

THE POST-COMMUNIST TRANSITION AND INSTITUTIONALIZATION OF LITHUANIA'S PARTIES¹

Algis Krupavičius

Lithuania's transition from a one-party communist state to a multi-party system is a good example of a *negotiated revolution*. The transition, however, was not linear, but rather phased, with each phase having a different impact on party organization and politics. Three facets of the transition will be examined here:

- The impact of the general logic of post-communist transition on emerging multi-partyism and on particular parties;
- The legal and institutional bases of Lithuania's parties;
- The relation of organizational patterns and party government in the institutionalization of the parties.

Lithuania's experience with a competitive party system did not begin in 1990. The historic experience, dating back to the late 19th century, has been relevant to recent developments. That history is the starting point for my discussion here.

Historic Roots of Parties and Multi-Partyism in Lithuania

Multi-party competition is not a historical novelty in Lithuania. The first political parties emerged here in the late 19th and early 20th century, generally in the same historical period as in most other countries of East Central Europe (Poland, Czechoslovakia, Hungary). The Lithuanian Social Democratic Party (LSDP) was founded in 1896, the Democratic Party (LDP) in 1902, and the Christian Democrats (LChDP) in 1905. Most of these and other parties emerged from various ideological streams within the national liberation movement started at the end of the 1880s.

The Lithuanian Council, the political institution that declared Lithuania's independence in 1918, was dominated by party politicians from the moment of its establishment in September of 1917. The LSDP, LChDP, National Progress, Democratic and Socialist People's parties were represented in the Council from the outset.

The early development of multi-party competition, however, did not promise much political stability. The two year period of 1918 to 1920 saw five cabinet crises

brought on by partisan disagreement. It was only after the election of the Constituent Seimas in 1920 that a fully functioning parliamentary democracy came into being, with parties granted legal and practical means to implement their representative function in Lithuanian society.

The 1922 Constitution made the parliament responsible for the election of the President and for the appointment of the Cabinet. As a consequence of these legal provisions, parliamentary parties moved to the center of power in the Lithuanian state. The 1919 to 1926 period was one of relatively stable competition between two party blocs. The right wing was dominated by the Christian Democratic coalition; the left wing was led by the Peasant People's and Social Democratic parties. The major parties, such as the Christians, Social Democratic, and Peasant Peoples parties, developed broad rank and file memberships that exceeded the numbers found in contemporary Lithuania's leading parties (see Tables 1 and 8).

In the 1919-1926 period, the strongest political force was clearly the Lithuanian Christian Democratic Party, together with its satellite organizations, the Labour Federation and the Farmers Union. This combination held a majority of seats in all parliaments in the period, with the exception of the 3rd Seimas, elected in 1926 (see Table 1). The major competitor to the LChDP was the so-called-"*People's coalition*". Initially, it included the Lithuanian Socialist Peoples and Lithuanian Peasants parties. A third major political group was represented, of course, by the Lithuanian Social Democratic Party, which overcame the "virus of communism" in 1918 and 1919. Later the LSDP joined the Left wing coalition led by the social-liberal Peasant Peoples Party.

The results of elections to the Constituent Seimas, in 1920, was "a bolt from the blue" to the National Progress Party (NPP), which had been in a leading position, along with LChDP, in the Lithuanian Council and several Cabinets in 1918 and 1919. During the elections of 1920 the NPP was unable even to get into the Constituent parliament. Moreover, the NPP (in 1924 it was renamed the *Lithuanian Nationalists Union – LNU*) played only role of a minor party during the remaining years of the inter-war parliamentary democracy.

The growth and stabilization of the parties and the multi-party system was dramatically reversed after the 1926 *coup d'état*, led by the Nationalist Union. The causes of the *coup* can be traced to both external and internal conditions. Lithuania's next-door neighbor, Poland, suffered the Pilsudski-led *coup* in May, 1926. The LNU learned the Polish lesson, despite the hostile relations between the two countries in the 1920s. Democracy in the other neighboring countries was either weak – Estonia, Latvia, Weimar's Germany – or did not exist at all – Russia. Yet one cannot attribute the primary causes of the Lithuanian democratic collapse primarily to mere diffusion. Its principal causes were domestic.

All conditions that might have been supportive of democracy in Lithuania were clearly underdeveloped in the inter-war period. Democratic culture was a weak and short-lived phenomena; the level of literacy was low; socio-economic development was based predominantly on agriculture. Society in itself was highly conservative and religious (dominated by Roman Catholics).

Table 1. Parliamentary Democracy and Lithuania's Parties, 1919-1926

	Member-ship	Constituent Seimas, 1920		1st Seimas, 1922		2nd Seimas, 1923		3rd Seimas, 1926	
		% of votes	No of seats	% of votes	No of seats	% of votes	No of seats	% of votes	No of seats
Christian Democratic Bloc:									
LChDP	28,000 (1931)	35	24	17	15	14	14	13	14
Labour Federation	15,000 (1920)	10	15	12	11	15	12	8	5
Farmers' Union	4000	1	20	12	12	14	14	11	11
Peasants Peoples Alliance:									
LSPDP*	~33,000 (1926)	6	9	1	5	18	16	22	22
LPU*		17	20	17	14	-	-	-	-
LSDP	3,000 (1926)	13	13	10	11	11	8	17	15
LNPP**	13,000 (1928)	1.7	-	2.9	-	2	-	4	3
LFP	?	0.4	-	-	-	-	-	1.8	2
Others***		15.9	11	28.1	5	26	14	23.2	13
Total:			112		78		78		85

* LSPDP and LPU founded Lithuanian Peasants Peoples Party in 1922

** After 1924 Lithuanian Nationalists Union

*** Ethnic parties and pro-communist groups.

The constitutional design of democratic institutions also had its imperfections. The proportional electoral system produced a high level of party fragmentation, leading to unstable majorities in the Seimas. Lithuanian politics was extremely personalized, in addition to “hypertrophied partisanship” as in case of Czechoslovakia between the two world wars². The parliament’s use of its power over cabinet decision making proved meddlesome. The President was appointed by, accountable to, and controlled by the Seimas. A clear functional separation of powers between the legislature and executive was never implemented or even properly designed in Lithuanian laws in the 1920s.

The political behavior of parties, especially of the Christian Democrats, was in many ways completely irresponsible. The LChDP was inclined towards a policy of hardly manageable broad coalitions. Until 1924 it refused to form a single-party government and to take full responsibility for the Cabinet’s performance, even though it had a parliamentary majority. Imbalances between the centers of power, permanent clashes among political parties, along with the society’s inexperience with democracy guided Lithuania’s political ship into waters of authoritarian rule.

The “overheating” of the young democracy was finally reached in 1926. The collapse of the competitive multi-party system after the *coup d’etat* was not sudden but rather a gradual process. The only party what was banned outright after the LNU came to power was the Communist Party. All other parties survived for shorter or longer period after the coup.

The LNU, led by Antanas Smetona, sought initially to preserve a parliamentary form of government. Moreover, the coup leaders needed the tacit support of the Christian Democrats in order to create an impression that the LNU had taken power in a more or less constitutional manner and with the formal approval of the Seimas. This political diplomacy was fruitful for the LNU, and it was able to concentrate power in its hands without major resistance. The only attempt to organize a *contra-coup d’etat* by group of LSDP members failed in September 1927. Nevertheless, activities of the LSDP were not prohibited until 1933. All other parties, except the LNU, were banned *de facto* in November 1935.

In 1938 the “soft” authoritarian rule by the Nationalists came back to policy of “tolerance” towards a “loyal opposition” due to increasing international tensions in the Baltics and all Europe. One-party dictatorship was finally introduced only after Lithuania’s occupation by the Soviets in 1940. However, after World War II some Lithuanian parties were re-established in exile. In 1948 the Lithuanian Christian Democratic Party in exile joined the Christian Democratic International. Two years later, it joined the Union of Christian Democrats of Central Europe. The LSDP in exile took part in activities of the Socialist International.

The point I am making is that the traditions of Lithuanian party politics were never wholly stopped or forgotten. Without a doubt, Lithuania’s political stage was dominated by the Communist Party for almost fifty years in the 20th century. But former political affiliations and preferences were alive in cultural and social consciousness, at least in some parts of society. A definite sign of this influence was the rapid re-establishment of all major historical parties after 1988.

In the 20th century Lithuanian political parties developed through, at least, seven different phases:

- The emergence of traditional right- and left-wing parties from the end of the 19th century until the declaration of Lithuania's independence in 1918, when parties were able to enter the stage of nation-state politics as principal actors;
- The period of parliamentary multi-partyism between 1918 and 1926;
- Restricted multi-party system under the supremacy of the Lithuanian Nationalists Union, 1926- 1935;
- The one- party system of the LNU in the period 1935-1940;
- Totalitarian and authoritarian rule by the Communist Party and final collapse of the competitive multi-party system in 1940-1941 and from 1944 to 1988;
- The establishment of Sajudis³ and the gradual revival a of competitive party system after 1988;
- The consolidation of the competitive party system after the first multi-party elections in 1992.

The rebirth of multi- party system is a different story. It might be divided in various phases too. But before examining that process, it will be helpful to look on the general logic of the democratization process, as well as the roles of parties in this process both in Lithuania and in comparative perspective since 1988.

Institutional Democracy and Political Parties

In 1988 Lithuania, along with Estonia and Latvia, was forced by many objective and subjective circumstances to accept the historical mission to destroy the former Soviet Union, an authoritarian and imperial monster. The signal of freedom and democracy sent from the Baltics was heard in East Central Europe, which produced the anti-Communist, national, and democratic transformations of 1989.

The post-communist metamorphoses can be and are described by different concepts and terms in various countries. It took a form of *devolution of autarchy* in Romania, but it is usually characterized as a *self- limiting revolution*⁴ in the case of Hungary. However, the post-communist democratization is a highly dynamic phenomena always and everywhere. Claus Offe has reflected upon this feature of the post-communist changes in the following way: "There is no time for slow maturation, experience, and learning along the evolutionary scale of nation building, constitution making, and the politics of allocation and redistribution. And neither are there model cases which might be imitated nor, for that matter, a victorious power that would impose its will from the outside"⁵.

A paradox of the post-communist transition is not that it was caused mainly by internal processes. Here, in contrast to the preceding experiences of democratization in the 20th century, political reform was not only a precondition of economic changes, but "at the same time (economic and social – A.K.) stability is needed to ensure a peaceful political transition"⁶.

According to Samuel Huntington's logic, a market economy prepared the soil for democratic order and the liberal state from the beginning of the 19th century until the post-communist transitions in the late 1980s and early 1990s. Moreover, if all previous transitions to democracy included only the political reconstruction of one or another

country, the post-communist democratization covered all spheres of the internal and external environment of the transforming country. Briefly speaking, a scenario of transition in Eastern Europe was based on the motto: “mass democracy first, capitalism later”⁷.

Lithuania’s model of transition to democracy is similar to other East Central European and Baltic countries. There are several commonalities in that pattern. It means that democratic traditions are based, at least to some extent, on the inter-war experience. Institutional democracy was introduced through a “negotiated revolution” or political dialogue between an emerging alternative political elite and reform communists. The new political order is a product of relatively gradual changes and attempts to reconstruct the *ancien regime* into “socialism with a human face.” And the changes are implemented mainly by legal and political means as well as in a nonviolent way.

Without a doubt, a major element of the post-communist democratization is a revival of parties and multi-party systems. This element is important not only as a structural part of political or institutional democracy, but also as a basic component of the polity through which citizens can express their alternative demands and preferences, that is a role of the parties as intermediate structures in a democratic political system. The parties serve as the channels through which societal interests are articulated and aggregated. They serve also as the procedural and institutional instruments for creating a competitive political environment. Finally, from the examples of transitions to democracy in Southern Europe, it is clear that consolidation of democracy takes the form of more or less stable party government⁸.

There are things that can be changed virtually overnight. Unfortunately or, maybe, fortunately, is not such the case of the post-communist transition. In 1990 Ralf Dahrendorf admitted that the transforming countries need only a period of about six months to introduce democratic institutions, and to meet minimalist requirements of political democracy. Indeed, the speed with which communist autocrats were replaced by colorful reformers in power in Eastern Europe is amazing. But the changes were not so fast as it seemed to be in 1989 or 1990. Moreover, as time passes from the departure point in 1989, more and more analysts are recognizing that the liberalization and democratization in many countries (as Poland, Hungary, even the former Soviet Union) was much more gradual and started long before the famous 1989 - 1991 revolutionary period. Unfortunately, in all countries where liberalization started earlier, the way to go, in sense of time, was longer. The turning-point in the chain of liberalization, especially for the Baltics and for the external Soviet satellite countries in Eastern Europe, was the policy of *perestroika* and *glasnost* launched by Mikhail Gorbachev in 1985.

Because the new democratic order has started to shape the polities of Eastern Europe not from the ashes of the communism but rather through attempts to reconstruct the old regime, the perception that the collapse of communism left a political vacuum is highly misleading. On the contrary, the Communist Party was in power and tried to preserve its positions as long as possible and by every possible means till the founding elections. Following the first competitive elections the communists were exchanged for broad coalitions of opposition reformers ranging from radical nationalists to westernized

liberals. From the very beginning, the political stage of the transforming countries was overcrowded by diverse sets of political actors. Their seemingly unstructured interactions present confound the effort to understand the complexity of the transitional political scene. Moreover, the essential feature is that “the transformation process itself is not a continuum but a sequence of distinct phases”⁹. It means that each phase of transition has very specific and distinctive goals. It has leading political players in every sphere – institutional, legal, social, and economic – affected by the ongoing changes.

Institutional democracy is not introduced as easily as it was thought by Dahrendorf in 1990. Furthermore, political democracy cannot be created by a single act or a decision of a single institution, even if it would be a Constituent Assembly. The development of a democratic institutional order could be measured by two theoretical variables: structural stability and functional autonomy of political players in the transition. These variables allow us to see the most influential political actors during each phase of the transformation. Looking from this angle, the transition has had 5 different phases in Lithuania (Table 2).

During the transition process, not only can different political actors be characterized by different influence on the process of changes in certain phases, and by speedy correction of their positions, but also *the whole logic of transformation is based on asynchronous development of basic structures of democratic polity*. It is not enough to legalize political opposition or to pass a law on independent courts, on the assumption that all these political structures will from that moment automatically turn into stable and autonomous institutions. A “corridor” of political pluralism is widened gradually, and during each new phase of the transition new political structures gain independence and acquire relative stability.

Table 2. Political Actors in the Transition: Stability and Autonomy

<i>Phase of transition</i>	<i>Stable and autonomous political actors</i>
Pre-transitional crisis	Embryonic interests groups, <i>Communist party</i> *
Confrontation	Interests groups, <i>political parties</i> (megapolitical conglomerates – LCP and Sajudis)
Reform of system	Interests groups, political parties, <i>Constituent parliament</i>
Consolidation of democracy	Interests groups, political parties, parliament, <i>executive and state's bureaucracy</i>
Stable democracy (polyarchy)	Interests groups, political parties, parliament, executive and state's bureaucracy, courts**

* Dominant political actor is in *bold*;

** All political actors are stable and autonomous.

Political parties are not an exception from this rule. The general logic of the transition was not avoided by political parties. The rebirth of multi-partyism was not a linear process but rather a continuous development through certain phases, as illustrated in Table 3.

The pre-transitional crisis or liberalization within the old regime revived hopes of would-be reformers that the *ancient regime* might be changed and united their efforts in broad political movements. But in the case of the former Soviet Union the major political issue was establishment of the boundaries of partial liberalization and a guarantee for the Communist Party to control activities of semi-independent interests groups and new citizens' associations. Clearly, during the pre-transitional crisis the LCP was able to secure its monopoly of power.

But in a further development of democracy, a crucial role was played by two sets of factors: a) creation of conditions for party competition and electoral choice; and b) establishment "of consultative and decisional mechanisms, more or less explicitly designed to circumvent accountability to popularly elected representatives"¹⁰.

A main precondition of real institutional reforms was a birth of megapolitical forces in every transforming country, such as Sajudis in Lithuania or Solidarnosc in Poland, as instruments of collective political opposition. Their emergence was a sign that the pre-transitional crisis was over and the confrontational phase had begun.

