transitional societies. All these aspects make states in the region to a large extent dependant on the interests of bigger powers, as well as susceptible to policies of the international organizations active in the region. Western Balkan states, therefore, to varying extents, identify their foreign policies with the policies of different external actors.

Keywords: foreign policy, small states, Western Balkans, European Union

1. Introduction¹

The issue of the capacity of small states to conduct foreign policy has received due attention in the literature.² However, studies that would highlight the ways that newly independent, transitional, relatively poor and complex states in the Western Balkans formulate their foreign policy choices and conduct foreign policy are very few. Jovic highlighted some of the challenges faced by Croatia as it embarked on the path of the European Integrations.³ Djukanovic, Kovacevic, Nikolic, Djukanovic and Ladjevac, and Novakovic similarly chart evolution of Serbia's foreign policy in

1 This article was written as part of the author's engagement in the University of Pecs, Hungary, sponsored by the 2013 Think Visegrad Fellowship.

2 David Vital, *The Inequality of States: A Study of the Small Power in International Relations* (Westport: Greenwood Pub Group, 1980); Christopher Hill, "What Is to Be Done? Foreign Policy as a Site for Political Action", *International Affairs* (79) 2 (2003): 233-255; Baldur Thorhallsson and Anders Wivel, "Small States in the European Union: What Do We Know and What Would We Like to Know?" *Cambridge Review of International Affairs* 19 (4) (2006): 651-668.

3 Dejan Jovic, "Hrvatska vanjska politika pred izazovima clanstva u Europskoj Uniji" (Croatian Politics ahead of Challenges of the EU Membership), *Politicka misao*, vol. 48, no. 2, 2011.

post-Balkan wars era.⁴ Arapovic meanwhile published the only systemic study of development of foreign policy of Bosnia and Herzegovina.⁵

To date, however, no author has attempted a comparative study of foreign policy choices made by these three central Western Balkan states in the light of similar difficulties and opportunities they have by virtue of their position and shared histories. This article attempts to highlight foreign policy actions taken by the three central Western Balkan states that necessitated involvement of external actors in resolution of particular problems.

This study is based on case studies of the three Western Balkan states. With a focus on textual analysis of primary sources including foreign policy strategy papers, the article will lay out the visions of foreign policies as articulated by the three states. This will be analyzed in light of the main trends in three states' foreign policies over the past decade.

This article intends to illustrate how an insufficient ability to formulate and implement foreign policy choices makes Serbia, Croatia and Bosnia and Herzegovina examples of the limits to sovereignty of small states in modern globalized world. To this end, the article examines the larger theoretical framework guiding our study of foreign policy making in small states. Next, the article discusses the three cases studies of Serbia, Croatia and Bosnia and Herzegovina, highlighting the specific developments in each country, and main characteristics of their domestic political framework influencing the foreign policy decision making process. Finally, in conclusion, the article examines whether small state necessarily means weak state in international arena, or is such weakness product of internal policy making shortcomings identified in the three counties discussed here.

2. Theoretical Framework

The literature on the foreign policies of small states has for the most part focused on external threats and the reactions of small states designed to jump on a bandwagon or accommodate the threat. Such literature is inspired by the realist and neo-realist tradition in international relations. The focus on the international system has

4 Dragan Djukanovic, Miladin Kovacevic, and Ivan Nikolic, *The Current Status Quo and Prospects for Serbia's European Integration* (Bratislava: Slovak Foreign Policy Association, 2008); Dragan Djukanovic and Ivona Ladjevac, "Prioriteti spoljnopoliticke strategije Republike Srbije" (Priorities of foreign policy strategy of the Republic of Serbia), *International Problems*, Vol. LXI, no. 3, 2009: 343-364; Igor Novakovic, *From our Pillars of Foreign Policy to European Integration: Is there a Will for Strategically Orienting Serbia's Foreign Policy?* (Belgrade: ISAC Fund International and Security Affairs Centre, 2013).

5 Adis Arapovic, *Foreign Policy of Bosnia and Herzegovina: Determinants and Perspectives* (Tuzla: Centri civilnih inicijativa, 2010).

obfuscated the significance of domestic politics in the formulation of foreign policy. Arguing that small states do not simply react to external stimuli, this paper makes the case that the domestic politics of the three Western Balkan states play a determining role in their foreign policy. Domestic political elites and their ideas – or the lack thereof – shape the foreign policy visions of the three Western Balkan states. Lack of capacity to properly formulate and implement the right foreign policy choices by default involves external powers in the politics of these Western Balkan states.

A central feature of all Western Balkan states is their small size, limiting the range of foreign policy choices they can pursue. What defines a state as 'small'? Some definitions focus on territory, GDP, population, while the other focus on power relations, the so called relational theory which maintains that states are small in relation to other bigger states, that is, a state is small if it is unable to affect changes in the international system.⁶ Another definition focuses on dependence, defining small states as states that are dependent on the great powers.⁷ According to this view, the smaller the state, the less independent it is in reality. While asserting their nominal independence, in the international arena they are nothing but the clients of bigger and stronger states.

No state in the modern world, no matter the size, could be considered as completely independent in the classical sense of the word. A globalized economic structure and processes necessitate inter-state cooperation, where no country is self-sufficient anymore. In terms of foreign policy and security, as Dejan Jovic argues in his discussion of Croatian foreign policy, "globalization of the world politics poses new security challenges, even for the most powerful world states (...) International system is now based on the principle of interdependence".⁸ For the reason of security alone, no state today could fully protect its interests without participation in global networks, which presumes the transfer of part of an individual state's sovereignty to these international organizations. Looking at the states of the Western Balkans, they all undoubtedly fall into the category of small states. Montenegro with the population below 700,000 could even be considered a microstate, while Serbia with the population of over 7,000,000 is relatively large in relation to its neighbors but remains a small state according to all other criteria.

The foreign policy of small states has been recently analyzed more and more consistently, especially in the context of the functioning of the European Union. Christopher Hill in his analysis of foreign policy explains why some foreign policy

6 Thorhallsson and Wivel, "Small States in the European Union".

7 Vital, *The Inequality of States*.

8 Keohane and Nye, Power and Interdependence; Milner and Moravcsik, Power, interdependence, and non state actors in world politics, cited in Dejan Jovic, "Hrvatska vanjska politika pred izazovima clanstva u Europskoj Uniji," 9.

tools are appropriate or only possibilities for small states. Their power is limited, thus their influence is limited and hence their options for making certain choices are limited.⁹

Scholars traditionally equate small states with weak states, incapable of independently advancing their foreign policy interests. They were accordingly expected to seek a patron, a bigger power that would protect their security and foreign policy interests in exchange for loyalty. The world changes but not at the speed that would make tangible characteristics like the resources, the territory, the GDP, and the population irrelevant. Yet researchers have also suggested that small states, "lacking the resources and ability to identify and assess developments effectively in areas which have high salience for them" are actually more likely to engage in hazardous acts in the foreign policy arena.¹⁰ Risky actions can reap great rewards in the foreign policy domain. They can also wreak havoc in the perpetrator's internal policy and destroy its standing in the international arena, but, again, small states could lack the instruments for holding the political elites accountable for their deeds. Lack of accountability is known to encourage risk taking among the elites.

A problem occurs when a small state decides to pledge loyalty to a larger power but in exchange does not get more security or prosperity. This article focuses on exactly that reality: it studies foreign policy choices small states in the Western Balkans make that do not necessarily advance their interests. Or to be more precise, this article is about policy choices Western Balkan states make that reflect their weakness and incompleteness, their lack of understanding what foreign policy options they actually have at their disposal.

The European Union, NATO, the United States, Russia and Turkey, are all to a different extent and in various ways involved in developments in all or some of the states in the region. Due to their – even if only qualified, or relative – might, their foreign policy, economic, strategic, and other interests largely dictate the activities of the Western Balkan states in the foreign policy realm. This article will also demonstrate the extent to which the dictates and interests of different external actors influence mutual relations of the Western Balkan states. The article analyzes the effects of the process of the EU and NATO integrations on the policies of the states in the region, especially the effects which the membership in these organizations has on resolving the existing bilateral problems and disputes.

9 Hill, "What Is to Be Done? Foreign Policy as a Site for Political Action".

10 Maurice East, "Foreign Policy-Making in Small States: Some Theoretic Observations Based on a Study of the Uganda Ministry of Foreign Affairs", *Policy Sciences*, Vol. 4, No. 4 (Dec., 1973): 504-505.

In the European context, states in the Western Balkans rank as the youngest, with the exception of Albania, which in 2013 celebrated its 100th anniversary. Even if we acknowledge the arguments that today's Serbia, Croatia, Bosnia and Herzegovina, and Montenegro are direct descendants of their respective kingdoms in the Middle Ages or the late Ottoman era, the international recognition of states in the Western Balkans we discuss here took place in the late 20th or the early 21st century, while Kosovo is still in the process of international recognition and Macedonia does not manage to fully embark on the accession path to the EU and NATO over the so-called 'name issue'.