The first real achievement on the institutional level was democratization of electoral procedures, allowing non-radical opposition forces to take part in the elections. Moreover,

Table 3. Phases of Transition for Parties

<i>Phase</i>	<i>Type of party system</i>	<i>Dominant political actor</i>	<i>Dominant function of parties</i>	<i>Type of inter-party relations</i>
Pre-transitional crisis (1985- 1988)	hegemonic party system	LCP	mobilization	domination
Confrontation (1988- 1989)	political plurality within one-party system	LCP and Sajudis	mobilization	confrontation
Reform of system (1990- 1992)	megapolitical plurality and megapolitical fragmentation	Independent LCP and Sajudis, new parties	articulation of macro-interests, mobilization	limited competition, politics of non-cooperation
Consolidation of democracy (1992- 1996)	confrontational multi-party system	Right-Left wing parties	embryonic articulation and aggregation of interests	limited cooperation, non-adversary competition
Stability	consensual multi-party system	stable Right-Left wing parties	articulation and aggregation of interests	cooperation and competition

the elections became a mechanism of electoral choice and a vehicle of democratic changes, instead of their former function as a voting-machine to increase the legitimacy of the *ancien regime*. In Lithuania the bulk of the effort of two dominant political players, the Lithuanian Communist Party and Sajudis, was concentrated on establishing rules and procedures for democratic elections in the phase of confrontation. In spite of the LCP's efforts to preserve its political positions and role, crucial changes occurred within this party.

From the Baltics perspective, the Lithuanian Communist Party was substantially different from its counterparts in Estonia and Latvia. As a consequence of these distinctions, the role and evolution of the LCP during the transition is only partially comparable to that in neighbouring countries.

A crucial distinguishing feature of the LCP role was its ethnic composition. The LCP was "lithuanized" party *vis-à-vis* "russified" communist parties in Estonia and Latvia (see Table 4). The LCP was not only dominated by native population, but the rate of membership to population was lower than in either Estonia or Latvia. The ethnicization of the LCP has led to a relatively high degree of legitimacy for the party on the domestic political stage compared to the other Baltic countries, where the communist parties were perceived mostly as external and alien institutions. Lithuanian reform communists were supported by the opposition forces from the very beginning, and they came to the top of the LCP easily in 1988. Furthermore, in 1989-1990 the LCP was able to transform itself into a representative parliamentary party, while all attempts to form more or less lasting ex-communist parties failed in Estonia and Latvia.

Shortly after the founding of Sajudis in June 1988, the LCP nomenklatura was divided into 3 political factions: hard-liners, moderates, and reformers. Moreover, many non-nomenklatura communists joined or, even, took part in the creation of Sajudis.

The leading political actors of the second phase of party transition, that of confrontational politics (Table 3) were Sajudis and the divided CP. Both political groups could hardly be described as political parties in a traditional sense due to their ideological heterogeneity, their macro-political appeals for "democracy, independence", and "preservation of reformed socialism", on the one hand, and their attempts to mobilize anyone and everyone behind macro-political slogans, on the other. But during the phase of confrontation the hegemonic one-party system was changed by proto-multipartyism, where the dominant political forces were the LCP and Sajudis. A final point of the confrontational period was the "founding" election in February 1990.

Table 4. Ethnic Composition of the Baltic Communist Parties, 1989

	<i>Estonia</i>	<i>Latvia</i>	<i>Lithuania</i>
Members of the CP per 1.000 of adult population	98	92	78
Representatives of titular nations in the CP (%)	50	40	71
Russians (%)	39	43	17
Others (%)	11	17	12

Victory of Sajudis in the founding election initiated the phase of system reforms. During this phase of transition the most important political player was the constituent parliament, the only institution which was able to institutionalize and legitimize political democracy on the basis of law.

Indeed, political parties played a marginal role in these developments (somewhat in contrast to the historic example of the Constituent Seimas in 1920). But changes during the recent systems reforming period within political parties have had long-lasting effects for the parties themselves. First, hard-liners of the former LCP became more and more isolated. Their organization disintegrated finally in 1991. Second, the political distance between moderate ex-communists and radical opposition was increasing and broadening as such fundamental macro-political goals as institutional democracy and major economic reforms were implemented. From this moment, different ideological preferences began playing an increasing role in political discourse. Ideological differences reach a point of division among the new political parties and the former partners of the reform coalition. Both leading actors of reforms – Sajudis and the independent LCP – adopted different strategies of development. The independent LCP was transformed into a moderate social democratic organization, the Lithuanian Democratic Labour Party. The story of Sajudis was much more complicated.

The major trend within Sajudis was the gradual fragmentation “from above”, that is the factionalization of Sajudis within the constituent parliament. At the same time, new parliamentary factions of Sajudis started to search for an extra-parliamentary basis of support. It was a two-way traffic. On the one hand, parliamentary factions from Sajudis initiated the development of some extra-parliamentary parties (such as the Lithuanian Centre Union in 1992, whose roots are in the Centre faction of Sajudis). But it was more common for new extra-parliamentary parties to merge their efforts with certain parliamentary factions (such as the Liberal Union and the Liberal faction of the Constituent parliament). The fragmentation of megapolitical conglomerates produced so-called the *one hundred* party system. In 1992 more than 30 political associations and parties were registered in the Ministry of Justice. This may be compared to 177 in Poland, and 79 parties in the Czech and Slovak Republic in 1991.

All in all, the fragmentation of Sajudis was a very positive process for the institutionalization of Lithuania’s multi-party system. At the end of the system’s reform phase (see Table 3), the parties had become the principal players shaping electoral choice in Lithuania. The parliamentary elections of 1992 might be called the first multi-party elections in the country since 1926.

The adoption of the new constitution in 1992 is a formal point of departure in the consolidation of the democracy phase. The traditional branches of institutional power – legislature, executive and courts – acquired structural stability as a direct effect of the introduction of the new constitution. Political parties were transformed into autonomous structures within a democratic polity, and their initial institutionalization phase was over.

On the other hand, democratic stability is not matter only of a multi-party system. Even after their initial institutionalization, parties are still involved in confrontation and struggle to preserve their newly developed ideological niches. Connections between parties and the social groups whose interests they claim to represent are relatively weak.

The best illustration of these facts is the electoral volatility and the frozen electorates of the major Lithuanian parties in the elections of 1995 and 1996 (see Tables 9, 10 and 11). But it is not only a problem of parties, as such. It is also, and probably more fundamentally, a problem of emerging new social layers and new social values. The latter aspect has crucial significance, because continuing structural social instability leaves the parties as nearly the sole efficient instruments to aggregate interests and to mobilize voters, that is, to set up new ideas, values and beliefs *from above* that are at least partially conducive to the socio-economic positions of the parties' electorates.

During the fourth phase, consolidation of democracy (see Table 3), major innovations took place in the area of inter-party relations. The adversary model of parties' interactions was changed by some limited cooperation and non-adversarial competition. These tamed relationships come about as a consequence of both institutionalization of parties as well as stabilization of party elites. Only marginal parties continued to follow a non-cooperative path, because they still have had to solve their individual dilemma of survival.

Where is the final point at which one can declare a new democracy consolidated? The question has no definite answer. Theoretically speaking on the level of political parties, it is quite clear that a consensual party system would be a sign of stable democracy. When losers accept the right of winners to rule, and where winners accept the right of losers to engage in opposition, a significant level of maturity has been reached. But even in some recognized advanced democracies (for example, in Italy), the party system may still be very unstable and highly fluid. Nevertheless, if we will follow the previous hypothesis, that the stability of a party system is an indicator of polyarchic democracy, we could expect a stable party system might be constituted after the second or third multi-party parliamentary elections (excluding the "founding" elections as mostly non-party, but plural elections), if they will meet some structural requirements such as stable number of relevant parties, relatively stable level of electoral participation, continuous ideological identity of major political parties, and so on. At this moment only one thing is definite: consensual party politics come about gradually. In some transforming countries it will take a longer period of time than in others.

Looking back on the revival of party competition in Lithuania in recent years, it is obvious that this process was consistent with the general logic of democratic transition. Nevertheless, since political parties acquired their traditional political roles very quickly, a more detailed examination of the process party institutionalization in Lithuania is in order.

Institutionalization of Lithuania's Parties

In the transforming societies, the processes of party institutionalization might be described on the basis of two parameters:

- Formal or legal and institutional regulations of party development, including the legal basis of party formation, the electoral system as it conditions parties' electoral performance, and parliamentary rules of party activities;
- Organizational structuring of political parties through development of specialized bodies suitable for representative politics, mobilization of electoral support, and political efficiency of party activities.

Legal Bases of Lithuania's Parties

The legal regulation of parties' activities is an essential point in the analysis of party structure and performance. Moreover, laws are initiated and formulated by political groups and organizations. It means that all the laws necessarily reflect the interests of certain groups. The question is only to what degree these interests are put forward?

Political parties are mentioned only twice in Lithuania's 1992 Constitution. Article 35 states that "citizens have a right freely to unite themselves into communities, political parties and associations, if their goals are not contradicting the Constitution and [Lithuania's -] laws"¹¹. The same article remarks that formation and activities of political parties are regulated by other laws. Article 83 of the Constitution refers to political parties rather negatively: "person, who is elected President of Republic, must cancel his activities in political parties and political organizations until a new electoral campaign for President of the Republic"¹².

Despite the brevity of these direct references to political parties, the Constitution established very definite guarantees for collective and individual political self-expression. It included the freedom of thought, right to privacy, the principle of equal treatment before the law, the rights to vote and to representation, the right to criticize the government and governmental officials etc. in other words the guarantees that constitute the basis of group and individual autonomy *from* and influence *on* political institutions.

The Constitution is the only general legal document that allows and regulates party activities. But nonetheless the road traveled on the way to this document was long and rough. Sajudis, founded in June 1988, as the first mass opposition movement was an illegal organization according to the Soviet legal code. Furthermore, the only way to legalize Sajudis was for it to be registered as a social movement. Articles 6 and 7 of the Constitution of Soviet Lithuania stated that the LCP was "an integral part" of the CPSU and that the latter was the only legal political party, playing "the leading and directing role" in the society. These articles of the Constitution were removed entirely in December 1989.

But reconstruction of multi-partyism *de facto* was started not only by and through Sajudis. In late 1988 and early 1989 such historical organizations as the Democratic, the Christian Democratic, the Social Democratic parties, as well as the Nationalists Union and "Young Lithuania" formed the initial groups and announced that they were the continuation of their inter-war predecessors. At the same time a few new parties, such as the Humanists and the Greens, were established. In April 1989 Sajudis passed a motion that the LCP must be transformed into an autonomous political party, and that all other parties should be legalized and receive equal treatment under the law¹³.

The actual rebirth and formation of political parties was more speedy than were the changes in the legal regulations. The 1989 legal changes served to codify changes that had already taken place and practices that had become more or less customary.

Major efforts to introduce formal legal regulations for the political parties were made by the Constituent parliament in September 1990 with the adoption of a *Law on political parties and political organizations*. The law described rules and procedures of party formation and activity. The so-called *parties law* granted the right to all citizens of

Lithuania to form and participate in activities of political parties. The law suspended the right of party membership only for military and police servicemen, staff of national security agencies, and judicial officials during the period of their service or employment. Requirements and procedures of party formation and registration included five basic components:

- to have, at least, 400 founding-members;
- to pass a party statute and basic programme;
- to elect leadership;
- and to form party institutions at a conference or congress of the founding members or their delegates;
- to register the political party with the Ministry of Justice.

Lithuania's rules of party registration might be characterized as strict, because each new party was required to present a list of founders with names and signatures, data about their citizenship, addresses, personal codes, professions, confirmation that she/ he is not a member of another party, a protocol of the founding conference, party statute, and even designs of party symbols. Another important regulation, established by the parties law, was a detailed definition and description of party financial sources. Legal sources of party incomes include membership fees, profit from publishing, and private donations. Support of parties from public funds was prohibited, except the right of parliamentary parties to receive some governmental funding. The parties law completely ignored the allocation of material and financial resources for electoral campaigns. Campaign finance was regulated by separate laws on parliamentary and local elections. These laws require political parties to open special accounts for electoral campaigns. They also set a maximum level of electoral expenses for every party in order to preserve equal opportunities in competition for votes. Because of difficulties controlling actual election expenses, this regulation of parties has not been implemented accurately and properly¹⁴.

Since 1990 a very sensitive issue for Lithuania's parties was the problem of governmental financial support. Actually, only parties represented in the parliament are able to get indirect public funding through an institution of secretary-assistants to MPs. Every member of the Seimas was entitled "to have a personal secretary-assistant or joint secretary-assistants with other members of parliamentary groups (factions – A.K.), whose salaries shall be paid from the State Budget"¹⁵. Moreover, every MP had a right to additional funds for the reimbursement of office, postal, transportation, and other expenses incurred from parliamentary activities. The latter provisions, in a broad sense, can quite easily be used to provide public funds to cover some party activities of MPs.

All these laws favour and increase the competitiveness of the parliamentary parties, and it is a common trend in Lithuanian legislation on parties, regardless of what party is in power. Preferential treating of existing parliamentary parties, especially the largest parties, is even more explicit in the election laws.

The first post-communist election law was passed by the Constituent parliament in July 1992. Previously the founding election was based on a majority system of representation. The debate over a profile of an electoral system was extremely sharp and controversial in 1992. The Right-wing of Sajudis argued for a majority formula, while the moderates of Sajudis and the Left-wing parties expected to get dividends from a proportional system of elections. Both opposing groups believed that the different

electoral systems promoted by them would allow them at least to secure their parliamentary seats and would restrict political fragmentation in the parliament by cutting off entry into the Seimas of small extra-parliamentary parties.

After a prolonged political crisis from April to July 1992, a mixed majority-proportional electoral system was introduced in Lithuania. This decision was an outcome of political compromise. Nevertheless, the mixed representation system was one of the best options available to provide balance between representativeness and fragmentation in the parliament after the first multi-party elections of 1992.

The law on the Seimas elections fixed that 71 member would be elected in single-mandate constituencies, and 70 seats of the parliament would be filled on a proportional basis. All parties needed 4 per cent of total votes to enter the Seimas, except political organizations representing ethnic minorities. After the amendments to the law in June 1996, the threshold for a single party was increased to 5 and for an inter-party coalition to 7 per cent. The special threshold of 2 per cent for minority ethnic parties was abolished. These changes were made by efforts of the strongest parties – the LDLP, HU(LC), LChDP – and reflected their desire to tighten the circle of electoral competition around a small set of competitors. Moreover, the higher threshold for party coalitions compared to single parties could be cited as violating a principle of equal opportunity in representative democracy. By increasing the price of pre-election inter-party coalitions, the law has almost eliminated opportunities of smaller parties to compete against their bigger competitors.

The outcomes of the 1992 and 1996 parliamentary elections largely disappointed the expectations of the larger competing groups regarding the effects of proportional and majoritarian electoral systems. The expectations of the right-wing Sajudis failed because the majority representation yielded seats in the Seimas for 13 parties in 1992 and 14 in 1996 – hardly the expected reduction of small parties' influence. With the exception of the LSDP, the moderates failed to get into the parliament in 1992. And in both elections only 5 political organizations were able to enter the Seimas through the proportional formula. It means, paradoxically according to theory, that the majority system produced party fragmentation and the proportional representation decreased it in the Lithuania's parliament.

The law on local elections, passed by the Seimas in 1994, established the proportional representation, with parties as the only entities able to nominate candidates. A four percent threshold was set for entry into local self-government bodies. During the local elections of 1995, 16 parties were able to get seats in the local governments.

The differing electoral systems on the national and local level allow for a majority of parties to be represented either on one or another level of government as well as to reach a *modus vivendi* between multiple parties, as well as to secure representation of various political identities of voters. On the other hand, the large number of competing parties in the elections indicates that all of them are playing consequential roles for interest articulation, and even major parties still are in trouble with respect to their capacity aggregate interests. For instance, two leading parties in the national election of 1996 – the HU (Homeland Union, formerly Sajudis, and also currently known as the Lithuanian Conservatives, or LC) and LChDP – received only 15.76 and 5.24 per cent¹⁶ support from the eligible electorate.

If the mixed electoral system is maintained in the future, it is quite easy to predict that, with the on-going stabilization of the party system, voters' behaviour may change considerably. We may expect an electoral learning process to yield such change. The

proportional formula, with the five percent threshold presumably favoring major parties, ignored the desires of almost 36 per cent of the voters in 1996. That was the proportion of votes going to parties failing to pass the threshold. The present electoral rules will eventually lead a significant portion of voters to change their behaviour and turn to a split-ticket voting, that is, to vote for different parties along the proportional and majoritarian formulas.

The picture of parties' legal bases would be incomplete without mentioning their status and influence in the Seimas. Especially since all new parliaments carry a double burden of responsibility. They act as agents of political socialization for the parliamentary elite while simultaneously performing standard legislative functions¹⁷. Nevertheless, the essential structure of parties' representation in the parliament are parliamentary factions.

The first parliamentary factions were established in the Supreme Council in early 1990s. On the eve of the elections of 1992 there were nine parliamentary factions (see Table 5). Among them seven were founded on the basis of Sajudis, and the other two represented the Polish Union and the LDLP. The majority of these factions could be hardly characterized as parliamentary parties because of the lack of connections to the extra-parliamentary organizations, low internal discipline, and ideological differences among members of the same faction.

The standing orders of the Supreme Council took little notice of the parliamentary factions in the legislative process. Despite the fact that during the "founding" elections some candidates mentioned their party affiliations on the Sajudis list, it was overshadowed by the Sajudis label. The fragmentation of Sajudis and partially of the ILCP in 1990-1992

Table 5. Political Composition and Factions of the Supreme Council, 1990-1992¹⁸

<i>Party</i>	<i>No. of MPs in March, 1990</i>	<i>Faction</i>	<i>No. of MPs in November, 1992</i>
<i>Sajudis*</i> :	96	Centre	20
Green Party	4	LDLP	9
LSDP	9	Polish Union	8
LDP	3	United faction of Sajudis	14
LChDP	2	Nationalists	9
<i>Independent LCP*</i>	46	Moderate	18
<i>CPSU</i>	6	Liberal	9
		National Progress	9
		Sajudis Unity	11
		Independents	31
Total:	140		138

* Part of the ILCP members were supported by the Sajudis, and it is why the total number of MPs from these organizations is higher than overall number of seats in the Constituent Parliament;

confirms the megapolitical character of these organizations at the moment of the 1990 elections.

The situation of parliamentary factions changed fundamentally after the first multi-party elections in 1992. From that moment the Seimas was organized along party lines. The most obvious indicator of the increasing strength of parliamentary parties was sudden decrease in the number of non-affiliated MPs from 22.1 percent in 1990 to 4.9 in 1992, and to nil in 1996. Even independent MPs joined parliamentary factions in 1996 because they, along with the Seimas committees, became the most influential centers in the legislative process. A relatively low requirement for parliamentary faction membership – at least, three members of Seimas can register a faction – facilitated the uniting of all MPs into factions in 1996.

According to the Statute of Lithuania's Seimas, parliamentary factions perform the following formal functions:

- Prepare the agenda for the Seimas plenary sittings and Seimas sessions;
- Propose candidates for membership on parliamentary committees, commissions and the Board of Seimas;
- Submit drafts of decisions;
- May declare themselves parliamentary opposition and announce an alternative to the government's programme.¹⁹

Two institutions of the Seimas are crucial for the influence of parliamentary factions. The committee system and the assembly of spokespersons of factions. The permanent standing committees of the Seimas are formed along party lines from top to down. Article 46 of the Seimas' Statute recommends that the chairperson and deputy chair of committees shall represent different parliamentary factions. Even more, a total number of chairs and deputy chairs of the committees accorded to the parliamentary majority and minority must be in a proportion to the number of MPs belonging to them²⁰. All other members of the committees are delegated by the individual parties on the basis of their professional experience and the political importance of a particular committee (except small factions, which may be formed as inter-party clubs or by non-party members).

The assembly of factions' speakers is a very influential decision-making institution of the Seimas, because it is entitled to set up a preliminary agenda of plenaries and to present proposals on organization of the Seimas work in general. The representational quota in the assembly is 1 MP from each 10 members of a parliamentary faction. This rule, of course, strengthens the positions of the parliamentary majority.

The essential internal instrument of factions are their formal meetings, where voting behavior is decided and where internal unity is preserved. The democratic consolidation and election of a multi-party parliament with a stable majority reinforced the voting discipline of factions in the Seimas after 1992.

Two questions remain regarding the role of the parliamentary factions.

One question regards the opportunities for organizing separate groups of MPs based on ideological differences within the parliamentary factions. In the period from 1993 to 1996 the ruling LDLP successfully blocked out all attempts to establish formal factions within its parliamentary ranks. After the elections of 1996 the situation changed because

the previous single-party majority was replaced by two parties, the HU(LC) and the LChDP. There are circumstances working against possible splits in the parliamentary factions of the ruling coalition: 1) partnership in the coalition encourages both leading factions to be more concerned with their internal cohesion; 2) the more centralized and hierarchical type of leadership of the HU (LC) and LChDP, compared to the LDLP, discourages fragmentation; and 3) increasing political competitiveness along party lines in the parliament enhances the relative unity of the governing coalition. Of course, there are conditions which could provoke developments in the opposite direction, and the broad area for potential internal disagreements and tensions within the ruling coalition could be opened by poor performance in implementation of economic and social policy objectives. Certain programmatic differences are already accepted within the coalition, given that the HU(LC) has accepted a policy of economic efficiency, based on the expansion of support for the private sector, while the LChDP stresses its commitment to social welfare.

A second question regarding parliamentary factions concerns views toward institutionalization of opposition.. One view is that of the Homeland Union (the descendent of Sajudis, also known as the Lithuanian Conservatives – LC), as the former leader of the rightwing opposition potentially capable of providing a pole around which smaller factions can coalesce, argues for a united opposition. Such a united opposition would enjoy broad rights and privileges in a model of the Conservatives. The LDLP and LSDP, due to their internal competition for the leadership on the leftwing of the political spectrum, are for a split opposition. In this case the same rights in parliamentary decision- making might be enjoyed by all factions declaring themselves in opposition. The first model favors larger parties, while the second gives an advantage to medium and smaller parliamentary factions. Because present rules of parliamentary the game do not restrict freedom of opposition, it is very likely that no changes at all will result from this discussion.

A shift towards the committee system and parliamentary factions as the main vehicles of decision-making has changed the overall organization and style of Lithuania's Seimas. These changes might be summed up in the following way:

- Representation in all institutions of the Seimas was based on party lines,
- The role of plenary sessions decreased, with the main political discussions redirected to the party factions, committees and commissions,
- The influence of individual MPs was specified, but the role of collective entities, first of all, parliamentary factions, substantially increased in parliamentary decision-making.

The form of legal regulations is an extremely important variable in determining the efficiency of parties in new democracies. However, the internal party organization is a no less important element in this process.

Organization of Parties: Structure and Efficiency

A basic condition affecting the political efficiency of parties is their organizational capacities to articulate and aggregate societal interests, or to be responsive to citizens demands. From this angle, three structural segments of party organization have crucial importance:

- Whether the party is in power,
- The party's bureaucracy, and;
- The nature of the party *rank- and- file* members or/ and the party electorate.

Because many of the post-communist parties from a genetic point of view are products of a *territorial penetration*⁹, that is, they were developed and structured from the top down by a party elite, the most appropriate way to begin analysis of parties' structure is from the top by an examination of the party leadership.

Three of the five major Lithuanian parties – the HU(LC), LCU and LDLP (till 1992) – could be characterized as having personalized leadership and an influential party elite. The leading elites of HU(LC) and the LDLP, as successors of the former megapolitical conglomerates (respectively Sajudis and the LCP), were very interested in preserving the former organizational networks. An important basis for the institutionalization of those parties was the socialization of their elites during the Constituent parliament.

The LChDP and LSDP developed in a slightly different way. The restoration of both parties was based on a reconstruction of historical political traditions. Furthermore, a strong component of their legitimacy were the organizational units in exile which became members of respective international party organizations in the 1950s.

In the course of consolidating democracy, the roles of party elites tended to change in two different directions. In the right and center parties the original elite continues to be very influential, with highly personalized leadership (except the LChDP). In contrast, the leadership of the leftwing parties is becoming more and more collectivist as in cases of the LDLP and LSDP (Table 6).

Extremely important as an organizational element of all influential parties is their representation in various governmental and parliamentary structures. Seen from an internal organizational perspective, parliamentary factions lack clear integration into the overall structure of parties and their decision making, except within the Christian Democrats. The latter formally integrated its parliamentary faction into the party's governing council. The parliamentary factions of all other major parties are rather autonomous and linked to a particular party only through direct leadership-faction connections. Such pattern of relations is leading to a pattern whereby the recruitment of future MPs will be a highly

Table 6. Organizational Patterns of Lithuania's Parties

	<i>Style of leadership</i>	<i>Influence of party's leader</i>	<i>Regulation of membership*</i>	<i>Relations between party and its faction</i>
HU(LC)	personalistic	strong	restrictive	dominance
LChDP	mixed	medium	restrictive	integration
LCU	personalistic	strong	mixed	dominance
LSDP	collectivist	medium	open	integration
LDLP	collectivist	medium	mixed	autonomy

* scale of evaluation from: H.Smith-Sivertsen, 'Towards Parties of Elites- or Populism?', Paper delivered at the International Conference 'The Challenges of Regime Transformation: New Politics in Central and Eastern Europe', Vilnius, December 10- 15, 1996, p.6.

centralized and hierarchical process, despite the fact that, after 1992, the major Lithuanian parties succeeded in developing relatively broad networks of local organizations. The voice of local branches in the nomination of parliamentary candidates is still low. Of course, the parties having a collectivist pattern of leadership are more open in this procedure compared to the parties with strong personalized leadership.

In the past few years there has been a clear tendency toward strengthening the roles of the executive structures of all leading parties, with the only exception being the LDLP. Being the ruling party, the LDLP lacked the will (and scarce human and financial resources) to be other than cavalier about the influence and efficiency of its bureaucracy. I should note again that parties with charismatic leadership have more centralized organization and a greater role for the national bureaucracy as well as a more significant role for executive institutions in formulation of the policy agenda, development of organizational initiatives and overall decision-making inside the party. However, local party bureaucracy is underdeveloped, and, more important, it has a low profile in the socialization of the future party elite.

The central bureaucracies of even the leading parties are still small and concentrated in the national headquarters of each party (Table 7).

Because it is organized around the institution of secretaries/assistants to MPs, a primary task of party bureaucracy is to satisfy the needs of the parliamentary faction rather than to organize extra-parliamentary activities. Nevertheless, a gradual expansion of local party networks and the necessity to improve the efficiency of extra-parliamentary campaigns are forcing parties to give more autonomy and responsibility to the decentralized elements of their bureaucracies.

The rank-and-file and, in a broader sense, the *party in the electorate*, are fundamental elements of party organization. Moreover, it is the first indicator of organizational stabilization of parties in new democracies. The experience of democratic transitions in Southern Europe illustrates that party membership rates increased gradually only in Spain. In all other cases, including post-war Italy, the beginning of democratic consolidation produced relatively sudden growth of party membership.²¹ As Lithuania entered the phase of democratic consolidation, there was substantial growth of parties. In 1993 only 1.3 percent of all eligible voters were members of political parties. By the end of 1996 overall party membership had more than doubled, increasing to 2.8 per cent.²²

Table 7. Party Staff Size:
National Headquarters and Local Branches

	No. of Staff, 1997	No. of local branches: 1995*	1997	Change
<i>HU(LC)</i>	7	69	76	+7
<i>LChDP</i>	4	55	55	0
<i>LCU</i>	2	35	45	+10
<i>LSDP</i>	3	48	52	+4
<i>LDLP</i>	7	51	52	+1

* Data from H.Smith-Sivertsen, 'Towards Parties of Elites – or Populism?', p. 8.

Table 8. Organizational Features of Lithuanian Political Parties, 1993- 97.

Party	Founding year	Membership:		No. of MPs:		Leader	No. of Candidates*:	
		1993	1996	1995	1997		1992	1996
Alliance of Ethnic Minorities	1996	-	800	-	-	R.Litvinovič	-	22
Centre Union	1993	400	1500	2	13	R.Ozolas	37	81
Christian Democratic Union	1992	-	1300	1	1	K.Bobelis	31**	25
Freedom League	1978	-	400	-	-	A.Terleckas	21	23
Freedom Union	1992	500	1000	-	-	V.Šustauskas	20	24
Green Party	1989	400	400	-	-	R.Astrauskas	98**	-
HU/LC	1993	13000	16000	23	70	V.Landsbergis	98**	114
Independence Party	1990	400	300	1****	-	V.Šapalas	58**	-
LChDP	1904	8000	10500	10	16	A.Saudargas	107**	86
LDLP	1990	9000	10000	70*****	12	C.Juršėnas	71	105
LDP	1902	1000	2000	4	2	S.Pečeliūnas	107**	94**
Liberal Union	1990	500	1000	-	1	E.Gentvilas	38	41
LNU	1924	1500	3000	2	1	R.Smetona	58**	94**
LSDP	1896	600	1500	7	12	A.Sakalas	70	95
NP "Y.L."	1927	600*	1000	-	1	S.Buškevičius	31**	35
NPU	1916	500*	800	-	-	E.Klumbyš	53	22
Party of Economy	1996	-	1500	-	-	K.Šeputis	-	93
Party of Life's Logic	1996	-	700	-	-	V. Bernatonis	-	32
Peasants Party	1922	1000*	7000	1	1	A.Vaižmužis	-	58
People Party	1996	-	400	-	-	V.Lazinka	-	22
Polish Election Action	1994***	700*	1000	1	1	J.Senkevič	25	29
Republican Party	1922	no data	2000	-	-	K.Petraitis	-	51
Revival Party	1993	-	400	-	-	J.Ramanauskas	-	-
Russians Union	1995	-	500	-	-	S.Dmitrijevas	-	24
Socialist Party	1995	300*	800	-	-	A.Visockas	-	32
U ex-P&D	1991	80000*	60000	5	1	B.Gajauskas	107**	38
Party of Social Justice	1996	-	2000	-	-	K.Jocius	-	28
Women Party	1995	-	2000	-	1	K.Prunskienė	-	67

* Data of 1994; * multi-mandate electoral district; ** took part in elections'92 as a member of coalition; *** in 1992 known as Lithuania's Polish Union; a representative of the IP joined the HU(LC) in 1993; ***** it includes the members of Lithuania's Future Forum, which failed to survive after the elections' 92.

Viewed from a Baltic perspective, Lithuania's parties are well-structured and developed. Median party membership in Estonia and Latvia each is below 1,000, whereas it is over 3,000 in Lithuania. In 1995, membership in the Estonian Centre party was only 1,407; 1,200 in the National Independence party; 452 in the Coalition party. This is in spite of the fact that all these parties were strongly represented in the parliament. The largest Latvian party, the Farmers' Union, was able to mobilize 4,225 members, but all other parties were far behind the LFU.²³

On the other hand, whereas the major Lithuania's parties – the HU(LC), LChDP, LDLP, LSDP and LDLP – accounted for 90 per cent of total party membership in 1993, their proportion decreased to 56 per cent in 1996. The lack of capacity of major Lithuanian parties to attract new supporters was strikingly manifested through the dynamics of their electoral support. The LDLP suffered the greatest losses of electoral support, losing over 650,000 between the national elections of 1992 and 1996 (Table 10). The only party, that was able to increase support, was the Lithuanian Centre Union. Even in this case, however, the electoral basis of the LCU is not sufficient to pave a way to the position of a governing party. The Homeland Union (HU/LC) – has a “frozen” electorate, that is, the a level of its support is has been stable since 1992 with no sign of ability to attract undecided voters. In 1992 it led to the defeat of the former Sajudis in the parliamentary elections. Again the Conservatives were unable to mobilize new supporters, except those few, who defected from the Christian Democrats in 1996.

Furthermore, a poor electoral mobilization by Lithuanian parties was associated with a sharp decrease of voter turnout in national and local elections since 1992 (Table 9). Looking at voter turnout from the Baltic perspective, the Lithuanian phenomena, when between the two parliamentary elections in 1992 and 1996 as much as 23 per cent of eligible voters became politically inactive, cannot be explained by the peculiarity of such institutional factors as electoral competitiveness and proportionality, unicameralism *vs.* bicameralism, multipartyism, or electoral laws²⁴. The only substantial institutional difference between the

Table 9. Electorates of Lithuanian Parties
in 1992- 1996 (in thous.)

	<i>Seimas elections '92</i>	<i>Seimas elections '96</i>	<i>Change</i>
Lithuanian Conservatives	393	409	+16
Christian Democratic Party	234	136	-98
Labour Democratic Party	817	130	-687
Social Democratic Party	112	90	-22
Centre Union	47	113	+66

Baltic countries is that . Lithuania has adopted the mixed electoral system, and other two – Estonia and Latvia – have a proportional one.

There are two scenarios that may explain the current Lithuanian situation. On the one hand, it might be seen as a consequence of the short- term factors as continuing economic troubles, inefficiency of the LDLP governments in the social policy area in 1995 and 1996, corruption scandals, or higher frequency of voting in elections and referenda since 1991 compared to Estonia and Latvia. These Lithuanian experiences may have combined to enhance voters' disillusion with politics. An alternative explanation is more clearly cultural. During the transition Lithuanian political culture moved far away from the so-called *subject* political culture, but still a *participatory* one is only developing, and has not yet stabilized. Furthermore, since 1988 political discourse was based very much on protest mobilization and was very expressive in terms of political means and forms, especially, in the context of the Catholic culture in Lithuania. With consolidation of democracy political life acquired more routine forms and ways of decision-making. Electoral participation lost its former glamour.