For the sake of clarity, this article discusses foreign policy decision making processes in only three Western Balkan states: Croatia, Serbia, and Bosnia and Herzegovina. These three states illustrate different policy options utilized by the political elites and institutions, as will be demonstrated: from dependence on foreign interests bordering on clientelism, to attempts of independent go-it-alone policy making, to states whose very sovereignty and capability to rationally make foreign policy could be questioned.

The story of small states in the modern international arena could be viewed from different angles. First of all, a state could be in position to independently and willingly choose certain foreign policy objectives and alliances (although it could feel it was actually compelled to make such choice). Such is, we will argue, position adopted by Serbia in its confrontation with the US and the EU over the Kosovo issue. Another case is when a state, in the Western Balkan context, *does not have* much power to decide on foreign policy issues, due to domination of external factors and considerations in domestic politics (as is the case with Croatia and early Bosnia and Herzegovina). A state, again, could ally itself with interests of more powerful actors in the international arena for purely rational, short-term, goals. Or it could opt to pursue long-term accommodation with the great power in question, which could eventually lead to dangerous obscuring of genuine foreign policy interests and blurring of the lines between 'alliance' or 'friendship' and pure clientelism and subservience to the great power. Foreign policy of the three central Western Balkans states will therefore be explored here in light of Christopher Hill's discussion of the spectrum of possible foreign policy actions.¹¹

3. The Foreign Policy of Western Balkan states

3.1 Serbia

In foreign policy terms, Serbia represents an interesting case for studying the huge ambitions and real life limitations of foreign policies of small states. Hill actually

11 Hill, "What Is to Be Done? Foreign Policy as a Site for Political Action".

cites Serbia as an example of what he calls the 'autistic power politics', i.e. "a self-regarding concern for the perceived needs of a state (often generated by internal problems) without concern for the impact on others".¹² It is difficult, however, to determine what needs the Serbian state prioritizes in its foreign policy. Ever since the *de facto* dissolution of the second Yugoslavia in April 1992 no strategic documents were adopted by the government in Belgrade that would define foreign policy of the newly formed Federal Republic of Yugoslavia, composed of Serbia and Montenegro.¹³ The only exception to this was the speech by the newly elected Federal Minister of Foreign Affairs Goran Svilanovic, following a change of government in Belgrade on 5 October 2000, emphasizing the necessity for formulation of new foreign policy of Yugoslavia in order to overcome a decade of the country's international isolation.¹⁴ Over the preceding decade, Serbia's autistic political considerations brought it on collision course with most of its neighbors, as well as some of the key actors in the international arena. Despite suffering severe setbacks as a result of such policies in the economic, political and security arena during the first half of the 1990s, Serbia continued to seek understanding, and allies, in its fight against what it portrayed as 'hegemonistic' and 'neo-imperial' policies of the Western states that intervened against interests of Serbia in Croatia, Bosnia, and in Kosovo.

The crisis over Kosovo, the origins of which long precede all other post-Yugoslav conflicts, finally set Serbia on a collision course with the West in 1999. Following NATO intervention against the then Federal Republic of Yugoslavia, Kosovo *de facto* seceded from Serbia under the international protectorate in the same year. Ever since, the question of Kosovo became a standard by which the effectiveness of both internal and foreign policies of successive Serbian governments came to be judged. To an outside observer it actually illustrates something else: how the central tenet of the country's foreign policy increasingly became an untenable goal as Kosovo, under Albanian control, progressed towards *de facto* independence. Again, as final vestiges of Serbian sovereignty were gradually removed from the former province, culminating in Kosovo's declaration of independence in 2008, the political discourse in Serbia became progressively divorced from reality. Unable to shake off the increasingly heavy burden of having Kosovo as the centre point of its foreign policy, Serbian policy makers resorted to irrational denial which further dented country's prospects of influencing the outcome of the situation in Kosovo.

Irrational beliefs produce delusional policies that, in a rational world of *realpolitik*, produce no positive results whatsoever. Having lost Kosovo when the full might of

12 Ibid., 243.

13 Djukanovic and Ladjevac, "Prioriteti spoljnopoliticke strategije Republike Srbije", 346.

14 Ibid., 346.

its arms was present on the ground, Serbia now apparently expect that its verbal insistence on 'Kosovo as inseparable part of Serbian territory' will somehow roll back the events of the past 14 years, including the fact that its independence is now recognized by no less than 99 states, including some of the key world powers.

Even when faced with the definitive offer – as Serbia recently was – to settle the Kosovo issue in exchange for clear prospect of European integrations, the government in Belgrade remains a prisoner of self-imposed irrational policies and is unable to make the necessary breakthrough. Occasional 'revolutionary' calls by lesser political figures such as Jovanovic, Pesic or Draskovic for Serbs to face the reality that Kosovo was lost by Milosevic in 1999 are portrayed as national treason.¹⁵ Such inability to make rational choices in foreign policy is even more surprising given the fact that the government of Serbia on several occasions emphasized European integrations as one of the pillars of its foreign policy. Then foreign minister Vuk Jeremic and President Boris Tadic, on the occasion of the ambassadorial conference in Belgrade, both emphasized the centrality of European integrations and good relationship with the EU and the United States.¹⁶ However, such priorities were made subject to the foremost priority of the "defense of Kosovo" or its euphemism "safeguarding the constitutional order of the country".¹⁷

Such a lack of rational perspective and inability of government in Belgrade to formulate and implement rational foreign policy priorities spawned an entire cottage industry of 'national saviors' in politics, media, and society at large. Columns by Miroslav Lazanski, security commentator for the oldest Serbian newspaper *Politika*, are perfect example of such irrational myth-feeding cottage industry products. In his comments on the day of expiry of the EU deadline for signing the compromise deal with Kosovo, Lazanski ridiculed the prospect of Serbia's "isolation" from the EU, employing – as he frequently does in his columns – strong pro-Russian and pro-Chinese rhetoric. He even extolled the "successes" of Belarus which, of all places, is somehow portrayed as a model for Serbia in its eternal struggle against the whole world. According to him "Belorussia is a state whose political leadership cannot travel to the EU, but the same Belorussia has volume trade with Germany worth 2 billion euro (...) average salary in Belorussia is 500 euro, they have slightly bigger population than Serbia, yet they have an army twice the strength of ours (...). OK, Russia helps them through subsidized prices of oil and gas. But has anyone

15 Novi magazin, "Draskovic: Kosovo je davno izgubljeno, potpisati sporazum" (Draskovic: Kosovo was Lost Long Time Ago, Sign the Agreement), *Novi magazine*, April 4, 2013, available at <http://www.novimagazin.rs/vesti/draskovic-kosovo-je-davno-izgubljeno-potpisati-sporazum>, last accessed May 12, 2013.

16 Djukanovic and Ladjevac, "Prioriteti spoljnopoliticke strategije Republike Srbije", 348.

17 Ibid.

barred us from offering Russians (...) to rent them the airbase in Ponikve or Sjenica”¹⁸

On the issue of the Kosovo negotiations in Brussels which preceded the EU demand for finalizing the deal with the government in Pristina, Lazanski, in the same column, asks: “why didn’t we request that besides American diplomat Riker in Brussels, our side would be assisted by some Russian diplomat”?¹⁹ Such delusional rhetoric seems to completely dominate not only public discourse but also the foreign policy decision making process in Serbia. With some exception for Serbia’s interest, and involvement, in the Republika Srpska entity in neighboring Bosnia and Herzegovina, the issue of Kosovo utterly exhausts Serbia’s creative potential for foreign policy action. Its declarative goal of joining the European Union is practically subjugated by the virtual alliance it pursues with resurrect Russia, in hope that Russian involvement will somehow serve to protect Serbia’s interests over Kosovo. In fact, Russia long ago resigned to a *fait accompli* on the ground, even withdrawing its token peacekeeping contribution in Kosovo, while continuing to offer symbolic gestures of support to Serbia over this issue. Having rejected the EU’s April deadline, Serbian top leadership flew to Moscow to seek Russian support over Kosovo. As Serbian newspapers reported “having addressed Putin in Russian language, (Prime Minister) Dacic thanked him for principled support on the issue of Kosovo.” Dacic further stated that “we want as close as possible relationship with Russia, in all areas, in politics, economics, culture, to defense and security”.²⁰

According to the same report, the Russian President told Dacic that “Serbia and Russia have always been enjoying especially close relationship”.²¹ However, nothing of substance was said from the Russian side on the issue of Kosovo. In fact, the message that Serbia could expect no substantial support from Russia was unequivocally stated in the next meeting that Prime Minister Dacic had with his Russian counterpart, Dmitri Medvedev. In the press conference following the meeting, Medvedev poured cold water on his partner’s expectations: “Russia supports Serbia’s stance over the Kosovo issue, but is of opinion that resolution of this problem is the Serbs’ privilege (...) We should not be the ones ‘pushing’ the process, but Serbia”. Medvedev then lectured his Serbian counterpart on the principles of foreign policy decision making in a sovereign state: “lately, I’ve been

18 Miroslav Lazanski, “Nista, ili bar nesto» (Nothing, or at Least Something), *Politika*, April 6, 2013, available at <http://www.politika.rs/pogledi/Miroslav-Lazanski/Nista-ili-bar-nesto.sr.html>, last accessed May 12, 2013.