A combination of the above described scenarios would offer a quite realistic explanation of Lithuania's exceptionalism in terms of voter turnout in recent years.

Of course, "frozen" or decreasing electorates of major parties reflect potential instability for the party system and suggest that the institutionalization of Lithuania's parties is as yet unfinished. Volatility scores, calculated by a method initially developed by A.Przeworski²⁵, shows that a score of electoral volatility – 25.5 – for leading Lithuanian parties was slightly higher than in Poland and Slovakia (respectively in 1991-1993: 22.78, and 1992-1994:

Table 10. Voter Turnout in the Parliamentary Elections, 1990- 1996 (%)

	<i>The "founding" elections</i>	<i>I-st multi-party elections</i>	<i>II multi-party elections</i>	<i>Average</i>
Estonia	78	67	70	71.6
Latvia	80	89	72	80.6
Lithuania	72	75	52	66.3
Total:	76.6	77.0	64.6	

Table 11. Electoral Volatility in Lithuania, 1992- 1996

	<i>% of votes in elections'92</i>	<i>% of votes in elections'96</i>	<i>Difference</i>	<i>Score of volatility</i>
LDLP	42.5	9.5	-33.0	16.5
HU(LC)	20.5	29.7	9.2	4.6
LChDP	12.2	9.9	-2.3	1.15
LSDP	5.8	6.6	0.8	0.4
LCU	2.4	8.1	5.7	2.85
<i>Total:</i>	83.4	63.8	51.0	25.5

24.68), but less than in Hungary (in 1990-1994: 28.02)²⁶. But these scores are far behind Western European countries' volatility scores²⁷, even taking into account the fact that the methodology of volatility evaluation itself is imperfect²⁸. Obviously, efficient political mobilization of voters is a major challenge for Lithuanian parties over the next few years.

Yet, in spite of considerable instability in support bases, the question "Who are the supporters of particular parties?" is still relevant.

Ongoing social transformations restrict development of stable party preferences and identities, but some general features of leading party electorates might be defined (Table 12). Standard variables such as sex, age, education, living place, income, and ethnicity reveal interesting patterns.

Preliminary evaluations of social profiles of party electorates reflect the following tendencies: a) majority of leading political parties are heavily dependent on middle aged and older supporters; b) non-Lithuanians favour the left-wing parties; c) electoral groups with low and medium incomes tend to support the left-wing parties and the Christian Democrats; d) females tend to support the right-wing parties rather than the left-wing.

The structural organization of Lithuanian parties clearly westernized in the first 5-6 years after independence. Since 1990 all parties based their organization on a territorial principle³⁰, instead of the *territorial-occupational* principle of the Soviet era. Nevertheless, the mixed electoral system does not allow local branches of parties to be matched strictly to single-mandate electoral districts. Only the Conservatives made a serious effort to connect their local branches with the boundaries of electoral constituencies. Other parties organized their local groups along the lines of the administrative-territorial division of the country. Since 1993 the major parties have founded specialized and autonomous youth and women sections. Nevertheless, women are still underrepresented in the elite of almost all parties, except the Women Party (Table 13).

Table 12. Social Bases of Lithuania's Parties, 1996-1997²⁹

	<i>Sex</i>	<i>Age</i>	<i>Education</i>	<i>Living place</i>	<i>Incomes</i>	<i>Ethnicity</i>
HU (LC)	Females	50+	primary and high	major urban areas	medium and high	Lithuanians
LChDP	Females	50+	primary and higher	small urban and rural areas	low and medium	Lithuanians
LCU	males	30-49	high	major urban areas	medium and high	Lithuanians
LSDP	Females	50+	equal distribution	Vilnius and small urban areas	medium	Lithuanians, Russians
LDLP	equal distribution	till 29; 40-49 and 60+	higher	small urban areas	low and medium	Lithuanians, Russians and Poles

The overall organization of Lithuania's parties is neither strictly hierarchical nor pyramidal, but rather all the basic segments of party structure – parliamentary faction, party bureaucracy, and the rank-and-file members – are interdependent.

Structural organization is not the only indicator reflecting political efficiency of parties in new democracies. Their effectiveness cannot be analyzed without also looking at the parties' performance in government.

Party Government and Political Efficiency

The common theory of representative democracy defines political parties as the main political actors responsible for government policy. Jean Blondel points out that “the articulation between governments and the parties that support them is one of the key mechanisms, if not the key mechanism, enabling democratic politics to operate, and it is therefore essential that this articulation function efficiently”³¹. There is little doubt that, after the 1992 election, Lithuania's government can be characterized as a *party government*, according to Katz's well-known formula (despite the fact that it was not until 1994 that a single party government could be formed – by the LDLP).

Again from the Baltic perspective, the structure of party government in Lithuania differs substantially from that of Estonia or Latvia. Lithuania's experience was conditioned by its political cycle and by a different configuration of political forces. If Lithuania's political cycle was started by the right-wing policies, Estonian and Latvian political configuration was dominated by the centrists and moderate political groups and policies. In 1992 the political pendulum shifted to the left in Lithuania, but in Estonia and Latvia it stopped rather right of center. After the elections of 1996 the swing reversed as the coalition of the HU(LC) and LChDP came to power. Furthermore, if Estonia's and Latvia's political stage was occupied by governing party coalitions, in Lithuania single party majorities, beginning with Sajudis in 1990, dominated in the national legislative institutions³². Compared to its Baltic neighbours, the number of efficient parliamentary parties declined steadily, except for the period of 1990-1992.

Parties' efficiency in government cannot be evaluated without investigating of their influence in the parliament. The simplest indicator of a party's parliamentary influence is the number of seats in the Seimas. The total number of parties holding seats in the Seimas, at thirteen to fourteen, is relatively high and stable after 1992. The same tendency towards stabilization of numbers of parliamentary parties is evident in the other Baltic countries as well. Nevertheless, an assumption that all parties holding seats might called as “efficient” or “relevant” would be misleading, because some of them were unable even to form single-party factions in the parliament. The alternative and more

Table 13. Representation of women in Lithuania's Parliament (number and percentage)

	1992-1996	1996-2000
<i>HU (LC)</i>	4 (17.39)	15 (21.42)
<i>LChDP</i>	0	1 (6.25)
<i>LCU</i>	0	2 (15.3)
<i>LSDP</i>	0	2 (16.66)
<i>LDLP</i>	3 (4.28)	2 (16.66)
<i>Total:</i>	10 (7.09)	24 (17.52)

precise way to define efficient parties is to take into account only parties that were able to create their own factions in the Seimas³³. After the elections of 1996 only 5 parties that had entered the parliament through the proportional electoral formula, founded single-party factions. In this case only the HU(LC), LChDP, LCU, LSDP, LDLP could be named as relevant parties.

However, it is still a challenge to select variables to use in the evaluation of the relevant parties. Obviously, the size of the parliamentary faction is an appropriate indicator of party influence in the legislature. But the fractional strength of a party may be used in different ways or even stay unused in some cases. Parliamentary parties are collective political actors and they are acting in the Seimas as collective decision-making entities. Looking at the question from this perspective, it would be appropriate to measure the influence of relevant parties by their presence in the main institutes of the Seimas: the Board, committees and commissions.

According to this methodology, after the 1996 Seimas elections the most influential party was the HU(LC) (Table 15).

The institutional influence of the Conservatives (LCU) was little higher than their fractional potency. However, the actual fractional strength of their parliamentary majority increased because of the formal coalition with the Christian Democrats. The LChDP and LCU extended their overall power on parliamentary decision-making through entering into the alliance with the HU(LC) too. In 1992-1996 the LDLP and in 1996-1997 the HU(LC) used the same strategy to minimize each other's institutional influence. But both parties practiced different tactics to achieve it. The LDLP did it by giving positions to the "third" or small parties; the HU(LC) preferred the closest allies – the Christian Democrats and Centre Union.

Theoretically, patterns of party-government relationships might be placed on a continuum from *dependence* to *independence*. Blondel suggested an additional dimension of *autonomy vs interdependence* to measure party-government relationships.³⁴ There are 3 distinct types of party-government relationship in this triangle: a) autonomous government, with the party playing a minimal role in a formation and performance of government (the USA); b) government dependent on party (coalitional cabinets in Belgium, Netherlands) and c) party dependent on government (France, the UK).³⁵

What model is the closest to Lithuania's experience? A few variables are crucial for defining the party-government relationships in Lithuania. The constitutionally mixed

presidential-parliamentary system leads towards autonomy of the cabinet from party. In some cases (for instance, implementing foreign and security objectives) the cabinet can rely on interactions with the President rather than with the parliamentary majority. Nevertheless, appointments of ministers are controlled by the ruling party in the Seimas.

Two other factors affecting party-government relationships

Table 14. Number of parties in the Baltic parliaments, 1990-1996.

	Constituent Parliament*	I-st multi-party Parliament	II-nd multi-party Parliament
Estonia	2	10	7**(10)
Latvia	2	8	9
Lithuania	3***	5 (13)	5 (14)

* Data of 1990; ** coalitions and single parties; ***Sajudis, Independent LCP and the CPSU.

Table 15. Scores of Parliamentary Influence of Lithuania's Parties

	Seimas of 1992- 1996:			Seimas of 1996- 2000:			Average scores
	Institutional influence*	Fractional influence*	Medium	Institutional influence	Fractional influence	Medium	
HU(LC)	8.6	16.3	12.4	52.7	50.7	51.7	32.1
LChDP	nil	7.1	3.5	18.0	11.6	14.8	9.2
LCU	6.6	1.4	4.0	11.1	9.4	10.2	7.1
LSDP	6.6	4.9	5.7	11.1	8.7	9.9	7.8
LDLP	66.2	51.7	58.9	2.7	8.7	5.7	32.3
Others	12.0	18.6	15.3	4.4	10.5	7.6	11.3

* Institutional influence measured through a position analysis of number of members of the Seimas Board, chairs and deputy chairs' positions of parliamentary committees and commissions hold by each party.

Institutional influence(I) is calculated along the formula:

$$I = (a/x + b/x + c/x) / 3 \times 100$$

(a = representation in the Seimas Board; b = in the Seimas committees; c = in the Seimas commissions, x = number of posts actually taken by parties in each institution). Fractional influence (F) equals to a percentage of total party seats in the parliament.

might be characterized as political ones: the continuous single-party majority in the parliament after 1992 and the degree of cohesion in the ruling party.

After 1992 we could mention a few different directions along which actual party-government relations developed. In a period from 1993 to the middle of 1994, the LDLP government was supported and controlled by the parliamentary faction. Later on, things changed and the Cabinet of Šleževičius became more autonomous and began to influence party decisions more than the party influenced the government. After a banking crisis at the end 1995-early 1996 the LDLP regained power on the government to some extent.

The 1996 elections changed again the pattern of party-government relations. The formal coalition agreement between the HU(LC) and the Christian Democrats put the Vagnorius cabinet under the control of coalition parties. Moreover, the previous experience in power of the Landsbergis-Vagnorius (former leaders of the Right-wing Sajudis and present leaders of the HU(LC)) team in 1991-1992 supports the assumption that the post-96 cabinet will be more strictly subordinated to the will of the parliamentary majority than was the case with the LDLP. Additionally, such short-term political circumstances as the presidential elections at the end of 1997 or early 1998, as well as a higher level of organizational and ideological cohesion within the Conservative Party, compared to the LDLP, will probably reinforce the dependence of the government on the party.

Over the long-term, the *surplus winning coalition*, with dominance of the HU(LC), may serve to increase the independence of the government from the Conservative Party as well as to open additional space for the autonomous pursuit of policy objectives by the government. The influence of the LChDP and LCU (as an informal member of the governing coalition) on elaboration of governmental policies will be as weak as it was from the very beginning.

Clearly, the common policy objectives of the Vagnorius' cabinet are constrained by the electoral programme of the HU(LC). The other two parties – the LChDP and LCU – can affect the performance of government through control of particular ministries. Looking statistically, the HU(LC) power in the cabinet is only slightly disproportional to its share of seats in the surplus winning coalition in the parliament (Table 16). The actual political weight of the Conservatives is even higher in the government because the party selected the Prime Minister and appointed its own representatives to most important ministerial positions (Finance, Economy, Internal Affairs, excepting only the post of minister of Foreign Affairs, which went to the leader of LChDP).

Obviously, the Right-wing coalition is based on *primus inter pares* relationships, with the HU(LC) enjoying greater influence on the government. However, the power of the Conservatives' elite is not a translation of the influence of the rank-and-file party on the cabinet. The lower levels of the Conservatives' organization do have some very limited opportunities and channels to affect the governmental policy through:

- the party's electoral programme;
- channeling of communication between party electorate and the government; and
- monitoring the policy and performance of party in the office.

Significant sources for political efficiency of the ruling parties are their connections with interests groups from both the office-seeking and the policy pursuit perspectives. Party-interests groups interactions are not only a factor necessary for adequate aggregation

of societal demands but also work consolidating power in the hands of the new political elite and parties in the transforming countries.

In Lithuanian case, the party-interests groups relationships are still quite ambivalent. First of all, the interests groups lack both legal status and traditional channels of communication with parties and party governments. The LDLP government made efforts to institutionalize a tripartite linkage between the cabinet, the employers' associations, and the trade unions. Unfortunately, these relationships suffered from the lack of clear rules and no history of standing, direct influence on governmental decision-making. Only few major interests groups, such as the Confederation of Industrialists and some trade unions, established direct links with the Seimas and the Cabinet. On the level of individual parties, in recent years a few of them have developed links with interests groups. Examples include the LSDP and the trade unions or the LChDP and the Catholic Church. The HU(LC) even signed formal agreements of cooperation with some entrepreneurial organizations on the eve of the 1996 national elections. Moreover, after the victory in the elections V.Babilius from the Lithuanian Confederation of Industrialists (LCI) was appointed to the Minister of Economy in accord with the pre-election agreement between HU(LC) and the LCI.

The alliance of the HU(LC) and the LCI may well be a sign that party-interests group relationships are entering an era of cooperation and that the previous period of mutual neutrality, at best, as well as distrust is over. Meanwhile, among the more positive developments on the horizon is further institutionalization and legal regulation of party-interests groups relations.

The HU(LC) and the LCI interactions are based on a corporatist pattern. Smaller interests organizations are acting on a pluralist basis, but due to lack of legally defined channels of lobbying, underdevelopment of associational networks and culture among interests groups, they are highly inefficient in satisfying their interests through negotiations with parties. On the other hand, the major parties are themselves recognizing that the linkage with interests groups would increase their political efficiency.

Conclusions

Table 16. The Influence of Coalition Parties on the Cabinet

	<i>HU(LC)</i>	<i>LChDP</i>	<i>LCU</i>	<i>Total number of seats</i>
<i>Number of seats in the Cabinet</i>	13	3	2	18*
<i>Share of seats in the Cabinet (%)</i>	72.2	16.7	11.1	–
<i>Share of seats in the parliamentary coalition (%)</i>	70.8	16.1	13.1	99

* Prime Minister plus 17 ministers.

The competitive party system is a political reality in Lithuania. And stable party government is a factor of successful ongoing consolidation of democracy.

Some problematic aspects of party performance include voter volatility and political mobilization and a certain ambivalence of party-interest group linkages. Further, emphasis on *vertical* vs. *horizontal* relationships inside of parties present obstacles on the way of party institutionalization. However, in general Lithuania's parties are well advanced on the way to institutionalization and successfully performing the functions of the "intermediary" structures in consolidating democracy.

Abbreviations

- CPSU** – Communist Party of the Soviet Union
- HU(LC)** – Homeland Union (Lithuanian Conservatives)
- LCDP** – Lithuanian Christian Democratic Party
- LCP** – Lithuanian Communist Party
- LCU** – Lithuanian Centre Union
- LDLP** – Lithuanian Democratic Labour Party
- LDP** – Lithuanian Democratic Party
- LFP** – Lithuanian Farmers' Party
- LLU** – Lithuanian Liberal Union
- LNPP** – Lithuanian National Progress Party
- LNPU** – Lithuanian National Progress Union
- LPU** – Lithuanian Peasants Party
- LSDP** – Lithuanian Social Democratic Party
- LSPDP** – Lithuanian Socialist People Democratic Party
- NP "Y.L"** – National Party "Young Lithuania"
- U ex-P&D** – Union of ex-Political Prisoners and Deportees

NOTES AND REFERENCES

- ¹ The article was published in *Political Studies*, 1998, 3(46): 465- 491. Here is an updated version.
- ² See: E.Broklova 'Historical Roots for the Restoration of Democracy in Czechoslovakia,' in I.Gabal (ed.) 'The 1990 Election to the Czechoslovakian Federal Assembly. Analyses, Documents and Data', (Berlin, Sigma, 1996), p.33.
- ³ The Lithuanian Reform Movement – a secessionist group that cut across partisan lines. After 1993, it was re-named the *Homeland Union*.
- ⁴ A.Arato, 'Revolution or Restoration?', in 'The New Great Transformation?', (New York, Routledge, 1994), p.67.
- ⁵ Quoted from: J.Musil 'Czechoslovakia in the Middle of Transition,' in S.T.Graubard (ed.), 'Exit from Communism', (London, Transaction Publishers, 1993), p.181.
- ⁶ M.Glenny, 'The Rebirth of History: Eastern Europe in the Age of Democracy,' London, Penguin Books, 1990), p.15.
- ⁷ L.Balcerowicz, 'Eastern Europe: Economic, Social and Political Dynamics', in: (eds) B. Goralczyk et al, 'In Pursuit of Europe. Transformations of Post- Communist States', 1989- 1994', (Warsaw, PAN ISP, 1995) p.110.
- ⁸ See: L.Morlino, 'Consolidation of Party Government in Southern Europe,' in 'International Political Science Review' 16 (1995), p.145.
- ⁹ Z.Brzezinski, 'The Great Transformation', in 'The National Interest' 3(1993), p.5.

¹⁰ G.O'Donnell, P.C.Schmitter, *'Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies.'*(Baltimore, John Hopkins University Press, 1991), p.9.

¹¹ *'Lietuvos Respublikos Konstitucija'*, (Vilnius, LR Seimo leidykla, 1993), p.22.

¹² *Ibid*, p.51.

¹³ See: *'Lietuvos Kelias'*, (Vilnius, Viltis, 1990), p.31.

¹⁴ In 1992 a maximum level of electoral expenses for a single candidate was fixed at the level of 200 statistical monthly salaries (SMS), and 200 SMS for a party list. This level of expenses was increased in 1996 respectively to 50 and 1000 SMS, but still little more than 500 thousand Litas (4 Litas = 1 US\$) was not enough to organize the electoral campaigns of major political parties. Despite that every party taking part in the elections was allowed to use national TV and radio for one and half hour on free of charge basis to present its views and programme to voters.

¹⁵ *'Lietuvos Respublikos Seimo Statutas'*,(Vilnius, 1994), p.7.

¹⁶ A.Lukošaitis, *'Parlamentarizmo raidos etapai Lietuvoje 1990-1997 m.'*, (Vilnius, LR Seimas, 1997), p.19-20.

¹⁷ M.D.Simon, D.M.Olson, *'Parliamentary Committees and Parliamentary Development in Poland's Democratic Transition'*, Paper delivered at the annual MidWest Political Science Association Meeting, Chicago, April 18-22, 1996, p. 1.

¹⁸ Figures from: Lukošaitis, *'Parlamentarizmo raidos etapai Lietuvoje 1990- 1997m.'*, pp. 9-10.

¹⁹ *'Lietuvos Respublikos Seimo Statutas'*, pp. 18-19.

²⁰ *Ibid*, pp. 21-22.

²¹ Morlino, *'Consolidation and Party Government in Southern Europe'*, pp. 150-152.

²² excluding membership the Union of ex-Political Prisoners and Deportees, which was rather interests' group than party.

²³ See: H. Smith-Sivertsen, *'Towards Parties of Elites – or Populism?'*, p.7.

²⁴ Institutional attributes of voter turnout are analyzed in detail in: R.W. Jackman, R.A.Miller, *'Voter Turnout in the Industrial Democracies During the 1980-s'*, in *'Comparative Political Studies'*, 4 (1995), pp. 468- 477.

²⁵ See: A.Przeworski, *'Institutionalization of voting Patterns, or is Mobilization the Source of Decay?'*, in *'American Political Science Review'*, 69 (1975), pp. 47-67.

²⁶ K.Janda, *'Restructuring the Party Systems in Central Europe'*, Paper prepared for the International Symposium, *'Democratization and Political Reform in Korea'*, Seoul, November 19, 1994, p.13- 16.

²⁷ See data in: S.Bartolini, P.Mair, *'Identity Competition, and Electoral Availability: The Stabilisation of European Electorates, 1885-1985'*, (Cambridge, Cambridge University Press, 1990), p. 69.

²⁸ For instance, a volatility score of the HU(LC) is +4.6, but actual increase electorate was only 3.9 per cent in elections of 1996.

²⁹ See also: V.Gaidys, *'Partiju populiarumas viešosios nuomosės apklausoje 1989-1996 m.'*, in A.Krupavičius (ed.), *'Politinės partijos Lietuvoje: Atgimimas ir Veikla'*, (Kaunas, Litterae Universitatis, 1996), pp. 93-114.

³⁰ It was required by Law on Political Parties and Political Organizations from September 25, 1990.

³¹ J. Blondel, *'Toward a Systematic Analysis of Government- Party Relationship'*, in *'International Political Science Review'*, 2 (1995), p. 127.

³² In 1990 the Sajudis controlled 68.5 per cent of seats in the parliament, the LDLP occupied 51.7% seats in 1992, and the HU(LC) – 50.7% in 1996.

³³ A formal minimal requirement is a membership of, at least, 3 MPs on a single- party or cross-party basis.

³⁴ J. Blondel, *'Toward a Systemic Analysis of Government-Party Relationship'*, p. 131.

³⁵ *Ibid*, p. 132.

IS LITHUANIA A NORTHERN OR CENTRAL EUROPEAN COUNTRY?*

Evaldas Nekrašas

During the rebirth period, i.e. during 1988-1990, when Lithuania was trying to comprehend who it was and where it stood in the global scheme of things, the main issue for Lithuanians was to determine their country's coordinates along an East-West axis. This was quite natural because Lithuania was seeking to regain what it thought was its proper place, after being forcefully torn away from the Western world and incorporated into the Eastern world. After Soviet liberalization and the Lithuanian national renaissance made it possible to talk about Lithuania's future in public fora, there began discussions about Lithuania's prospective shift towards the West. Even before the re-establishment of independence, scholars who were writing about Lithuania's place in Europe, including the author of this article, considered it entirely natural that Lithuania would shift westward in a political and cultural sense. Nevertheless, it was apparent that Lithuania's integration into an ever closer European community of nations would represent a difficult task psychologically for a nation which was attempting to free itself from a different "community of nations."¹ In essence the road led from one Union towards another Union, but the people apparently were determined to proceed.

The process of shifting confronts a nation or a state with various tasks and issues, without regard to the geographical direction in which "movement" takes place, whether it is west, east, north or south. It would therefore be appropriate to identify at least the most important problems before beginning an investigation into some questions related to Lithuania's self-identification, including the determination of the country's geo-political location, the establishment of foreign policy priorities and, finally, even the setting of the direction of economic and cultural development. In discussing these complex questions it evidently would be useful to differentiate among the following: (a) Where have we been; where are we now and where are we going? (b) What kind of people are we; how do we perceive ourselves to be and how do others perceive us? (c) What do we already have; what do we wish to achieve and what can we realistically expect? (d) To what extent is our place in the world predetermined by others and how free are we to choose where we wish to be? It would be useful to take into account all these aspects in discussing Lithuania's

*An article was published in *Lithuanian Foreign Policy Review*, no. 1 (1998), p.p 19-46.

geopolitical as well as cultural identity, but this should best be left to a major monograph, and not to an article of limited scope. We will, however, take into account at least the circumstance that these aspects are *different*.

In fixing Lithuania's coordinates on the East-West axis, we must state that, with some reservations, Lithuania was a part of the Western world from the introduction of Christianity to the third partition of the Lithuanian-Polish state in 1795, and from 1918 to 1940². Of course it is necessary to specify what this article considers to be Western, for the concept of the West has many meanings. One of the most important is the following: The Western world includes the countries which have assumed the religious, cultural and, in part, political inheritance of the Western Roman Empire. The contemporary boundaries of this world certainly are not identical to those which Emperor *Theodosius* drew in the year 395, when he divided up the empire between his two sons. But the subsequent development of the Ancient and Medieval World, in which religion played a conspicuous role, had a profound influence on the contemporary world. For even the confrontation line between communism and liberal democracy during the Cold War had a certain connection to the boundary drawn more than one thousand five hundred years ago. And in 1500 A.D. the eastern boundary of the Western world, or Western civilization, was definitively set and coincided with the eastern limits of the expansion of Western Christianity, as Huntington would say³. We may argue with Huntington on the most varied of issues, but we must admit that this line coincides almost ideally with the eastern boundary of the European Union and the most realistic candidates for EU membership. In this regard the present division of Europe (from which we cannot escape in the near future) is clearly more natural than, shall we say, the division of 1980.

Thus Lithuania was a part of the Western world, both from the end of the XIVth until the end of the XVIIIth century and at the beginning of the XXth century. It was forcibly "transferred" to the Eastern world, and that is why it is not strange that from the rebirth period Lithuania sought to return to the Western world as soon as possible. To be sure, there was no lack of resolve previously, for example, during the uprisings of 1831, 1863, 1941 or the armed resistance of 1944-1952. But this time fate was better disposed towards Lithuania. To be more precise, Lithuania took advantage of favorable political conditions in 1990, as well as in 1918. The difference between these two critical moments was that in 1990, Lithuania took advantage not so much of opportunities but rather very actively created a new situation not only in Lithuania, but also in all of Europe.

The re-establishment of independence in 1990 represented a major step towards the West and initiated a process which acquired great momentum. Today we can confidently say that, in this respect, our geographical standing is sufficiently clear. One again, we are in the Western world in a cultural, political and economic sense. During the eight years which have elapsed since the re-establishment of statehood, we have made notable progress in integrating into European and trans-Atlantic structures. The entry into force of the Lithuanian-European Union Association Agreement on February 1, 1998, is a prominent milestone on the road to the West. Although Lithuania has so far not been invited to begin negotiations with the EU regarding full-fledged membership, almost no one doubts that the negotiations will start before long (how long is another question). Being in the geographical center of Europe, we are economically and politically in the

West. It is crucial not only that we clearly comprehend this, but also that others see our place there. In this respect there is not much difference between reality, our aspirations and our possibilities. Even Russia, which is trying to retard our integration into trans-Atlantic security structures, essentially does not doubt that Lithuania is a Western country.

In Lithuania almost everybody is in agreement regarding Lithuania's Western identity, with the exception of the small number of S. Šalkauskis adherents (who maintained that Lithuania is *between* East and West), the radical nationalists, a handful of Eurosceptics and one or two surviving pagans (whether real or imagined). But this accord leaves another question open: in which part of the Western world are we, wish to be or can be? The answer to this question - the most important aim of this article - cannot be presented by simply pointing to Lithuania's location on a political or some other kind of map. Self-identification - not only of an individual, but also of a nation or a state - always involves a *choice*. We must ask ourselves what we wish to belong to, and the word *belong* absolutely does not mean (or does not necessarily mean) being a part of another state. We are primarily concerned with the question: with which region does Lithuania identify itself; where does the country seek, or should seek, good friends, or at least its best neighbors; with whom does Lithuania primarily strive to develop relations; whom can it rely on most and whom does it consider most important.

This question can be treated as a psychological or culturological issue, but it also has a very significant political dimension. We quite often become a part of that which we most want to be and strive to be. Regional self-identification is in part conditioned by geography, history, religion and culture. Many believe that these things cannot be changed. It would seem that Lithuania cannot conceive of itself as a Mediterranean Sea state simply because it is not one. But even in this apparently obvious case it is advisable to be careful. The social world, which comprises the political and, more specifically, the international and foreign policy spheres, is less clearly defined than nature. It is *contrived* both intellectually and spiritually as well as practically and politically. History is not only something that was. It is subject to re-writing and re-interpretation. Different nations see it entirely differently. This is asserted not only by specialists of history or social science, but also by far more practical people. Not so long ago, Jan Widacki, former Polish Ambassador to Lithuania, quite accurately noted that, in the long history of Lithuanian-Polish relations, the two peoples perhaps agree on only one event, namely the Battle of Zalgiris (Grunwald)⁴. Yet even in this instance their views are not completely identical. The Poles believe that the allied forces were led by Jogaila (Jagiello), whereas the Lithuanians are convinced that Vytautas was the real commander. It may seem that geography constrains the search for identity even more than history. Yet even geography cannot lock up anything in a steel cage. Lithuania is not a Mediterranean state. Being a Western country, however, Lithuania is at the same time a part of Mediterranean civilization because the sources of Western civilization lie in ancient Greece and Rome. Moreover, Lithuania once extended to the Black Sea, in other words to the Mediterranean Sea basin. Besides, countries and peoples change their territories. Lithuania's territory today is quite different from what it was in the time of Vytautas the Great. After World War II, the territory of our neighbors the Poles was pulled a couple of hundred kilometers westward as if it were a blanket. In this century there were proposals to move Lithuania

even further away - to America or Africa. Serious authors⁵ discussed a plan to create a Lithuanian province in North America, a "New Lithuania," which would surpass that of the old homeland ten times over in its territorial extent. Although this may prompt us to smile, we should recall that these discussions were made meaningful by the approach of World War II. The War threatened to totally destroy the Lithuanian people. In fact, a significant part was destroyed, and a third ended up in America and Siberia, a land whose climate our pre-war geopoliticians considered to be less suitable than that of British Columbia, Alberta or Saskatchewan.

Thus regional identity is not a given for all time, but rather is chosen, at least in part. After picking out our coordinates on the east-west axis, we can also sketch them out on the south-north axis, even without setting forth as our goal the transfer of Lithuania to Lapland or Madagascar. Realistically, of course, the range of choices is narrower, and the alternatives are identified in the title of this article. Therefore, is Lithuania (can it be, or ought to be) a northern or central European country?

To answer this question we must return to the previously-discussed question of Lithuania's shift (return) to the West. The crux of the matter is that the choice between northern and central Europe as the basis of regional self-identification is directly related to how we set the trajectory of movement to the West. A Western orientation was immediately adopted as a strategic goal of the Lithuanian people and the state, and was even enshrined in the Constitution of the Republic of Lithuania in a somewhat peculiar formulation as "non-accession to post-Soviet Eastern unions." More significant problems, however, arose in connection with the choice of trajectory.

The metaphor of two roads leading to Europe - one through Poland, the other through Scandinavia - was used more than once following the restoration of independence to illustrate the dilemma of choosing the appropriate foreign policy course. Poor relations with Poland during 1990-1993 ruled out the first alternative, the shorter road. A number of circumstances determined the status of Lithuanian-Polish relations. First of all, during the interwar period, relations were very tense on account of the Vilnius dispute. After regaining its independence a second time in 1990, Lithuania seemed to return psychologically to that era (even re-establishing briefly the validity of the 1938 Constitution). Although the political situation in 1990 was completely different and the *de facto* boundary between the two states was firmly established, old resentments surfaced on both sides. Some political forces in Poland could not accept that Vilnius belonged to Lithuania, thereby increasing Lithuanian distrust of Poland, which was so characteristic of the interwar period. Even official Poland viewed the re-establishment of independence in 1990-1991 with some reserve, at a time when many countries were expressing their fervent good will, which we may add, cost them nothing. Lithuanian independence following the Act of March 11 was viewed with considerable hostility by some Lithuanian Poles. We may also refer to them as *Lithuanians of Polish descent*, as Pope John Paul II did when he visited Lithuania, thereby provoking a great deal of dissatisfaction on the part of both Polish and Lithuanian radical nationalists. In part because many Lithuanian Poles spoke Russian as their native tongue and also because many did not have an especially favorable regard of Lithuanians, Lithuanian Poles viewed Lithuania as a more alien state than the Soviet Union. They perceived that the

Republic of Lithuania was *forced upon them*. Neither did they wish to study the Lithuanian language, which most of them had not learned. In these circumstances, Gorbachev's and Moscow's skillfully cultivated anti-Lithuanian campaign in the Vilnius region could be developed without great difficulty. The Soviet Union considered this region and the Polish minority in Lithuania as a political card to be played against Lithuania in attempting to prevent its final departure from the alleged "Great Fatherland." This campaign was directed by the CPSU Central Committee and the CPSU regional heads in the Vilnius and Salcininkai districts. Overnight these local leaders managed to transform themselves from rabid internationalists to fervent Polish nationalists. Their straightforward goal was the creation of a politically autonomous Vilnius region, which the USSR could utilize against Lithuania much like Moscow utilized the Trans-Dniestr republic against Moldova. Some anti-Communist political forces in Poland supported this Communist activity. Many in post-Communist Poland readily believed the Polish Communists of the Vilnius region when they complained about the evil Lithuanians' persecution of Poles in Lithuania. One needed merely to cast a glance at Moscow, however, to comprehend who was dictating these complaints. A wave of anti-Lithuanian resentment welled up in Poland in the fall of 1991, after the Supreme Council of the Republic of Lithuania dissolved the Vilnius and Salcininkai district councils (which represented the majority Polish inhabitants) for anti-Constitutional activity. In a letter written to Vytautas Landsbergis in December of 1991, Polish President Lech Walesa described Lithuanian-Polish relations as "close to critical."