19 Ibid.

20 *Politika*, “Putin: Posebno bliski odnosi Srbije i Rusije” (Putin: Especially Close Relationship Between Serbia and Russia), *Politika*, April 10, 2013, available at <http://www.politika.rs/rubrike/tema-dana/Putin-Posebno-bliski-odnosi-Srbije-i-Rusije.sr.html>, last accessed May 12, 2013.

21 Ibid.

under the impression that 'more is expected from Russia than Serbia itself'. This is not right. You should decide what position to take".²² As if echoing similar statements given by the US politicians to Croatia that will be discussed later in this article, "Medvedev asserted that Russia will support Serbia over this issue. 'We shall always support the stance formulated by the Serbian leadership'".²³

3.2 Croatia

Croatia is arguably the only state in the Western Balkans that has made a completely willing choice and aligned its foreign policy fully with a more powerful patron, in this case the European Union. The progress Croatia made in joining the EU made this kind of orientation possible, even if not all foreign policy choices were mandated by the EU, as will be demonstrated below.

The early post-independence history of Croatia did not, however, indicate such straightforward foreign policy orientation. Under the presidency of Franjo Tudjman, Croatia charted its own regional course, which eventually brought it on a collision course with the international community seeking to calm the Balkan conflicts. Tudjman, lacking both the resources and even minimal measure of outside support, attempted to follow Milosevic in his expansionistic and hegemonic designs towards neighboring Bosnia and Herzegovina. When the United States, after the 1994 Washington Agreement, put an end to overt intervention, Tudjman used a variety of other means – political, financial, security, media, educational and cultural - to continue his quest to bring Bosnian Croats under Zagreb's sway. The cessation of conflict in 1995 also allowed Tudjman to continue to expand the almost absolute control that his party, the HDZ, had over domestic politics in Croatia. Opposition was stifled, independent media silenced, and Croatia increasingly embarked on a course leading to self-imposed isolation, with one-party rule and all reins of power controlled by oligarchs grouped around the President.

Symbolically, such policy orientation came to a climax in December 1998, when Croatia almost went to war with NATO and SFOR troops over the remote and minuscule hamlet of Martin Brod, sitting right on Croatian-Bosnian border. Tudjman had actually ordered his military and police special forces to use arms against the Canadian forces sent to reclaim the village from Croatian troops that had occupied it since the end of the war. Fortunately, cool reasoning and diplomatic excellence on the part of Croatia's then foreign minister Mate Granic, acting in clear

22 Politika, "Medvedev: Srbija da „gura“ process oko Kosova, a ne Rusija" (Medvedev: Serbia to "Push" Kosovo Process, not Russia), *Politika*, April 10, 2013, available at <http://www.politika.rs/rubrike/tema-dana/Medvedev-Srbija-i-Rusija-privilegovani-partneri.sr.html>, last accessed May 12, 2013.

23 Ibid.

contravention of Tudjman's orders, prevented what would have certainly been a catastrophe for Croatia's national interests.²⁴

When, almost exactly one year later, Tudjman died, Croatia gradually sought to make the break with the past, and embark on the path leading to accession to the European Union. The foreign policy orientation Croatia adopted represents multilateralism as a form of shelter in international affairs.²⁵ Numerous small states willingly choose participation in a block providing them with the opportunity to punch above their weight in the world arena under the cover of a collective foreign policy. The EU is precisely such block, especially since the introduction of the Common Foreign and Security Policy, which allowed smaller member states to play an assertive role in international affairs by giving them more sophisticated foreign policy options. As Hill suggested, such small states

do not have to choose between inactivity and becoming camp followers of the bigger powers, but can instead exploit air pockets within the system to acquire leverage on matters which are important to them.²⁶

There are obviously drawbacks to adoption of such a foreign policy strategy, or at least limitations to the range of choices seemingly at the disposal of more independent minded states. Increased leverage in international relations necessarily imposes limitations due to the consensual basis for formulation of EU policies; the so-called process of 'Europeanization' of individual member states foreign policies. The reward to giving up some autonomy lies in wider influence in the world in the longer run.²⁷

While certainly true for mid-sized powers, it could be argued that in the case of the smaller states, which Croatia surely is, this is not primary consideration for acting under the auspices of common foreign policy of a larger block, but rather the fact that such strategy enables small states to have any say at all in international affairs. Also, acting in accordance with the policies adopted by the larger block of countries carries with it the potential for additional rewards to be reaped by the small state in unrelated areas.

A study of Croatian foreign policy in post-Tudjman era indicates that some significant policy choices Croatia made in accordance with, at least presumed, EU

24 The Centre for Peace in the Balkans, Evidence that due to Martin Brod, Tudjman wanted to go to war with NATO, no date, available at <http://www.balkanpeace.org/index.php?index=/content/balkans/croatia/cro08.incl>, last accessed May 12, 2013.

25 Hill, "What Is to Be Done? Foreign Policy as a Site for Political Action," 248.

26 Ibid., 248.

27 Ibid., 249.

foreign policy interests include its treatment of Bosnian Croats, patterns of voting on important policy issues in the international organizations, including the United Nations, as well as Croatia's decisions to join or refuse to join different regional initiatives. Issues of Croatia's overt support for Bosnian Croat secessionist policies has long been considered as one of the principal reasons contributing to dysfunctional nature of politics in BiH. Breaking up the ties that once had the Bosnian Croat Army and Police under direct command from Zagreb, and Bosnian Croat politicians taking only casual interests in political affairs in Sarajevo took time. It was eventually accomplished under direct pressure from the European Union, culminating in the reformist Croatian President Mesić's famous message to Bosnian Croat politicians that "their capital is Sarajevo, not Zagreb".

Due to excesses from the Tujman era, Croatia missed out the opportunity to join the EU as part of the 2004 Eastern Enlargement wave, but the path to Europe was quickly becoming the overriding concern shaping the Croatian domestic and foreign policies. Several actions in the international arena illustrate such close identification of Croatia with the presumed interests of the European Union. One of the more recent examples was Croatia's decision in 2012 to abstain when voting on the Palestinian bid for the observer status in the United Nations General Assembly. The decision to abstain, which due to the nature of the bid practically equaled a 'No' vote, was apparently made due to lack of unified stance by the European Union, even if the majority EU members in the event voted 'Yes'.²⁸ Analysis by the Croatian historian Tvrtko Jakovina illustrates just how futile the decision to abstain was – endearing to neither Israel nor the United States who lobbied for a strong 'No' – but at the same time endangering the fragile relationship that Croatia has been trying to build with the Arab world.²⁹ The decision not to support Palestine in its bid to elevate its UN membership status, could also amount to a moral error on Croatia's behalf. This was the country that only two decades ago was eagerly awaiting to see how the world will react to Croatia's own quest for international recognition.

While the decision on the Palestinian issue could still have significant repercussions in the economic field, another Croatian decision – refusal to join the Southern Stream gas pipeline – will certainly affect its economy, energy dependence prospects, as well as budget in the years to come. Bowing to, again supposed, EU interests, the government of the then-Prime Minister Ivo Sanader in 2007 opted out of the Russian-sponsored Southern Stream project, one of the branches of which

28 Ministry of Foreign Affairs and European Integrations, 2012, available at www.mfa.hr/MVP.asp?pcpid=1382, last accessed May 12, 2013.

29 Tvrtko Jakovina, "Koga se Hrvatska boji na Bliskom istoku?" (Who is Croatia Afraid of in the Middle East?) . *TPortal.hr*, December 1, 2012, available at: <http://www.tportal.hr/komentari/komentatori/229505/Koga-se-Hrvatska-boji-na-Bliskom-istoku.html#.UWvellJ9Wyw>, (last accessed May 12, 2013).

was supposed to cross Croatian territory *en route* towards Slovenia, Austria and Italy. Successive governments in Croatia justified such decision as being 'in accordance with the EU policy recommendations', even if such explanations clearly fail to explain EU member's Hungary and Bulgaria eager participation in the project.³⁰ The current Croatian government made some energetic last-minute efforts to rectify this mistake, but this was finally rebuffed by Gazprom's vice-president Alexander Medvedev in December 2012.³¹ Had the pipeline crossed through Croatian territory, Croatia stood to earn 25 million euro annually from transit fees alone, while the associated long-term geopolitical and economic effects are hard to calculate.

The list of economic failures stemming from Croatia's inability to pursue an independent foreign policy, even when it clearly favors its political and economic interests, continues. In December 2012, local newspapers also reported that Croatian national petroleum company, INA, ceased operations in its profitable Syrian oil fields, after State Secretary Hillary Clinton "kindly requested" it from Croatian foreign minister Vesna Pusic who was visiting Washington at the time.³² In exchange for loss of income and endangered economic or political interests, Croatia usually gets only token – if not outright meaningless – statements of support, such as Hillary Clinton's "important" message on the occasion of the same visit, that Croatia is "America's partner and ally in the region".³³

3.3 Bosnia and Herzegovina

Bosnia and Herzegovina is a textbook case of limited national sovereignty and severely limited capacity of a state to formulate foreign policy. Hill cites Bosnia as an example of the third kind of foreign policy, what he terms as 'quietism'. This kind

30 Marko Biocina, "Nije samo Sanader rekao "ne" Rusima. To je pogresna politika" (It's not only Sanader Who Said "No" to Russians. It is Wrong Policy), *Vecernji list*, November 6, 2011, available at <http://www.vecernji.ba/kolumne/nije-samo-sanader-rekao-ne-rusima-to-je-pogresna-politika-kolumna-471942>, last accessed May 12, 2013.