Nevertheless, both countries agreed that it was imperative to improve bilateral relations. The August 1991 putsch, which led to substantially diminished support for the Polish Communist leaders in Lithuania by Moscow, permitted both countries to begin a slow process of rapprochement. On January 13, 1992, in Vilnius, Lithuanian Foreign Minister Algirdas Saudargas and Polish Foreign Minister Krzysztof Skubiszewski signed a general Lithuanian-Polish Declaration, which became the foundation for the subsequent bilateral political agreement. Although weakened, especially after new elections to the above-mentioned councils, the Lithuanian Poles' old and new political leaders' complaints regarding violations of Polish rights in Lithuania continued, however, to burden Lithuanian-Polish relations. Negotiations on the signing of an inter-state agreement were also complicated by Lithuania's unrealistic attempts to include in the agreement a condemnation of General Zeligowski's 1920 march on Vilnius, the occupation of Lithuania's capital and the later incorporation of the entire Vilnius region into Poland as illegal acts. Thus relations between the two states were not good either during 1992 or 1993.

For this reason, the road leading through Poland seemed closed. Given the Scandinavian countries' much more favorable attitude regarding Lithuania and the apparently self-evident Lithuanian view of the Baltic states as fraternal countries, it seemed clear that the Scandinavian road to Brussels would have priority. To be sure, this road would take a major detour through Latvia, Estonia, Finland, Sweden and Denmark. It was namely the choice of this road which determined the attempts at strengthening Lithuania's identity as a northern European country.

The northern European countries supported Lithuania's goal of independence from the very beginning of Lithuania's conflict with the Soviet Union. As early as the

spring of 1991, Iceland became the first state in the world to recognize the re-establishment of Lithuanian independence. Denmark and Norway actively aided Lithuania. It is true that Sweden at first was somewhat more passive, but it later tried to compensate for its initial lethargy in various ways, including by becoming the first foreign state to open an embassy in Vilnius. Although the major Western states supported Lithuania in 1990-1991, they, and especially the US, were concerned with preserving the strategic balance of power and feared an uncontrollable collapse of the Soviet Union. Their freedom of maneuver in the international arena was thus constrained. Germany in particular felt constrained (and still does today), since it felt gratitude towards Russia (somewhat exaggerated, one might say) for German unity and avoided irritating Moscow at all costs. The Nordic countries were much freer because they did not feel such a great responsibility for the global balance of power. They perceived their real interests on the Eastern shore of the Baltic Sea much more clearly than during the pre-war years and began expending efforts in support of Lithuania, Latvia and Estonia regarding their political, economic and cultural development as well as their integration into Europe.

Obviously, choosing the road to Europe through Scandinavia required closer cooperation among the three Baltic peoples. Baltic cooperation was strengthened by the establishment of links between *Sajūdis* and the popular fronts of Latvia and Estonia during the Rebirth period. The re-establishment of Baltic independence prompted the establishment, or re-establishment, of common institutions (some of them were created in the interwar period but were later liquidated by the Soviet Union) and the signing of quite a few cooperation agreements. A number of factors hindered interwar cooperation among the Baltic nations, despite the similarity of their fate (they all freed themselves from Russian “protection” in 1918). The most important evidently were not connected to differences in levels of cultural and economic development, or to religious heterogeneity, but rather were related to Lithuania’s conflict with Poland over Vilnius, in which Latvia and Estonia did not wish to involve themselves. Latvia and Estonia felt that good relations with Poland were of greater importance than good relations with the much smaller and less influential Lithuania. Close links with Lithuania would have harmed relations with Poland. That is why it was difficult to even think of serious integration among the Baltic states at the time. Given the above, the establishment of the Baltic Entente in 1934, one with even very limited objectives, should be seen as a major diplomatic victory (especially for Lithuania). Nevertheless, the perception of a common Baltic identity remained quite dim in all three countries even after the creation of the Baltic Entente.

In 1988, the situation began to change. The three Baltic nations renewed their struggle to free themselves of the Soviet Union’s “protection.” The circumstance that this was being undertaken a second time in the 20th century strengthened the feeling of Baltic identity. Only Lithuania re-established its state in 1918, for the Latvians and Estonians had not previously established states of their own. The commonality of the historical fate of all three nations was much more apparent at the end of the XXth century than in 1918. Now all three nations were striving to restore independence. Working together in re-establishing and protecting independence became a key condition for achieving national goals. Significant milestones marking this cooperation before 1990, were the struggle for Baltic economic autonomy in the USSR Congress of People’s

Deputies, the abrogation of the Molotov-Ribbentrop Pact, the introduction of the supremacy of republic legislation over Soviet laws and the change of the status of national languages. "The Baltic Way" not only demonstrated to the whole world the determination of the three nations to be free, but also served as an obvious expression of Baltic solidarity. Baltic identity began rapidly strengthening because the most important political goals of the three states coincided after the re-establishment of independence in 1990. These included: the elimination of the remains of Moscow's control, international recognition, the withdrawal of the Russian army and the creation of market economies and political democracy. Many Lithuanians began to conceive of Baltic identity as self-evident, and some Lithuanian political leaders regarded Baltic integration as an essential precondition for integration into the European Union.

The development of cooperation among the three Baltic states was accompanied by the expansion of cooperation between all of them and the Nordic countries, which slowly became ever more institutionalized in accordance with the 5+3 formula (5 northern European plus 3 Baltic countries). The Nordic countries' good will vis-à-vis the Baltic countries was clearly visible, although it was not entirely altruistic. Contacts of the most varied kinds and at different levels expanded rapidly. Lithuanians began seeing themselves as a part of the Baltic-Scandinavian (Balto-Scandian) region. The broader Nordic identity began to complement Lithuania's Baltic identity.

This was a completely new phenomenon in the history of Lithuania and the Lithuanian mentality. Lithuania had never before considered itself a Nordic country. It took a step towards the north in the XVIth century when it acquired territory corresponding to present-day Latvia and southern Estonia following the Livonian War. Nevertheless, Lithuania apparently was not too committed to keeping these lands, for it did not especially regret their subsequent loss. Instead, the Grand Duchy of Lithuania was more interested in pursuing expansion towards the east and south: the north was only a brief episode.

Lithuania's unfolding Nordic identity, which first emerged in 1990, was based essentially on a political foundation. In particular, religion distinguished Lithuania from northern Europe. And as history clearly shows, purely political links between different nations usually are not very durable. No doubt the three Baltic nations' common fate in the XXth century, their incorporation within the Russian Empire during the XIX century and the beginning of the XXth and a certain level of Russian cultural influence brought the three nations closer together than at any other time before. Undoubtedly they were more similar to each other in 1990, following 50 years of Sovietization, than they were in 1918. This similarity eased their collaboration.

Soon, however, problems complicating the three Baltic countries' relations started to proliferate. Although the Vilnius problem was no longer a burden, other disagreements became apparent. Their similar economic specialization made them competitors in international markets. The Estonians and Latvians feared that Lithuania, as the largest of the three, might start dominating the Baltic alliance. Each country was apprehensive - and not without reason - that the others might pursue their interests at the expense of the "Baltic Sisters." Lithuania was criticized for its "separate" negotiations with Russia regarding Russian troop withdrawal from Lithuania and for giving Latvia and Estonia insufficient support when Russia exerted pressure on them. The Estonians use every opportunity to

trumpet their superiority in the Eastern Baltic and their success in carrying out economic and political reforms, while pointing to the inability of Latvia, and especially Lithuania, to keep up. The Latvians squabbled with the Estonians and Lithuanians in attempting to expand their economic zone in the Baltic Sea at the expense of their neighbors.

Friction between the Baltic states, the declarative nature of the activities of their common institutions, or simply their inactivity, their inability to put into practice many signed tripartite agreements considerably cooled the earlier enthusiasm about their integration. Efforts to link the three Baltic countries in the equivalent of the Benelux Union (named Eslalija, for example) appeared increasingly unrealistic. It gradually dawned on everybody that Baltic integration was not a precondition for integration into the EU (this has become even more obvious after Estonia was invited to begin negotiations with the EU).

Given the above, Lithuania's foreign policy orientation began to shift during 1995-1996. The northern road to Europe, leading through Latvia, Estonia, Finland, Sweden (perhaps Norway) and Denmark appeared long and rutted. It was evident that certain stretches of the road would be difficult to master. The Lithuanians turned 180 degrees and saw that the second road which at first appeared closed was essentially open. Moreover, it is incomparably shorter. We are obviously talking about the road through Poland.

After four years of tension, the *Treaty on Friendly Relations and Good Neighborly Cooperation between the Republic of Lithuania and the Republic of Poland* was finally signed in 1994, and ratified the same year. The psychological shock which many Lithuanian Poles (or Lithuanians of Polish descent) experienced following the restoration of Lithuanian independence passed, or at least wore off substantially. They began to recognize the Lithuanian state, obtained Lithuanian citizenship and learned some Lithuanian. Some of them now genuinely regard themselves as Lithuanians of Polish descent, as the Pope had requested. The problem of Lithuanian Poles no longer embitters Lithuanian-Polish relations. Poland never officially disputed Soviet sovereignty over Vilnius and the Vilnius region in the post-war era. After Lithuania and Poland re-established diplomatic relations, Poland *de facto* recognized this region as belonging to Lithuania. The 1994 treaty dotted the final i's. With this, Lithuania achieved one of its most important diplomatic goals of the XXth century, which absorbed more of Lithuania's attention in the pre-war period than the preservation of sovereignty. Some in Lithuania are inclined to believe that the "Republic of the Two Nations," i.e. the common Lithuanian-Polish state which arose after the 1569 signing of the Union of Lublin, formally ceased to exist only after the 1994 treaty entered into force. This treaty truly has historical significance for Lithuania. It is not surprising that Lithuanian-Polish relations started to improve dramatically after the signing of this document. The political changes in Poland over the past few years resulted in the loss of power of certain political figures who were not especially well-disposed towards Lithuania. This outcome had a particularly favorable impact on the later development of both countries' relations. Four years ago, Lithuania already clearly perceived that Poland was a very serious candidate for membership of both the European Union and NATO (subsequent events confirmed this). Thus good and, even better, *exceptionally good* relations, are of vital significance to Lithuania as it pursues strategic foreign policy goals. And, what is more, it appeared to some influential political leaders that Lithuania's attachment to the Baltic geopolitical

region (i.e., of Lithuania, Latvia and Estonia) is more of a hindrance than an advantage in pursuing an independent foreign policy: Lithuania in seeking NATO membership could gain more by accenting its individuality (and its ties to Poland) rather than its Baltic nature. In this way, Lithuanian foreign policy adopted an informal and unofficial position concerning the necessity of dismantling the Baltic geopolitical region (encompassing Lithuania, Latvia and Estonia). This position supplanted the dominant view of the importance of Baltic integration. In a formal sense, of course, this does not contradict the goal of strengthening cooperation among the three countries. But separating cooperation from regional integration, which is an effective means of strengthening a geopolitical region, and moving instead to dismantle it, obviously reduces the level of tripartite and bilateral cooperation.

At an official level the inclination to dismantle the Baltic geopolitical region is reflected in the Lithuanian proposal to include at least one Baltic state (presumably Lithuania) in the first phase of NATO enlargement. Strangely enough, Lithuanian officialdom was displeased when the European Union began assisting in the dismantling of the Baltic geopolitical region by inviting Estonia to begin accession negotiations, but not Latvia and Lithuania. Lithuania's predictably unsuccessful efforts to sign bilateral US-Baltic Charters instead of a quadrilateral Charter of the US and the three Baltic states were a clear manifestation of the position in favor of leaving this geopolitical region. Adhering to this stance, Lithuania (and admittedly the other Baltic states) are not undertaking any decisive steps toward strengthening the Baltic Council of Ministers. On the other hand, there are clear signs that Baltic cooperation is developing and that some integration processes are continuing, especially in the military field. One need only mention three acronyms – BALTBAT, BALTRON and BALTNET – by way of illustration.

At this point it would seem natural to pose three questions: 1) Does the Baltic geopolitical region exist at all, and if so, is Lithuania capable of dismantling it? 2) How will Lithuania benefit from its dismantling? 3) What are the negative consequences for Lithuania of leaving the Baltic geopolitical region?

We will try to provide concise answers. First of all, the Baltic countries do not meet all of the political science criteria of a geopolitical region. Viewed historically (we shall limit ourselves to the XXth century), the three Baltic countries are merely a part of the interwar Eastern Baltic region, whose status was also doubtful. This region was composed of Finland, Estonia, Latvia and Lithuania; Poland was sometimes included in this grouping as well. Aside from geographical considerations, the Eastern Baltic region was also united by interwar geopolitics: it was the zone where the interests of the Soviet Union and Germany (and to a lesser extent those of the other major powers) intersected.

The present region of the three Baltic countries, like the former Eastern Baltic region, does not have long-term prospects. It should become a part of a broader region in an integrated Europe (let us leave aside the question of *which* region for the end of the article). But if we narrow the focus of the analysis to several years, we must state that the region, or subregion, of the three Baltic countries is a fact of international political life at the end of the XXth century. The region exists not so much as a consequence of the efforts of the Baltic states, but rather because it represents a point (or unit) of intersection of the interests and policies of the major world powers. In this respect, the

changes in the geopolitical status of the region over the past few years have been truly remarkable. Formerly a Russian sphere of influence, it has become an arena in which the interests and policies of very important and varied actors in international politics (first of all, the US, NATO, Russia and, to an extent, Germany) intersect. The Baltic countries succeeded in attracting the attention of the West and changing to a certain extent its previously sceptical view of the importance of the Baltic countries. Assuming that this is a significant foreign policy achievement of the Baltic countries, one must ask if the attempts to dismantle the geopolitical region may not be counterproductive. Can we assume that those in the West who “worry” about the Baltic countries will care only about Lithuania? The geopolitical situation of the Baltic countries is much more favorable than it was in the interwar period, not least because they have been far more united in the international arena in recent years than during the 1918-1940 period.

If the Baltic geopolitical region is not only (perhaps not so much) a product of the Baltic countries’ conscious policy, but rather a construct of the major actors on the international scene, then it is doubtful whether Lithuania will succeed in dismantling it, even with Estonian assistance. (Estonia’s orientation toward Finland somewhat resembles Lithuania’s present orientation toward Poland, although the Estonians envy the warmth of the Lithuanian-Polish relationship and the accompanying institutionalized links.) Perhaps it would be especially difficult to change the US position. The US, with its worldwide interests, would find it hard to pursue separate policies vis-à-vis small and proximate countries, without regard to whether they are Baltic or Benelux states.

Let us, however, assume for the sake of argument that Lithuania succeeds in taking apart the Baltic geopolitical region and convincing Western countries that they should regard the Baltic countries individually. What would be the consequences of such a change? Certainly they would not all be favorable. The greatest potential achievement might be the resulting opportunity to join NATO without regard to Latvian and Estonian prospects. The value of dismantling the geopolitical region might also be great if we accept as true the supposition that NATO will not agree to Estonian membership because it does not wish to create a military-strategic situation which would threaten the security of Russia’s second-largest city and former capital. As for Latvia, membership in NATO is complicated by the significant political, and especially economic influence, of its large, Russian minority and, indirectly of Russia. Given that Lithuania’s relations with NATO are of longer duration and more intensive than those of Latvia and Estonia, that the influence of Russians and of Russia is weaker, and also that the Kaliningrad region is not as important to Russia as St. Petersburg, then one can assume that Lithuania’s acceptance into NATO is more likely than that of Latvia and Estonia.

This assumption, which has apparently been an important factor in Lithuania’s recent foreign policy, may be questionable. Firstly, the envelopment of the Kaliningrad exclave by the territory of NATO countries (the result of Polish and Lithuanian NATO membership) can hardly be a much more acceptable outcome to Russia than NATO’s proximity to St. Petersburg. (Should Estonia become a member of NATO, its border would be separated from St. Petersburg by a distance of about 100 kilometers, and Estonia along with NATO could pledge to refrain from stationing weaponry representing a direct threat to St. Petersburg). Secondly, accepting Lithuania alone among the Baltic

states would not have the military-strategic significance for NATO which would result from accepting all three Baltic states. The Baltic countries' prospects for NATO membership evidently would improve only in the event that NATO would evolve even more distinctly along a political rather than a military course following the entry of Poland, the Czech Republic and Hungary. Improved relations between Russia and the West would also be an important precondition.

One may suppose that the dismantling of the Baltic geopolitical region would be advantageous in another respect, namely, by allowing closer cooperation with Poland. One should also note that Lithuanian-Polish rapprochement would enhance Lithuania's prospects for NATO membership. The problem of Lithuanian-Polish relations merits separate treatment. Yet it is clear even without delving into the matter that Lithuania's inclusion in the Baltic geopolitical region did not prevent Poland from identifying Lithuania as a strategic partner (incidentally, this term, which Polish President Aleksander Kwasniewski repeated in February of 1998 in Vilnius, illustrates the enormous changes which have occurred since the end of 1991, when President Walesa termed bilateral relations as close to critical). Thus it is not at all evident that Lithuania's policy of rapprochement with Poland requires it to loudly proclaim that Lithuania is not a Baltic and Nordic country, but rather a Central European state in the narrow sense of the word.

If Lithuania were to succeed in convincing the world that the Baltic countries should be treated individually and not as a geopolitical unit, it would lose some advantages. The 5+3 formula linking Nordic and Baltic countries could be changed to a 5+2 formula, which would exclude Lithuania. Responding to the objection that this is not likely, one could note that this unlikelihood bears witness to the indestructibility of the Baltic geopolitical region.

Should Lithuania "drop out" of the Baltic geopolitical region and fail to achieve NATO membership, despite all its efforts, then its security could be adversely affected by the possible loss of "soft" Western security guarantees which currently derive from Lithuania's inclusion in the relatively important Eastern Baltic region. Moreover, Latvia would become increasingly isolated if Lithuania were to pursue ever closer ties to Poland while Estonia oriented itself more and more towards Finland. Russia might take advantage of Latvia's isolation and strengthen its influence, which would worsen Lithuania's position (the Russian-speaking pensioners' demonstration in Riga in March of 1998 and, most significantly, the reaction to it within Russia are not particularly promising).

But let us return to Lithuania's relations with Poland. Rapprochement with Poland, termed a strategic partnership, is perhaps the most notable shift in Lithuanian foreign policy following the rejection of neutrality, which was the *declared* policy during the first few years after the restoration of independence (it was impossible to officially seek NATO membership because Lithuania had not been recognized internationally and the Russian army was stationed on its territory). Although Lithuania's relations with Latvia and Estonia were termed a strategic partnership back in the Sajudis period, and there is nothing to prevent a country from having several strategic partners, the idea of partnership with Poland was closely associated with the concept of abandoning the Baltic geopolitical region. Poland, and a friendly Poland in particular, is considerably more important to Lithuania than Latvia and Estonia taken together. Especially significant is Poland's demographic, economic and military potential as well as its prospective influence

within NATO, the EU or CEFTA, taking into consideration Lithuania's interest in joining these institutions. Very close political and military relations with Poland are of significance in looking for a counterweight to Russian pressure. More intensive economic cooperation between Lithuania and Poland might also encourage greater foreign investment into Lithuania. Poland's special relations with Germany and France (the so-called Weimar Triangle) show the importance which the West attaches to Warsaw.

Thus partnership with Poland opens up new and promising prospects. Bearing in mind the long-term history of bilateral relations, however, one is willy-nilly confronted with the following question: what motivates Poland in emphasizing the importance of its partnership with Lithuania? As history shows - and this applies not only to the history of Polish and Lithuanian relations - the love of one state for its neighbor, in particular a much smaller neighbor, is quite often motivated by rather egoistic impulses. Good or even very good relations with Lithuania are obviously useful to Poland in seeking the same goals which Lithuania is pursuing, namely, integration into NATO and the EU, since good neighborly relations are a precondition for integration. However, as Poland draws nearer to Lithuania it appears that Warsaw is also pursuing unilateral interests which are not directly connected with membership in NATO and the EU.

Poland is clearly interested in strengthening its influence in the Central and East European region and in attaining unquestioned leadership here. Having long been directly dependent on the Soviet Union, Poland now wishes to influence or even control events in the region. At present the region in which Poland's influence (or at least attempted influence) is most apparent includes Ukraine, Moldova, Romania, Hungary, the Czech Republic, Slovakia and Lithuania. Of course Poland would like to draw Belarus into this region, but Russia's strong influence is an obstacle. Poland is also interested in Latvia, Estonia and Bulgaria.

Not all of the countries of this region view Poland's desire to be dominant here in the same light. Hungary and the Czech Republic view this prospect with some suspicion and without enthusiasm. By contrast, the current president of Romania made Warsaw the destination of his first visit abroad. The strengthening of Polish influence in Slovakia is checked by Russia although not to the same extent as in Belarus. In Ukraine the prospects for expansion of Polish influence are quite good (both countries recently forgave each other the damage each inflicted on the other during the war and post-war years). In the future, however, as Ukraine strengthens economically and politically, bilateral relations will develop only on the basis of a dialogue among equal partners. Of all Poland's neighbors, Lithuania seems to be the country where Warsaw could most easily expand its influence. That is why Poland is proceeding to do this, and quite successfully. The present is an especially favorable time in which Poland can develop an independent foreign policy, given that Germany still limits the use of its political power and has economic problems arising from the unification of eastern and western Germany. Some Western countries apparently are quite well-disposed towards the rise of Polish influence in the region, where they do not wish to see Germany or Russia exercising too much direct influence.

The intensification of Lithuania's relations with Poland generally improves the international standing of Vilnius, although this is sometimes done at the expense of Lithuania's ties to Latvia, Estonia and, at the same time, to the detriment of relations with

the Scandinavian countries. Lithuania might thereby face a certain danger of becoming too dependent on Poland, as it did a long time ago. Perhaps this danger is not so great. But it is worth considering when discussing Lithuania's foreign policy orientation and regional self-identification. Moreover, Lithuania could end up in an uncomfortable position if Poland were to someday begin attaching less importance to the bilateral relationship. However, fears of a cooling in relations triggered by the 1997 Polish Sejm elections and the Lithuanian Presidential election of 1998 apparently proved groundless.

Lithuania's relations with Poland were formerly complicated by a shared past. Now, however, it is becoming an excellent basis for partnership. The shared past ensured the presence of cultural, and in part, psychological intimacy. Having received Christianity from Poland, Lithuania is very close to its neighbor in a religious respect at present. The Pope's affection towards Lithuania, which is based on known family ties, and the common worship of the Madonna of the Dawn's Gate are clear manifestations of this intimacy, as is a certain conservatism shared by the Church hierarchies of both countries. In the past, Lithuania was threatened by total Polonization of its language and culture. But the Lublin Union also had other consequences. Polish culture made a considerable impact on Lithuanian culture. Our cultural heritage coincides in part with that of Poland's. St. Anne's Church and the nearby standing sculpture of Adomas Mickevicius (or Adam Mickiewicz) as well as the old buildings of the University of Vilnius standing close by are spiritual treasures for both the Lithuanians and the Poles. The Old Quarter of Vilnius does not differ that much in its spirit from the Old Quarter of Krakow. In visiting one or the other, we are still in Central Europe.

There is no doubt that in a cultural sense Lithuania is closer to Central Europe than to Northern Europe. But this statement does not mean that we must respond to the question posed in the title of this article by asserting that Lithuania is not a Nordic, but rather a Central European country. For the question concerns not only culture, but also politics, the past as well as the future. The circumstance that Lithuania was not invited to a recent summit of Central European leaders gives added impetus to the question of whether Lithuania really is a Central European country in a political respect.

We mentioned earlier the negative consequences of rejecting Lithuania's Baltic, hence also its Nordic, identity and limiting cooperation within this region. In recent years, Lithuania may have appeared somewhat indecisive in searching for its political identity. It appeared indecisive not only because other countries shifted their policies toward Lithuania. In our opinion, Lithuania also defined the region (or subregion) in which it sought this identity too narrowly.

The reader may assume that the author is intent on proving that Lithuanians are Europeans. Furthermore, the better Europeans we will be, the sooner will the European Union accept us as members and thereby confirm our true identity. No, we are not going to talk about this. We are interested not in a European, but rather a sub-European regional identity. And in answer to the question of whether Lithuania is a Northern or Central European country, we reply as follows: *Lithuania is a Baltic Sea region country.*

Obviously this statement must be explained. It appears to be a reply to a somewhat modified version of the question posed in the title. But the significance lies elsewhere. It apparently would be more important to briefly examine two *contrary* arguments before answering this question. The first would be the following: this reply is obviously mistaken

because Lithuania was historically never a maritime state. And since it is not a maritime state, Lithuania cannot belong to or identify itself with a region which is linked together in one totality by a sea. The second *opposing* argument would be the following: the author is making an excessively obvious statement by maintaining that Lithuania is on the Baltic Sea, that all of it belongs to the Baltic Sea basin in a hydrographic sense and that politically Lithuania has been a member of the Council of Baltic Sea States since its establishment in 1992.

Let us begin with the historical argument. In truth, Lithuania lived through the greater part of its history without giving any thought to the sea. It is true that before 1923, when Lithuania assumed control over the Klaipėda region, it never had any coastline of any significant length, excepting the era of Vytautas the Great. And when it did have such a coastline, it was on the Black Sea and not the Baltic. The Lithuanian Baltic coast encompassed merely several kilometers near Palanga, which, moreover, it did not always control. For along this coast ran the only overland communications route linking two separate orders of the Teutonic knights. And besides, Samogitia did not always belong to Lithuania.

Seen from a modern vantage point, the complete disinterest of the Grand Duchy of Lithuania in seeking an outlet to the Baltic Sea and annexing Klaipėda even when it would not have been difficult to do so (for example, after the Battle of Žalgiris), was a basic and systematically repeated foreign policy mistake. By contrast, Russia considered gaining an outlet to the Baltic as its *most important* foreign policy goal for more than a century before Peter the Great finally succeeded in founding St. Petersburg. And this goal retains its importance to Moscow even in the present. But the vantage point of the past was influenced by two basic circumstances. Firstly, Lithuania expanded towards the Southeast because it met with virtually no resistance there. At the same time, the orders of the Teutonic Knights represented a far more serious military and political force than the Slavic principalities. Secondly, even when Grand Duke Vytautas defeated this force, he was still interested in preventing the Teutonic Order from becoming too weak to serve as a future ally against his ally of the moment, namely, Poland. Classical balance of power policy precluded total defeat of a strong opponent. That is probably why the 1411 Peace of Tornau provided for the cession of Samogitia, but not of Klaipėda from the Teutonic Knights.

Beginning in 1569, after Lithuania and Poland joined together to form a common state, there were attempts to attain maritime country status. However, the Lithuanian-Polish state's efforts to wrest at least some control of the Baltic Sea from Sweden in the XVIIth century ended unsuccessfully. The Baltic Sea thus remained a "Swedish Sea" for a long time. And at the end of the XVIIIth century, the common Lithuanian-Polish state itself ceased to exist.

After Lithuania "recovered" Klaipėda in 1923, it lacked sufficient resources to develop its fleet, although steps in that direction were taken. However, Klaipėda did see development in the Soviet era as the most important Soviet ice-free port in the Baltic Sea. A significant part of the Soviet fishing fleet was based here. When Lithuania took possession of it in 1990, it wound up with a truly impressive collection of fishing vessels.

Practically nothing remains of this fleet today (here we are not concerned with telling the story of its disappearance). Nevertheless, the *commercial fleet* and the port of Klaipėda are growing. An ever increasing number of ferry links connect it with the

Baltic harbors of other states. And as time goes by, it becomes increasingly apparent that Lithuania *is* a part of the Baltic Sea region. The bulk of our trade is with the countries of this region. The greater part of foreign investment into Lithuania derives from the states of this region. Cooperation with the Baltic Sea countries is developing in all spheres: the Baltic Sea increasingly unites us with them.

One successful form of cooperation among the countries of the region is the *Council of Baltic Sea States* (CBSS). Frankly speaking, however, this organization is overshadowed in Vilnius by other organizations, namely, the European Union and NATO, whose membership Lithuania regards as strategic goals. Nevertheless, as Lithuania seeks integration into the most important European and Euro-Atlantic structures, it should not forget that regional cooperation is a very important dimension of these structures. Looking at the problem from this point of view, we must note that the Baltic Sea region is a natural part of Europe (perhaps more so than any other). The Baltic Sea is surrounded on all sides by European states. A shared civilization significantly eases cooperation among states, and in this respect, the Baltic Sea region surpasses the Mediterranean Sea region, for example. It is thus not surprising that cooperation among the countries bordering the Baltic Sea is even now closer than that of the Mediterranean Sea countries. More importantly, its prospects are much better. The potential for expanding cooperation is affirmed by historical experience. The Hansa League developed its activities here, and we will point out that the League's merchants were quite active in Lithuania.

Germany and Russia, two of Europe's most powerful and influential countries, belong to the Baltic Sea region. We should note that, for the first time in its history, Lithuania will preside over two of the largest states of Europe by virtue of its chairmanship of the Council of the Baltic Sea States, though only in a formal sense and relatively briefly. The circumstance that Lithuania's historical relations with these two nations were quite complicated adds an ironical dimension and flatters Lithuanian pride.

For now Germany is not participating in European political affairs as actively as it might, given the country's size and economic power. We clearly perceive this on the Eastern Baltic coast. Having proclaimed itself as the Baltic states advocate, Germany administers only very careful doses of its political support for them. We have already pointed to one reason for this state of affairs. The other reason is that Germany and France have good-naturedly agreed to a division of roles, whereby the former has become the economic leader of Europe, while the latter predominates politically. At present Germany is satisfied with this arrangement. Whether it will remain satisfied in the future is another matter. For the moment, Germany appears to be a sleeping giant who is reluctant even to stretch out energetically for fear of alarming those who once had experienced its power. But Germany's power (political and otherwise) is truly formidable, and Lithuania must take account of it. As Lithuania establishes its priorities with the Central European states, it must not forget that Germany is the largest and most influential *Central* European state.

There is no need to prove the importance of Russia to Lithuania. Thus the CBSS, of which we are full-fledged members *now*, and not merely aspiring members, is especially useful to Lithuania. The other CBSS states represent a good counter-weight to Russia. Certainly it may appear to some that little Lithuania could not possibly feel comfortable in the company of such large states as Russia and Germany. But there exists an informal

agreement within the CBSS which stipulates that, on a practical level of cooperation, these states shall be represented primarily by administrative units such as provinces, regions and cities which border on the Baltic Sea. That is why Lithuania does not feel so small within the CBSS. At the level of practical cooperation within the CBSS, Lithuania's largest partner is Poland, which is linked to Lithuania by friendship and strategic partnership. The provinces of *Schleswig-Hollstein and Mecklenburg-Vorpommern* are more interested in intensive cooperation with Lithuania than Germany as a whole.

With regard to Russia, the same should be said about St. Petersburg as well as the Leningrad and Kaliningrad regions, which represent Russia at a practical cooperation level in the CBSS. The CBSS provides Lithuania with an opportunity to engage in intensive multilateral cooperation with these important Russian regions, thereby promoting their successful economic and cultural development as well as more rapid integration into Europe. All of this is useful to both sides in a security context, too.

Almost all of the Baltic Sea region countries share the same or at least similar political goals. They are either members of the European Union or they actively seek accession. With regard to the latter, so far only Russia, Norway and Iceland distinguish themselves from the rest of the CBSS members. In addition, the European Union Commission takes part directly in CBSS activities. This makes the region singularly attractive to Lithuania. We have many good friends here who back our goals, which so far certainly are not universally supported. To be sure the region is still not very closely integrated as a geopolitical unit, which somewhat complicates Lithuania's identification with it. If we call ourselves Balts, we first of all have in mind ethnic-linguistic considerations. Secondly, we think of one of the three nations inhabiting the Eastern Baltic coast. And finally, we conceive of the community of nations of the entire Baltic Sea region. Nevertheless, the progress achieved towards integrating this region is manifest. A conference discussing theoretical aspects of this problem was held in May of 1991 in Tallinn. Interestingly, it was entitled "A Region in the Making?" Today nobody would place a question mark after this title. The existence of the region is an indisputable fact. It has many aspects - including political, economic, ecological and cultural - because regional cooperation encompasses many forms and methods. Of course, the CBSS contributed substantially to regional integration.