31 Marko Biocina, "Poraz hrvatske politike – Juzni tok zaobilazi Hrvatsku" (Defeat of Croatia's Politics – Southern Stream Bypasses Croatia), *Vecernji list*, November 6, 2011, available at <http://www.vecernji.hr/vijesti/poraz-hrvatske-politike-juzni-tok-zaobilazi-hrvatsku-clanak-470945>, last accessed May 12, 2013.

32 N. Babic, "Zbog potpuno pogresne politike cekanja Hrvatska izgubila 'Juzni tok'" (Due to Totally Wrong Politics of Waiting, Croatia has lost the "Southern Stream"), *Advance.hr*, November 4, 2011, available at <http://www.advance.hr/vijesti/zbog-potpuno-pogresne-politike-cekanja-hrvatska-izgubila-juzni-tok/>, last accessed May 1, 2013.

33 Jelena Lovric, Pusic: Da, mozda cu otici iz Vlade ako HNS hoce da idem protiv Bandica i Bernardica (Yes, I Will Probably Leave Government if the HNS Wants me to go Against Bandic and Bernardic), *Jutarnji list*, November 3, 2012, available at <http://www.jutarnji.hr/vesna-pusic--da--mozda-cu-otici-iz-kukuriku-vlade-ako-hns-zatrzi-da-na-izborima-idem-protiv-bandica-i-bernardica/1063970/>, last accessed May 12, 2013.

of policy is the most introverted of all, and is situated at the polar opposite from crusading or revolutionary foreign policy. Such policy orientation was observed in the states that at particular times felt it best suits their needs to tactically or strategically withdraw from the international affairs. Albania under Hoxha is an extreme example of such foreign policy action, but more moderate examples include Finland during the Cold War, engaging in delicate act of balancing between the interests of the East and the West. In a very different context, as Hill says, "Bosnia-Herzegovina has little choice but to reduce its foreign policy to virtual immobility for fear of disturbing the delicate balances of both internal politics and the post-Dayton Balkans by some minor false move".³⁴

The fact that the international community that sponsored redrafting of the country's constitution in Dayton in 1995, also retained the position of ultimate arbiter and supervisor in political life in Bosnia and Herzegovina, makes this country only conditionally independent. The rather unique role for the international community has been enshrined in the form of the Peace Implementation Council (PIC), tasked with policy creation, and the Office of the High Representative (OHR) tasked with policy implementation in Bosnia and Herzegovina. In the decade following the war, the OHR maintained increasingly assertive position as the ultimate arbiter in the country's politics, culminating during the mandate of the High Representative Paddy Ashdown. Strong and pervasive involvement of the international community in the internal political processes of a state does not, obviously, bode well for development of its capacities to define, and implement, foreign policy actions.

In the internal policy arena, complex constitutional arrangements mean that the country is *de facto* split into two interlocking entities, both of which possess institutions and powers of the state, barring internationally recognized sovereignty. One of the entities, Republika Srpska, also aspires for increasingly independent status, including capacity to formulate its own strategic regional and foreign policy goals and lead independent foreign policy. At the state level, constitution specifically tasks the tripartite Presidency with responsibility for formulating and implementing the country's foreign policy.

Vertical split between the entities, where most political processes take place, and the state, where the two entities are *de facto* competing for control over the political process distinct from the entities, makes it impossible to talk about a functioning internal policy making mechanism in Bosnia and Herzegovina. According to the prevailing policy making models, foreign policy reflects the outcome of interplay between different interests in the domestic political arena. Such design of foreign policy is therefore impossible to impose on political process in BiH. The fact that the Presidency is the primary arena where foreign policy is

34 Hill, "What Is to Be Done? Foreign Policy as a Site for Political Action", 249.

created further divorces internal and external policy processes in the country. The foreign policy strategy of Bosnia and Herzegovina is currently based on single, four page long document titled "Basic Directions of BiH Foreign Policy" adopted by the Presidency in 2003. This document reflects the quietest orientation of foreign policy that acts in complete detachment from internal policy dynamics. It lists vague and general goals such as

Preservation and protection of independence, sovereignty and territorial integrity of Bosnia and Herzegovina within its internationally recognized borders; Full and consistent implementation of the General Peace Agreement (GPA); BiH inclusion into European integration processes.³⁵

It does not provide anything in terms of specific foreign policy objectives, deadlines, or outlines means to reach them.

The presidency is made up of three individuals, and acts as a virtually independent body, in sometimes complete disconnect from the internal policy processes in the country. Since members of the Presidency are elected directly, they owe their allegiance to the voters only, and not to specific political party which nominated them. This has in past led to instances where member of the Presidency would leave or be estranged from the party that nominated him, or split with its leadership, leaving him to act completely in accordance with his free will or private interests.

Such a situation exists in the current Presidency where the Serb member, Nebojsa Radmanovic, is member of the governing SNSD and has acted to implement its interests in all matters of foreign policy. The Croat member, Zeljko Komsic, on the other side, does not have a power base, as he split with his former party, the SDP, leaving him to act on his own will. Thanks to the imperfections in the country's election law, he in fact isn't even the representative of the country's Croat interests, since he was elected mainly by vote of the urban Bosniak population who far outnumber the Croats. Bosniak member, Bakir Izetbegovic, is by all accounts estranged from the SDA party's power-wielding elite, meaning that in many instances his decisions do not necessarily reflect the interests of that party.

In terms of practical implementation for foreign policy, Bosnia and Herzegovina still relies on the antiquated and provisional Law on Execution of Foreign Affairs adopted at the beginning of the war in 1992. The fact that this, more than two decades old, law is still being implemented, despite its complete inadequacy due to a changed constitutional framework and different legal and political circumstances, speaks volumes of an ineffective government that does not have the means to enact

35 Presidency of BiH, *General directions and priorities for implementation of foreign policy of Bosnia and Herzegovina*, 2003, available at <http://www.predsjednistvobih.ba/vanij/Template.aspx?cid=3564,1,1>, last accessed May 1, 2013.

even the most basic legal texts on which it is supposed to base its operations. The Law is, for all practical purposes, inapplicable, as the institutional structure and authority has changed completely after Dayton, which means that legal provisions are actually not being (and could not be) enforced.³⁶

The paradoxical result of this complex hodge-podge of constitutional and legal provisions and diverse practices is that one of most important elements of state sovereignty – foreign policy – is in Bosnia and Herzegovina almost completely divergent from internal political processes and political actors, and instead rests in the hands of three individuals, whether acting alone, or as pawns in the hands of political elites (but certainly not systemically controlled by them). To compound such a Kafkaesque situation, each member of the Presidency has a right to exercise an unqualified veto over any decision in the foreign policy domain.

In a practical sense, the Presidency is most often unable to come up with a (mandatory unanimous) decision on basically any issue that affects Bosnia's foreign policy. Problems, such as pattern of voting in the United Nations, statements regarding important international issues affecting Bosnia, relationships with neighbors, regional blocks and international institutions are not dealt with in the manner befitting an internationally recognized sovereign state. Bosnia and Herzegovina is therefore unable to come up with a decision regarding the recognition of Kosovo as an independent state, as Bosnian Serb politicians – putting Serbia's interest over the interests of their own country – block such a move. But, while even Serbia manages to have some kind of relationship with Kosovo for practical reasons, either economic, security or political, Bosnian Serbs' insistence that Kosovo should be ignored in political discussions incur significant economic costs for Bosnia, not to mention a loss of credibility in the region. Kosovo customs stamps are, for example, not recognized in Bosnia, nor are Kosovars permitted to enter the country with their new travel documents, both of which are admissible in Serbia proper.³⁷

In the aforementioned issue of voting in the UN General Assembly over Palestine, the Bosnian presidency, split between a Bosniak and Croat member (in favor) and Serb member (against) couldn't come up with decision on how to vote, meaning that Bosnia abstained by default. While such issues could be argued not to affect Bosnia's international standing significantly, as many of its friends abroad understand the complex political situation at home, Bosnia certainly risked the

36 Arapovic, *Foreign Policy of Bosnia and Herzegovina: Determinants and Perspectives*, 87.

37 FENA, "Bajrami: Ocekujemo liberalizaciju viznog rezima izmedju BiH i Kosova» (Bajrami: We are Expecting Liberalization of Visa Regime between BiH and Kosovo) , *Klix.ba*, May 12, 2013, available at <http://www.klix.ba/vijesti/regija/bajrami-ocekujemo-liberalizaciju-viznog-rezima-izmedju-bih-i-kosova/130512033>, last accessed May 12, 2013.

world's ridicule during its term as a non-permanent member of the UN Security Council in 2010-2011. At the time, the BiH Mission to the UN lauded Bosnia's election to the non-permanent membership of the UN Security Council as "undoubtedly represent(ing) Bosnia and Herzegovina's greatest foreign policy achievement since it has gained independence in 1992".³⁸ The Bosnian media, however, for the next two years publicized frequent quarrels and mutual accusations between the country's Bosniak, Serb and Croat politicians, unable to reach agreement on some of the important issues where Bosnia and Herzegovina was supposed to contribute to the debate in the UN Security Council.

Only the basic functions of the state in the foreign policy realm are carried out, often on the basis of informal arrangements agreed upon by the members of the Presidency, or country's leaders: appointment of ambassadors, accepting accreditations of foreign diplomats, and receiving increasingly rare visits by the foreign dignitaries. The appointment of Bosnia's ambassadors is good illustration of such an informal arrangement. Each member of the Presidency therefore has sole prerogative to appoint the country's ambassador in a country that is understood to be 'his' or 'his ethnic group's' domain. Such privatization of the key element of the state's foreign policy has led to numerous accusations of incompetency, criminal dealings, squandering of resources, implementation of parallel foreign policies by individual diplomats, and so on. Yet, due to the policy of non-interference in the other members' 'domains', serving diplomats cannot be held accountable, nor can their work be effectively scrutinized or directed by anyone in the Presidency or the Ministry of Foreign Affairs.

The non-existent – for all practical purposes – foreign policy of Bosnia and Herzegovina has left the country at mercy of regional and world powers. Arapovic nicely sums up the absurd situation in which the country has been trapped:

in the past 18 years of Bosnia's foreign policy, its successes and failures were usually not the result of foreign policy decision making by the formal centers of foreign policy decision making, but were mostly collateral product of, initially complex order of events during the war years caused by the numerous internal and external, and even global factors, while in the post-war period were caused by social and political environment in which an individual held more power than the system.³⁹

38 BiH Mission to UN, *Bosnia and Herzegovina Elected Non-Permanent Member of the UN Security Council*, no date, available at <http://www.bhmisijaun.org/Latest-News/bosnia-and-herzegovina-elected-non-permanent-member-of-the-un-security-council.html>, last accessed May 1, 2013.

39 Arapovic, *Foreign Policy of Bosnia and Herzegovina: Determinants and Perspectives*, 92.

3.4 Summary of foreign policy activities of WB states

In her discussion of the role of small states world politics today Jeanne Hey tried to summarize scholars' opinions regarding the range of behaviors exhibited by small states. According to her, small states tend to exhibit a low level of participation in world affairs; address a narrow scope of foreign policy issues; limit their behavior to their immediate geographic arena; employ diplomatic and economic foreign policy instruments, as opposed to military instruments. Hey also concludes that small states seek to secure multinational agreements and join multinational institutions whenever possible and rely on superpowers for protection, partnerships and resources.⁴⁰

All three states studied here do indeed exhibit a low level of participation in world affairs, as demonstrated by a pattern of voting in the United Nations by Croatia and Bosnia and Herzegovina. They also, *ipso facto*, try to rely on superpowers for protection, partnerships and resources and secure multinational agreements and join multinational institutions whenever possible. In case of Serbia, it is the repeated attempts to involve Russia in resolving Kosovo issue, while Croatia is immersing itself in NATO and the European Union's CFSP. However, at times all of these states also engaged in reckless, risky, and sometimes irrational behavior in foreign policy arena. Serbia certainly did not try to cooperate in order to avoid conflict with other states in the Western Balkans in the 1990s, but rather opted for some old-fashioned imperialism more suited to nineteenth century great powers. Croatia under Tadjman joined forces with Serbia in trying to effect the partitioning of Bosnia, and later came to the brink of war with NATO itself over an infinitely irrelevant cause. Bosnia, too, due to its quietest policy orientation, has completely neglected foreign policy, engaging only sporadically in performing only the most basic functions of state in the international arena.

Even when trying to act rationally, as Croatia certainly did in the post-Tudjman era and as Serbia is perhaps doing now, discussion of foreign policy choices made by the Western Balkan states on some of the key junctions in their post-independence histories amply demonstrate that political alignment with more powerful international actors did not always produce demonstrable immediate or long-term benefits in most fields. Such foreign policy strategies should not necessarily be considered as bad deals made, but they do speak to the character of the small Western Balkan states in question. These states are not strong functional states, which is especially visible in case of Bosnia and Herzegovina. Outside of the EU, as the immediate and logical organization to which they aspire (whether overtly or not) to belong but falling short of actual membership, they seek support from

40 Jeanne A. K Hey, ed., *Small States in World Politics: Explaining Foreign Policy Behavior* (Boulder, CO: Lynne Rienner Publishers Inc., 2003), 5.

'traditional' allies. This is how Russia came to play the role in Serbia and to some extent Bosnia, or how Turkey is by some considered to be influential regional moderator. The problem is, there is no big reward to be reaped by external 'sponsors' for supporting their smaller brethren. What the latter could offer – chiefly their resources and/or their loyalty – has already been tapped, and what remains is not especially valuable. That's how, having laid its hands on Serbia's oil monopoly, Russia now tells the government in Belgrade that over the issue of Kosovo it is to act essentially alone.

It has to be seen yet to what extent the foreign policy of Croatia will change after it accedes to full membership of the EU. Multilateralism is certainly conducive to small states' interests and an organization like the EU gives them in some aspects more leverage than they would have if acting alone on the international scene. On the other hand, an emboldened Croatia, now in possession of veto power when it comes to further enlargement of the EU, could also prove to be a less than constructive neighbor to Bosnia and Serbia, lagging behind on the path of European integration. A change of governments in any of these countries could yet significantly change foreign policy prospects, and indeed stability of the Western Balkan states. On the other hand, it could also be argued that "this is an area of public policy which seems to display more continuity than most", hence positive tendencies observed in the past decade could lead to further strengthening and stabilization of the region and cooperation between the states.⁴¹

4. Conclusion: weak states?

The article discussed the foreign policy decision making process in three Western Balkan states: Serbia, Croatia, and Bosnia and Herzegovina. These three central WB states are exemplars of three distinct internal political frameworks as well as differing patterns of post-conflict development of political process. While Serbia could enjoy inheriting much of the legacy of former mid-sized power, Yugoslavia, such heritage also encumbered foreign policy decision making process in incomparably smaller, weaker and less significant Serbia. Quest for authentic foreign policy was devoid of realistic planning and lacking the means to assert its interest in the region and internationally. Shortsighted – or as Hill would term it, 'autistic' – foreign policy during the past two decades brought Serbia on collision course with its neighbors, and the international community. To counter it, Serbia sought to forge alliance with Russia, whom it considered its 'traditional' ally. However, devoid of strategic planning, and due to lack of genuine interest on Russia's side, such policies produced next to no benefits for Serbia.

In case of Croatia, the similar autistic foreign policy orientation of Tudjman era was replaced after his death with more realistic policy of pursuing alliance with interests of the European Union and, on international arena, the United States. Stubborn pro-‘western’ partisan foreign policy orientation did bring the rewards for Croatia in terms of ascendance to the full EU membership in July 2013. At the same time, though, the Croatian case shows the limitations of blind policy of seeking alliance with superpowers and multinational institutions, without pursuing other avenues where the state could benefit as well. In this case, failures to capitalize on opportunities in the energy sector cost Croatia dearly.

Bosnia and Herzegovina is prime example of a failure of the state to formulate and pursue its foreign policy choices due to limitations posed by shortcomings in the internal policy making process. The inadequate political framework and inexistent vertical hierarchy wherein political consensus could be built, along with weak institutions, all combine to severely curtail BiH’s ability to conduct an independent foreign policy. The involvement of external powers is necessitated by divergent orientation of its ethnic political elites, seeking alliances in turn with Croatia, Serbia, or eventually Turkey. In other words, as Hill observed, Bosnia-Herzegovina actually has little choice but to reduce its foreign policy to virtual immobility for fear of disturbing the delicate balances inherent to internal politics as defined by the Dayton Agreement.

By examining the case studies of three Western Balkan states this article demonstrated the validity of both Hill’s and Hey’s presumptions regarding the practical limitations to foreign policy choices of small states. These three states are exemplars of ‘autistic foreign policy’ (Serbia), blind association with interests of external powers in hope that it will eventually benefit their smaller ally (Croatia), or complete inability to both formulate and implement foreign policy choices due to limitations of internal politics (Bosnia and Herzegovina).

Findings of the article represents a solid starting point for further research in regards to mechanisms of foreign policy decision making in small states suffering from severe limitations to functioning political decision making process. At the same time, these findings and further research could significantly impact and benefit decision makers’ capacity for formulating the best policy choices to advance their national interests in the regional and international arena.

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BOOK REVIEWS

Pippa Norris, *Making Democratic Governance Work: How Regimes Shape Prosperity, Welfare, and Peace* (Cambridge: Cambridge University Press, 2012)

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The persistence of economic destitution particularly in the developing countries has raised an endless debate on its causes and the way forward. Different theories have been formulated and other theories perished. The present scholarship explains how regimes shape prosperity, welfare and peace. Using various theories Pippa Norris argues that democratic governance is capable of bridging the economic gap and spurring economic growth. Democratic governance assumes that development is most effective where regimes combine the qualities of democratic responsiveness and state effectiveness. Various premises have been put into consideration. First, institutions of liberal democracy encourage elected officials to pay attention to human security. However, in practice, liberal democracy often proves to be imperfect in each of these procedures. This is particularly so where party competition is limited. As a result electoral systems are manipulated or channels of participation are more skewed towards money than people. Second, democratic institutions are by themselves insufficient to achieve development goals. It is quite known that institutions of democracy can limit the abuse of state power but do not ensure the necessary capacity of leaders to implement effective public policies addressing social needs. Therefore, a merging of democracy and governance, particularly state capacity leads to achieving developmental goals.

The book is organized in three major parts. The first part introduces various perspectives to expanding human security. These include: democracy-promotion; structuralist-view and governance capacity. The democracy-promotion perspective believes that government (leader) responsiveness and accountability are the key to the attainment of human security. The structuralist-view suggests that development is determined by environment factors of a society. This refers to geographical location, natural resources, and human capital. At this point, it is equally important to state that regimes have minimal effect to development. The last group holds that state capacity (governance) is critical in delivering basic services such as education, health, water, etc and state-building is crucial in post-conflict reconstruction prior to holding elections. The author develops a unified theory out of these perspectives. She opines that a combination of liberal democracy and governance capacity developed in parallel will prove most effective recipe for growth, within the constraints of structural conditions. The second part of the book compares regimes. Methodologically, the author conceptualizes and measures various concepts like liberal democracy, good governance, human security, and state capacity. She goes

further to choose cases that share many structural characteristics, for example, geographical location, historical backgrounds, and social composition. However, the cases differ in developmental outcomes and regime types. These are democratic and autocratic regimes. The last part discusses regime effects. The findings show that bureaucratic democracy has a greater effect in economic growth as it combines the most effective macroeconomic management by the state and accountability by electorates.

It is impressive to state that the present scholarship provides useful insights to solving problems of instability, war, poverty, and anarchy occurring around the world and particularly developing countries. For example, poverty in Africa, the recent Arab uprisings, instabilities in Burundi, Congo, Nigeria, Mali, and Somalia, and post-election violence in Kenya and Uganda concretize the situation. The book is innovative in theory and empirical data. The author has been able to show a strong correlation between a certain regime and state of prosperity, welfare, and peace. She presents that a regime constitutes the basic framework for governing the nation-state within its territorial boundaries; this includes the overarching constitutional arrangements and the core government institutions (p.43). The first premise indicates that liberal democracy may bring prosperity, welfare and peace. In liberal democracy leaders are elected on basis of free and fair but competitive multiparty elections that meet international standards of integrity. In addition, there is a provision of freedom of expression and respect for civil liberties; checks and balances among regime institutions; independent judiciary; effective legislature; freedom of the media; and associational autonomy. The second premise shows that autocracies cannot ensure development as they are antithesis to democratic practices which are deemed conducive for economic growth. Autocracies in Mauritania, Chad, Cameroon, the Central African Republic, Somalia, and Singapore provide vivid examples (p.63-64). Regardless of the good efforts liberal democracy make, the author argues that it is still insufficient to ensure development. For example, Ghana has experienced periodic multiparty contests that international observers have regarded as free and fair; and in 2009 Freedom House rated Ghana 1.5 on its seven-point index of political rights and civil liberties, classifying it as liberal democracy comparable to Greece, Israel, South Korea and Bulgaria (p.61, 63) and yet it is one of the poorest countries. The author explains that the capacity of public sector is limited in terms of discharging prime objectives such as providing social services like education, health, water, etc (p.64). This leads to the third premise of this authority.

It is argued that state capacity is very necessary in making liberal democracy work effectively. The author puts that state capacity determines how far regime authorities can achieve their goals and perform functions essential for collective well-being (p.44). The assumption is that the bureaucratic form of government has better mechanisms of controlling authorities so that effective public policies are

formulated and implemented. The author acknowledges the limitations of bureaucratic form of government even in its new form of New Public Management. Unfortunately, the author does not explain adequately limitations of bureaucratic government to ensuring prosperity, welfare and peace. This is the weakness of the present scholarship. Taking Africa as a reference point, bureaucratic government does not work effectively due to a number of limitations putting aside the common excessive rigidity, and inflexibility. New public management is also limited in a number of ways: the use of business techniques in public sphere confuses most basic requirement of any state, and taking a citizen as a mere customer takes away his/her political participatory rights and duties. It is interesting to note that most of limitations are grounded by external economic bondage. Historically, Africa was colonized by European countries after the Berlin conference in 1884-1885. The motives behind Africa's colonization were three; resources (raw materials), investments, and markets. After about 80 years of colonization, Africa became politically independent but economically dependent to colonial masters. The colonial motives have intensified in a more sophisticated approach, i.e. globalization, where the emphasis is free trade and private investments. In reality Western countries depend heavily on Africa for investments, raw materials, and markets. Therefore, the emphasis on formal rules by bureaucratic government leads to red tape combined with external economic bondage hence corruption, rent seeking behavior, and a lack of patriotism. A consequence of these is a struggle for resources and thus political instability, war, post-election violence, extreme poverty, ethnic antagonism, and religious intolerance. It is quite shocking, in recent decades to observe the regular conduct of elections in Africa becoming a source of violence. Conclusively, unless economic bondage between Africa and western countries is broken bureaucratic democracy is unlikely to work.

In spite of these shortcomings, the book is recommendable to practitioners, policy makers, and academics. It is one of the few books that has extensively dealt with governance capacity. Its strong emphasis on formal rules is peculiar and must not be ignored.

Sandipani Dash, *Sudan's Oil Diplomacy, 1991-2003* (New Delhi: Manak Publications Pvt. Ltd, 2012)

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As world is moving fast on swirling waves of globalization and, as the new economies of Asia have witnessed unprecedented economic growth, global competition for natural resources has entered into new phase of international politics. Although 'scramble for natural resources' has always been a defining theme

of international economic structures, the rise of Asian economies and multinational companies has metamorphosed natural resources politics in the current discourse on world affairs. The African continent which has huge reserves of natural resources such as oil, gas and minerals, has acquired a renewed significance in world politics. Analysts fear that quest for natural resources can lead to potential new conflicts among nations. Today, new discoveries of coal, oil and gas across Africa generate great academic interest to predict how these resources will transform the course of global energy markets and development in those countries. In this context, Sandipani Dash, in his book *Sudan's Oil Diplomacy, 1991-2003*, has attempted to analyze oil diplomacy of an erstwhile undivided Sudan in the larger context of natural resource politics in Africa. The book aims to examine the importance of Sudan's oil reserve in the world oil regime, its oil production linkage with the Western and Asian countries, and its diversified approach to transnational oil production with Asian orientation.

Thematically, the book can be divided in three parts. First, it discusses the relevant traditional and emerging theoretical paradigms and tries to locate Africa in the extended world oil regime. In the historical context, author traces the roots of resource politics in the 19th century colonial era and its transformation in the subsequent post-colonial and globalization phase. The book indicates that nature of competition may have changed in current times but the pursuit of natural resources and commercial profit-centric approach remain the mainstay of the foreign policy of nations. The growing role of non-state actors, including Multi National Corporations (MNCs), have further complicated the process.

As the third largest producer of oil in Sub Saharan Africa, Sudan holds immense importance for ever rising energy demands in the Western countries. The country, which earns 70 per cent of its Gross Domestic Product (GDP) from the oil industry, has become quite strategically important in international energy market and consequently in the world affairs. Second, the book examines the transformative impacts of the 9/11 attacks. The post-9/11 political instability in West Asia also compels oil importing countries to look beyond traditional supply zones and to explore areas of African continent. Oil has been used as 'bargaining chip' in foreign policy negotiations by the government, which is tangible in its diversified relations with the West. As described in the book, Sudan has partnerships with several European countries, the United States and Canada. Western interests in African oil are tangible in their national security strategy, for instance, the US declared African oil as a 'strategic national interest' and growing engagement in oil rich African countries is ample evident in its foreign policy documents (p. 97).

Third, the author has tried to examine the 'balancing approach' in Sudan's oil diplomacy when he analyses the country relations between West and East. Asian quest for African equity oil has emerged in post-cold war economic world order.

Highlighting growing energy demands in Asia, particularly China and India, the book argues that entry of China would transform the both energy market and energy politics of Sudan. While taking note of India's engagement in Sudan, China's aggressive approach for acquiring energy resources in the country has been amply discussed in the book. China has been extensively involved in oil exploration, building pipelines and developing the necessary infrastructure in Sudan. Sudan supplies 7 per cent of China's oil demands. Consequently, China has emerged as Sudan's largest commercial partner and trade between two has already surpasses \$ 3.9 billion (p. 149).

The author concludes that Sudan fundamentally changed its oil diplomacy over the years and that the country has used oil as a bargaining chip to modernize its army, gain financial credit and dilute the criticism of its human rights violations. He argues that Sudan's 'Asian Orientation' had the potential to further deepen partnerships with rising Asian economies. The author sees,

there is consequently a new scope for transnational partnership for oil production that is unfolding under the wider framework of Afro-Asian interdependence based on economic complementarity in the post cold war world order (p. 252).

The book also discusses how Sudan uses its oil for peace building and development. Despite its huge resources, it remains uncertain how Sudan will use the natural resources for peace building, reconstruction and development. The African experience does not inspire much hope. Nigeria, the largest producer of oil, remains one of poorest countries in the world where 90 per cent of people live on less than \$ 2 per day. The optimum of use of natural resources requires strong and effective governance and well articulated policy which are absent in Sudan. Capital and advance technology are essential for extraction of natural resources, but they will only come when the country will fulfill these prerequisites. Sudan should start competitive bidding and re-orient its policy towards maximization of profits which can be used for reconstruction and development of the country. It has also been noticed that natural resource extraction does not create enough employment opportunities and volatile resource prices cause unstable growth. Here it would be pertinent to say foreign-owned resource extraction companies contribute little to the generation of local employment and the growth of local economies. Sudan should have adopted sustainable growth strategy and invested profits from oil industries in building infrastructure and creating productive assets. A peaceful country and law-based system of governance is compatible with good business and serves as a base for new business, attracting foreign direct investment and winning the confidence of investors.

Nevertheless, the book is a novel attempt to examine the natural resource politics and foreign policy of a conflict-ravaged country in Africa. The book is informative; it analyzes current global and regional politico-strategic dynamics in energy politics;

and it has assembled a great of information in the relevant theoretical perspectives in a lucid form. The uniqueness of the book lies with problem-solving and solution-oriented approach to Sudan's political and social crisis. This book is insightful and a valuable contribution to knowledge of natural resource diplomacy and an undivided Sudan's oil diplomacy.

Samuel Bowles, *The New Economics of Inequality and Redistribution* (New York: Cambridge University Press, 2012)

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Economists generally believe that societies face a trade-off between efficiency and equality. Arthur Okun famously expressed this view when he compared redistribution from the rich to the poor to carrying money in a "leaky bucket"¹. The leak, according to Okun and likeminded economists, is caused by the distortionary effects of taxation and the high administrative costs of redistribution. Samuel Bowles' latest book, *The New Economics of Inequality and Redistribution*, is chiefly an attack on this widespread view. Bowles argues that it is wrong to view efficiency and equality as competing goals and, moreover, that some redistributive policies will actually improve economic efficiency rather than damage it.

Bowles' central claim is that wealth inequality is costly for a society's economic prospects; thus, policies aimed at creating a more equal distribution of wealth could, at the same time, also increase economic productivity. Bowles then proposes a specific type of redistributive policy, which he terms "productivity-enhancing asset redistribution", and suggests that it would not only be economically efficient but also politically feasible.

Using game-theoretical models and statistical analysis and drawing on new developments in contract theory, Bowles outlines several different ways in which inequality has a negative impact on economic productivity. First, the concentrated ownership of capital breeds principal-agent problems between capitalists and workers; the latter are not the residual claimants of profits, so they have an incentive to put in less effort than would be efficient. Moreover, workers' shirking creates the need for costly monitoring, which further adds to the efficiency loss. Second, more unequal societies will have a less efficient allocation of funds to investment projects, as more people will be credit-constrained and thus unable to finance their projects even though their rate of return would make them

¹ Arthur M. Okun, *Equality and Efficiency: The Big Tradeoff* (Washington, D.C.: The Brookings Institution, 1975).

worthwhile. Third, Bowles finds that, both across U.S. cities and across different countries, economic inequality is significantly and positively correlated with the fraction of workers employed as guard labor. He interprets this as evidence that unequal societies tend to have less secure property rights and, as a consequence, will divert more resources from production to the guarding of property.

Bowles does not stop at diagnosing the negative impact of inequality on economic efficiency. His book is intended not only for social science academics but also for political decision makers. Bowles consequently spends a considerable amount of time deriving the policy implications of his findings. He suggests a policy of capital asset redistribution, which, he believes, would mitigate the adverse effects of inequality while at the same time avoiding the incentive problems of the traditional welfare state. Bowles argues that asset redistribution would enhance productivity by making workers the residual claimants of their effort and thus removing the incentives to shirk. Furthermore, he claims that this policy would also ease credit constraints and make efficient investment projects more likely to get funded. Thus, claims Bowles, capital asset redistribution would simultaneously enhance both equality and economic efficiency.

The New Economics of Inequality and Redistribution is written in a clear and concise manner. Even though some sections are technical in nature, Bowles' reasoning is easy to follow. The equations and diagrams are always accompanied by detailed explanations and technical terms are usually defined in advance. Another nice feature of the book is that it not only makes policy prescriptions but also examines whether these are politically feasible. Bowles dedicates three chapters of the book to arguing that, even in a world in which capital is highly mobile and public opinion often opposes redistribution, his policy proposals remain realistic.

Despite these strong points, however, the book has significant flaws. Bowles' treatment of risk incidence under his proposed policy of capital asset redistribution is unsatisfactory. Making workers the residual claimants of a firm's profits would indeed improve their work incentives, but it would also make them bear the risks from profit volatility. In contrast, under the contractual arrangements prevailing in most firms today, workers receive a fixed wage; this insulates them from the risk due to volatile profits, which is instead born by the owners of capital. If, as Bowles acknowledges, poorer people tend to be more risk averse, then shifting risk from capitalists to comparatively poorer workers will be economically inefficient. The overall effect of asset redistribution will thus be ambiguous: it will improve worker incentives and ease credit constraints, but it will also lead to a less efficient risk incidence.

This illustrates a more general shortcoming of Bowles' method. Throughout the book, Bowles is satisfied with merely showing that effects exist and does not

attempt to estimate the magnitude of these effects. Thus, when one variable affects another through both positive and negative channels, the net effect will be impossible to predict. This would not be a problem if Bowles merely concluded that capital asset redistribution could increase economic efficiency, depending on how its various effects balance out. His conclusion, however, is much stronger: he argues that asset redistribution will have a definite positive effect on efficiency. Such a conclusion is unwarranted and would require quantitative estimates of the impact that asset redistribution might have on risk incidence, work effort, and credit constraints.

In the end, Bowles does not marshal enough evidence to convince us that the equality-efficiency tradeoff is not real. True, he does prove that the tradeoff might not hold under some conditions, but it is unclear whether this applies to contemporary societies. The usefulness of Bowles' book as a policy guide is thus questionable. Just as efficient market models do not imply that real existing markets never fail, Bowles' efficient redistribution model does not imply that real redistributive policies will not have efficiency costs. Of course, this does not mean that societies should never engage in redistribution, just as the existence of market failures does not mean that societies should not use markets to allocate resources. What this does mean, however, is that redistributive policies should be tailored to particular contexts and should always take into account possible efficiency losses.

As a scholarly work, *The New Economics of Inequality and Redistribution* raises important questions about the economic consequence of wealth inequality and suggests some intriguing answers. It is thus recommended for academics and even laymen interested in the subject of economic inequality. As a guide for policy, however, the book leaves much to be desired.

Isabelle Delpla, Xavier Bougarel, and Jean-Louis Fournel (eds), *Investigating Srebrenica. Institutions, Facts, Responsibilities* (New York: Berghahn Books 2012)

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In July 1995, the Bosnian Serb army invaded the enclave of Srebrenica, a UN safe area guarded by Dutch blue helmets, and murdered about 8,000 Muslim Bosniak civilians under the eyes of the international community. Reports say that even as of today as many as 2,306 victims from the massacre are still missing. The massacre of Srebrenica - the secret codeword of the operation was "Krivaja95" - became known as the largest genocidal massacre of a civilian population in Europe since World War II. It represents the deliberate killing of innocent people in the wake of a ferocious civil war in the former socialist republic of ex-Yugoslavia in the first place,

and the inaction of the international community who did not intervene to prevent the forced displacement and massacre, too. The present study elucidates how various international state actors and organizations such as the UN, the blue helmets led by the French and Dutch, the Serbs, the Bosnians among others that have been concerned with the massacre have (re)interpreted the facts and responsibilities in their public discourses. It does not discuss criminal responsibilities of individuals as these have been taken care of by the International Criminal Tribunal for the former Yugoslavia (ICTY). It does not intend to single out individuals who might have failed in their moral judgment and behaviour either.

The main purpose of the study is to explore how national and international entities "face up to their own responsibility in the events" (p. 12) by analyzing and comparing the different parliamentary inquiries, fact-finding missions and UN reports that were commissioned to establish possible institutional malfunctions and learn from possible errors, mistakes and wrongdoings. The editors are well aware that "these often tedious investigations and reports" (p. 10) may offer few new insights. How well does the study then succeed in providing answers to the question of identifying and assigning responsibilities and in evaluating how parliamentary and international institutions construct knowledge from information and facts?

It is precisely the interview with the ICTY police investigator Jean-Rene Ruez, who gathered meticulous criminal evidence for the prosecution, which reveals the most shocking lessons of the study. The interview unveils that the massacre was not a spontaneous act but a premeditated act requiring large organizational and logistic resources. The Serbs, who referred to their victims not as prisoners but "packages" (p. 37), were at that time already fully aware that "there would be inquiries into these events" (p. 27). Malicious efforts were therefore undertaken to camouflage the number killed by transferring all but a few corpses from the primary mass graves to secondary graves (p. 27). The factual nature of the "criminal truth" reported by Ruez contrasts sharply with official parliamentary reports deemed to produce a "public discourse of truth" (p. 41). In this regard, the contribution of Pieter Lagrou, professor of history at the Free University of Brussels, on the Dutch parliamentary Srebrenica report offers detailed insights into the political construction of the truth process. According to his conclusions, the Dutch report (NIOD) published in April 2002 served one single purpose: to whitewash the political class by allowing the Dutch Government "by means of a report and a resignation, to once and for all turn the black page of Srebrenica" (p. 101).

While the editors agree in their final assessment and comments with the findings of Larou by describing the "methods and results of the NIOD" as "often weak" (p. 150) they disagree with the comments of the French fact-finding member, socialist MP Pierre Brana, with regard to the controversial role of the French UNPROFOR top commander General Bernard Janvier who had categorically refused to order air

strikes against the Serbs on the night of 10 July 1995, just before the Serbs captured Srebrenica and began executions. Whereas the editors question the basic willingness of French MPs to seriously “analyse” events in their report (p. 45) and openly criticize General Janvier for having done “nothing to defend the enclave, deliberately abandoning it to its fate” (p. 154), Brana refuses to settle individual responsibilities in his contribution and refers instead to “differences of analysis” (p. 62) in assessing General Janvier’s decisions. This polemic between editors and Brana on the role and responsibilities of General Janvier is regrettable because it diminishes the academic quality of the study which claimed, at the outset, to simply establish a narrative of events (historiography) by comparing the findings of various UN and parliamentary reports on Srebrenica with a “focus on the inquiry as such” (p. 2). Even the word “inquiry” gets an ideological colouring when Brana notes that the French preferred to use the word “fact-finding” because inquiry suggests “suspicion of wrongdoing” (p. 57). At the same time, Brana regrets that the word “genocide” was not explicitly used in the French report (p. 63). He does not, however, explain why the term genocide - which is much stronger and clearer than the vague term “ethnic cleansing” (p. 153) - was not used even though it was legally, morally and politically correct to do so in light of the judgment of the International Court of Justice at Hague in 2007.

Getting back to the main findings of this study, the editors stress two main points: there has been disagreement among the various studies on the reasons for carrying out the massacre and there is disagreement on identifying the levels and layers of responsibility, that is, who should take responsibility and for what actions. Despite these variations the reports remain very similar in style and aims according to the editors. In her final conclusion Isabelle Delpla, a philosopher, unable to deduct a meaningful public truth from the various reports she analysed, asserts that only the criminal investigations of the ICTY - which in her view offer the most reliable, verifiable and scientific testimonies (p. 153) - can give a true and complete picture and enrich our understanding. She also gives high credit to the UN report and the book *Endgame* written by David Rohde, who was the first to investigate and locate the mass graves, for having contributed to the full understanding of the dynamics of the events. Her disappointment with the various official reports becomes obvious when she writes at the end of the book that “one should no longer read these reports as a form of political or moral reflection” (p. 164) but as a form of “theodicy” which assigns responsibility to a metaphysical condition or impersonal force. In other words, by issuing these reports the international community - facing the evil in Srebrenica - tried to justify its inaction on higher philosophical grounds.

Tobias Endler, *How To Be A Superpower: The Public Intellectual Debate on the Global Role of the United States after September 11* (Opladen: Barbara Budrich Publishers, 2012)

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From the great rift that has emerged between the United States (US) and much of the international community in a post-9/11 social and political landscape, a disquieting thread of schisms concerning America's political ideologies, democratic deliberation, communication and societal discourse, have seen the academy and public intellectuals seed the conditions for the adoption of the general view that the US is in decline. Establishing an edifying prism through which to engage with these and other problematic issues such as the reformulation of America's global role in the 21st century, Tobias Endler addresses the deep core of the matter by connecting with leading political thinkers and America's luminary intellectuals to consider America in the midst of an intellectual renaissance, and whether this might appropriately be taken as postmortem or rebirth.

Recognizing the work and commitment of public intellectuals as fruitful avenues for approaching and informing the foundations of democratic ideals, Endler argues that, "deliberative democracy in the form of comprehensive public debate represents the most promising way for America to (re-)constitute its identity in a world that has changed since September 11, 2001" (p. 278). Enshrining the heart of the Habermasian concept of lifeworld, the chapters woven together present an intellectual trade of ideas representative of the contestation evident in American culture across the map today by depicting the manner in which "America argues with itself," "argues about itself," and how it "goes through a permanent process of self-legitimization and –affirmation" (p. 276). This is an exercise exacerbated by the exigency of the US reasserting its position within world politics and heightened by rivaling interpretations of the universalistic ambitions of a pluralistic state in a "hopelessly plural world" (p. 276). Endler introduces the reader to the reemergence of pessimism regarding intellectual life within the US, and reveals the dangerous point at which the country finds itself given the state of the US population's indifferent disposition toward American intellectual thinking and what they have to say to the (general) public. Eminent academics are shielded by the negative repercussions as the providers of faulty prediction, factual error, or simplification and sweeping statements that continue to devalue the credibility of these elite (p. 15). While the contention resonates that the reputation of intellectuals has been decaying for some time, Endler reasons that as they are once again becoming widely respected, their voices are also becoming positively engrained within US public discourse.

Endler's grounded methodological approach processes information acquired through academics, journalists, think tankers, and active or former politicians, however, the author considered engagement with the nation's most prominent intellectuals necessary for tiering the analysis of each chapter so as to combine what Endler refers to as the "content-level" with the "conceptual level" (p. 16). Drawing on information acquired through interviews with notable academics such as Francis Fukuyama, Noam Chomsky, and Howard Zinn, the author informs each chapter using a representative sample of two to three "thinkers" clustered according to their ideological orientation. In doing so, a robust debate is cultivated and thread through the various chapters. Within the main body of this work, Endler places the public intellectual within the context of American society, considering the extent to which the public intellectual is a necessary component in keeping the democratic debate alive. The university setting is depicted as an alienated landscape that has simultaneously fallen under extreme pressure in the same way as political institutions and businesses. The discussion related to these thinkers is employed to exemplify the nature in which society can benefit from the posture of public intellectuals, and serves to express how a particular relativity of knowledge exists that now compels the intellectual to descend from the ivory tower. Endler's examination hosts the reality of fragmentation existing within American political streams. Noting that that US is "far from homogeneous," a number of intellectuals and individuals alike have moved beyond their respective political classifications (p. 45). Focusing on the neoconservative movement, which Endler reasons, "grew out of a contradiction," the author illustrates how intellectuals analyze politics, political roles, and scenarios in which particular states define themselves along different lines (p. 46).

A modality of the intellectual element toward the identification of the US by neoconservatives within the context of the post-9/11 world is a sparkling feature of this chapter. A nexus is achieved with the case of power, ideas, and ideals as intentional designs of self-perception and the imagery constructed to allow a nation to engage with the world while viewing itself as the harbinger of a liberal democratic movement. The reader comes to face the locus of moderate conservatives, referring to their role, in part, as a "balancing act" that uncovers the importance of considering multiple prisms of interpretation and analysis of the US and its role after 9/11 (p. 123). Zbigniew Brzezinski hammers the point in this regard questioning whether America can conduct a foreign policy "that avoids the pitfalls of a beleaguered mindset but still comports with America's historically novel status as the world's paramount power" (p. 125; Brzezinski, 2005: p. xi). Endler considers the status of superpower as a point of controversies and a self-awarded special status in so much as the issue of status retains competing dimensions that are ultimately dictated by the position from which the perception is cast. Probing a weakened desire to hold on to an idealistically charged approach to American exceptionalism, Endler facilitates another rich exchange between leading public

intellectuals, fitting these “thinkers” and their works together as a critical step in maintaining a debate that others have effectively trumped through accusations of “un-Americanism” on the part of several (i.e., the Chomsky-Zinn-Finkelstein quarter), and for preserving these voices as features of necessity.

Endler has made a very interesting contribution to the fields of political science and international relations, more specifically, for structurally approaching important debates about American identity and foreign policy as applied to the world as well as phenomena that are hotly contested and struggling within the borders of the US itself. This work suggests a great deal of planning and clearly shows that the author has mined an extensive range of intellectual minds and to considerable depths in order to deliver a synthesis of analyses from the full political spectrum within the US today. Endler convokes an appreciable field of secondary source material with primary source material obtained through well-orchestrated qualitative methodologies. This multidisciplinary work, while delivering evidence that supports the central argument addresses a number of sub-questions that adds an interesting dimension. The discussion and enlightening perspectives marshaled within this book make it an attractive work to thinkers within and beyond the United States so as to make it not only relevant to the discourses taking place in other societies, but also renders the exploration within very much timely and a piece on which members of academic and non-academic circles alike might easily fall in the future. Broadly appealing to an interested public as much as it is to members of the academic community, Endler’s work is a reminder, not exclusively through its literary accessibility, that the connection points between the public and scholarship should not only be preserved, but also strengthened in order to reconsider the role of the intellectual within American society today and tomorrow.

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