The goals of the CBSS are more limited than those of the EU. In the words of the Declaration of the first Conference of Foreign Ministers of the Baltic Sea States, "The Ministers for Foreign Affairs of Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland, Russia, Sweden and the representative of the European Commission have assembled in Copenhagen on 5-6 March 1992 at the invitation of the Danish and German Foreign Ministers in order to revitalize, strengthen and put into relief existing cooperation among the Baltic Sea States." The Declaration set forth these goals in seven chapters of the second part of the document whose titles reflect their essence: (1) Assistance to new democratic institutions; (2) Economic and technological assistance and cooperation; (3) Humanitarian matters and health; (4) Protection of the environment and energy; (5) Cooperation in the field of culture, education, tourism and information; (6) Transport and communication.

These goals have not changed much since 1992. In 1992, the CBSS could not have pointed to cooperation in the security sphere as one of its goals. The member states of the CBSS, which were later joined by Iceland, had quite different notions of

how to guarantee security. There is no unanimity of views now, but the differences have lessened. Sweden and Finland at the time were neutral countries in the classical meaning of the term. Lithuania, Latvia and Estonia did not declare NATO membership to be their foreign policy goals. And Russia viewed the North Atlantic Treaty Organization with even greater hostility than at present. Neither was political cooperation among the CBSS states stated as an explicit goal in the 1992 Declaration. Nevertheless, the regular meetings between political leaders and senior officials, which received their impetus from the Copenhagen Conference, represented increasingly close political cooperation. And another important aspect is worthy of mention. The participants of the 1992 Copenhagen Conference even then noted in their Declaration that cooperation in the above-mentioned six spheres: “will strengthen the cohesion among these countries, leading to greater political and economic stability as well as a *regional identity* (underlined by author).”

Thus an official document of 1992, which bears the signature of the Foreign Minister of Lithuania, already discussed regional identity of the countries belonging to the CBSS. There is no doubt that Baltic identity (conceived in a new and broader sense than that of the three Baltic states) is growing stronger. The CBSS contributes to its development not only directly as it goes about discharging its tasks, but indirectly as well as the CBSS performs its role of an umbrella organization. Regional identity, the feeling of belonging to the same totality, is perhaps reinforced to a greater extent by daily contacts among people, firms, institutions, local governments and non-governmental organizations than through meetings of senior officials and declarations. Such contacts are intensifying and thereby becoming more significant. Many are being institutionalized. The number of such institutions in the Baltic Sea region is increasing perhaps more rapidly than anywhere else in Europe, which illustrates the region's dynamism and prospects. The following are only a few of these institutions: the Union of Baltic Cities, the Conference of Baltic Sea Rectors, the Association of Baltic Sea Chambers of Commerce, Agenda 21 for the Baltic Sea and the Baltic Sea Commission. This list can be extended considerably. The CBSS serves as an umbrella organization for cooperation of a great variety of individuals, including parliamentarians and secondary school students. It is clear that individual contacts are especially effective in bringing people closer together. Schoolchildren from Vilnius who have an opportunity to live with the families of schoolchildren in Odense can begin to comprehend that Lithuanians and Danes are members of the same regional family of nations. Exchanging private visits and building up family contacts are an excellent way of fostering a feeling of togetherness and identity. At present, quite a few Lithuanians who regularly travel to Stockholm, Warsaw and Copenhagen do so almost as though they are going to their second homes. This feeling has been reinforced by the notable progress that has been achieved in the field of transport and communications, particularly in linking the eastern and western parts of the Baltic Sea region.

On July 1, 1998, Lithuania will begin its chairmanship of the CBSS. It intends to place special emphasis on CBSS members' cooperation in strengthening civic security, especially the fight against organized crime and illegal immigration as well as civil defense. Of particular importance to Lithuania will be the creation of technical systems in the Baltic Sea which could monitor the movement of ships and aircraft as well as ecological conditions and be especially helpful in emergencies. The development of transport and

telecommunications should also be promoted through the opportunities afforded by the CBSS. We believe that Lithuania could take advantage of its new possibilities within the CBSS to support the creation of the Baltic energy ring and to invigorate the flagging efforts of the countries in building the Via Baltica. Implementation of projects like the Baltic energy ring would doubtlessly contribute to the enhancement of “soft” security for Lithuania. In general, the CBSS is important to Lithuania also from a security standpoint, despite this institution’s extremely peaceful orientation.

The CBSS may well be the most successful European regional organization. It helped to overcome the legacy of the Cold War and significantly enhanced regional security and confidence. The CBSS format is useful in solving problems which otherwise might be difficult to deal with in a bilateral framework. Further development of its activities would be aided by the establishment of a permanent secretariat, especially since the beginnings of one already exist *de facto* in Stockholm. The official establishment of a secretariat would not require great outlays. Lithuania could make use of its position as CBSS chairman to advance the solution of this question. Admittedly one CBSS country is not particularly fond of this secretariat, but it is perfectly obvious that it would strengthen the CBSS. All these who favor enhancing CBSS cooperation should understand that a permanent secretariat would represent practical support in intensifying CBSS activities. Doubtless a secretariat would increase the prestige and influence of the CBSS.

The CBSS is an organization, whose utility has still not been properly apprehended in Lithuania. Lithuania *is* a Baltic Sea region country. The advantages of the CBSS are manifest, both with regard to finding good friends and Lithuania’s place in Europe. Independently of the readiness of Lithuanian political leaders to attribute particular importance to the CBSS, Lithuania is increasingly orienting itself toward the sea. It is rectifying historical errors by becoming a maritime state. This is demonstrated as well by the rapid development of Klaipėda, which has an excellent opportunity to overtake Kaunas at some point and become the second most important city in Lithuania. The Baltic Sea region practically encompasses all of the countries which are important to Lithuania, with the exception of the US, and frees Lithuania from making wrenching choices between Central and Northern Europe. The advantage of this region is that it embraces both the Baltic region in a narrow sense (i.e., Lithuania, Latvia and Estonia) as well as Poland. Maintaining good relations with the other countries of the Baltic Sea region certainly will not be an obstacle to developing relations with Poland. Lithuania’s orientation toward the Baltic Sea region permits it to pursue a more *balanced* foreign policy than an orientation toward one or another state in the region. As a CBSS member, we can set off for Brussels by taking two roads, a northern and southern, and thereby improving our chances of reaching it sooner. Having mentioned the US, we should note that even this country is endeavoring to join the CBSS, although so far without success. It is paradoxical that there are politicians in Lithuania who underestimate membership in the CBSS, while at the same time, the world’s most powerful state is eager to join, even though it is separated by 4000 nautical miles from the nearest point in the Baltic Sea, the Kattegat narrows.

REFERENCES

- ¹ E. Nekrašas, „Lietuva Europoje“, *Atgimimas*, no. 9 (1990).
- ² A. Bumblauskas, „Dėl Lietuvos Didžiosios Kunigaikštystės civilizacijos pobūdžio“, *Lietuvos istorijos studijos*, no.3. (1996).
- ³ S. Huntington, „The Clash of Civilizations?“, *Foreign Affairs* 72, no. 3 (1993);
S. Huntington, *The Clash of Civilizations and the Remaking of World Order* (Simon and Shuster, 1996).
- ⁴ J. Widacki, „Stosunki polsko-litevskie“, *Kultura (Paryż)*, no. 11(602) (1997), p. 40.
- ⁵ K. Pakštas, „Baltijos respublikų politinė geografiija“, [1-as leidimas: 1929], in *Lietuvos geopolitika*, ed. S.Vaitekūnas (Vilnius: Mintis, 1991), p.p. 94-95.

METHODOLOGY OF THE EU ENLARGEMENT: A CRITICAL APPRAISAL*

Klaudijus Maniokas

The aim of this article is to provide an analysis of the new methodological features of process of the actual enlargement of the European Union. The outcomes of the process are less than certain with respect both to the date it finally happens and to the changes it will bring about in the Union and the candidate countries. However, certain new features of the process as compared to previous enlargements are quite evident. A uniqueness of the challenge of the enlargement reflected in a number of countries involved in the process as well as in the difference in the level of their economic, social and political development as compared to the Union's level as well as in the profundness of their transformation required a qualitatively new response from the Union. It should have been reflected in the new philosophy or methodology of the enlargement meaning a certain set of principles or approaches governing the modalities of enlargement. Therefore in this article I will try to assess whether a new kind of enlargement methodology has been developed in reality and, if so, what are its main principles and whether they form a coherent set or logic of enlargement. Then I will try to assess the implications of this supposedly new methodology with regard to the candidate countries in terms of its benefits and possible risks.

The article is divided into three parts. The first part is devoted to the critical assessment of the development of relations between the Union and the candidate countries, including an assessment of the 1999 Commission's Regular Report on the progress of the candidate countries towards accession. It not only provides a necessary background for further arguments about the scope and the nature of a new methodology

* I am grateful to the European Integration Studies Centre of the University of Bonn (ZEI) for the possibilities to spend almost two months of 'splendid isolation' in Bonn. This article is a result of it. The text is an extended and modified version of a paper, which will appear as a discussion paper of the Centre. I would like to thank Dr. Marcus Wenig and Dr. Peter A. Zervakis (ZEI) for the encouragement and comments provided and Žygimantas Pavilionis from the Lithuanian Mission to the EU in Brussels who commented on some of the proposals contained in this article. I am particularly grateful to Ramūnas Vilpišauskas from the Institute of International Relations and Political Science of the University of Vilnius who commented extensively on the text and with whom many arguments surrounding EU enlargement were debated.

of enlargement but also shows that the development of the relationship did not follow a simple linear logic. It could be characterised instead by a high uncertainty about further steps and quite radical changes in terms of its geopolitical scope and methodological principles.

The second part is devoted to the new principles of the on-going EU enlargement. It discovers substantial differences of its logic as compared to previous enlargements and draws certain conclusions about the rationales and implications of these new principles to the institutional balance of power within the EU. Four new principles of conditionality, increasing asymmetry, complexity and differentiation are identified. It is argued that they form a consistent logic of control aimed at, positively, proving a template of the transition for the candidate countries and, negatively, delaying the enlargement and thus responding to the fear of dilution of the Union's *acquis*. Within the limits of the member states' aim of postponing the enlargement, the European Commission was able to monopolise the relationship with the candidate countries and increased its power considerably.

The third part provides an assessment of certain implications of the new enlargement methodology to the candidate countries, in particular to the national political consensus in those countries. It concludes then that there is a certain risk of dilution of the national political consensus in the candidate countries as the new methodological tools of the ongoing enlargement are asymmetrical and aims only at the preservation of national political consensus on enlargement in the member countries of the EU. This, in turn, challenge the whole enlargement process.

The whole range of interdisciplinary tools ranging from the comparative analysis and international relations theory to the particular theories of economic and political integration as well as insights from the economic history will be used in this article. Many arguments of this article are supported and illustrated by an empirical evidence derived mainly from the experience of, first of all, Lithuania and, to a lesser extent, other Baltic countries in dealing with the EU. It could be valuable in itself given the fact that the most studies on EU enlargement drew heavily on the experience of the so-called Visegrad countries, first of all, Poland, Hungary and the Czech Republic. However, since the Union applies standard instruments and principles of enlargement to all candidate countries and given the basic similarities of transition problems faced by all candidate countries, there are enough reasons to believe that the main conclusions apply to all candidates.

Main Steps Towards Enlargement

It is not surprising that the EU policy towards the former postcommunist states in Central and Eastern Europe has evolved gradually. That is now known as a coming enlargement of the EU was not a certain and desirable goal for the European Union in the early years of postcommunist revolutions. Only after a certain period of hesitations the Union finally took the firm commitment towards the Eastern enlargement in 1993.

The policy of the EU has dominated the relationship from the very beginning. Therefore it is not again surprising that the main element of the whole enlargement process is the EU policy towards the associated CEE countries¹ and not the policy of the CEE countries towards the EU. The latter was unequivocal and clear from the very

beginning. The CEE countries clearly stated that they want to join the then European Communities as soon as possible. After the signature of the first European Agreements with Poland, Hungary and Czechoslovakia, the Polish Government even declared what its target date for entry into the EU was the year 1996.

The development of EU policy towards the CEEC could be best traced in the conclusions of regular European Council meetings. Accordingly, periodization of the relationship and the policy changes follow time and the venue of European Council meetings.

It is now obvious that all postcommunist revolutions in CEE and, later on, the breakdown of the Soviet Union came very unexpectedly to the European Communities so much absorbed with further deepening of integration and a coming reunification of Germany. However, evidences from that period are striking, since they show complete ignorance of the EU around the situation in the whole formerly communist region and even a desire to maintain the existing status quo². However, the response followed at the end of 1989 and 1990, though not very consistent, addressed the situation in two ways. First, the decision was taken to provide aid to the two frontrunners of the emerging postcommunist region, Hungary and Poland. In July 1989 the G7 countries decided to co-ordinate their assistance through the European Commission and at the end of 1989 the decision on the establishment of PHARE was taken. In that time the first ever contemplation about the possibility of integration of those countries into the Union was made public³. In 1990 PHARE programme was extended to more CEE countries. The amount and efficiency of this aid was and still is questionable, especially given comparisons with the Marshall Plan for the reconstruction of the post war Western European economy. However, this interesting topic is beyond our focus.

The second response led to the creation of new type of association agreements. Again, the very idea of those agreements came at the end of 1989 and was pushed through the proposals of the Commission and the British Government.

The Europe Agreements have played an essential role in the still ongoing enlargement process. Their significance has been reduced after the decisions of 1997 Luxembourg European Council to start accession process with all candidate countries and with the introduction of a new instrument of the EU policy, the so-called Accession Partnerships. However, it should be noted that these agreements continue to form a legal or contractual basis of the relationship between the EU and most CEE countries.

Europe (Association) Agreements

Europe Agreements were designed as an immediate policy response to the changes in Central and Eastern Europe in 1990. The principle decision to conclude new type of association agreements with the frontrunners of the transition process was taken in April 1990 in Dublin and the mandate for negotiations was adopted in December same year. The first Europe Agreements were signed in December 1991 with three countries. Romania and Bulgaria followed in 1993, the Baltic states in 1995 and Slovenia in 1996.

The Europe Agreements basically follows the pattern of earlier association agreements based on article 238 of the Treaty of Rome. They are based on provisions

establishing free trade in industrial products between an associated country and the European Communities and are supplemented by provisions for closer co-operation in different economic fields. The principle novelty of the Europe Agreement in comparison with other association agreements is a clause on political dialogue establishing a framework for regular meetings on different levels including the heads of state. Preamble of those agreements also states what the Union acknowledges the wish of associated countries to become members of the EU. The Agreements also provided for a general transition period for an associated country introducing a certain asymmetry into the respective trade relations.

While Europe Agreements did fill a gap in the relations between the Union and CEEC, they were the subject of many critical voices. First, at the moment of their conclusion these agreements were perceived by the Union not as a principle means to prepare the CEEC for accession, but rather as a substitute for membership⁴. In addition to that, provisions on trade were restrictive in all those areas in which the associated countries had biggest comparative advantages, namely, in textiles, steel and agriculture. It seems therefore, that while the very idea of the Europe Agreements was to provide support and additional encouragement to countries undergoing painful and massive transformation, the content of the agreements reflected rather narrow sectoral interests of certain member countries and the most influential interest groups in the context of growing legitimacy and political crisis in the European Union following the signature of the Maastricht Treaty⁵.

However, this crisis, quite paradoxically, has also had some positive impact on the development of the EU policy towards the associated CEEC. Very uneasy process of national referenda over the ratification of Maastricht Treaty culminated in the Danish rejection of the Treaty followed by an offer of some exemptions to Denmark by other member states. Following this offer, a second referendum was held. This time it brought a slight majority in favour. At this crucial time of the second referendum Denmark held the Presidency of the Union. Favourable attitude of Germany and some other countries, Denmark in particular, combined with the Commission's push for a firm commitment to enlargement, which was already well present in the Commission's paper on enlargement attached to the Lisbon European Council conclusions in 1992, and an increased sensitivity to the Danish position, paved the way to the history making decision at the Copenhagen European Council in 1993. It should also be noted that the resolution and at that time bigger than ever Danish influence made it possible to offer free trade agreements to the Baltic states⁶.

The Development of the Status of the Baltic States

Since most accounts of the relationship between the Union and the CEE countries gradual extension of the area covered by the Europe Agreement to countries like Romania, Bulgaria, Slovenia and the Baltic states take for granted, the matter of bringing the Baltic states on the same track towards membership deserves a particular attention. The case of Baltic states shows that it was subject to serious geopolitical considerations and proceeded not as an evolution based on technical criteria like advance of reforms in these countries but rather as a result of quite radical changes in the geopolitical reasoning of the European Union.

The Baltic states were recognised by the Union at the end of 1991 following the failure of the August putsch in Moscow. An initial offer of the Union to the Baltic states

was trade and co-operation agreements the Union developed with a large number of third countries proposed in 1992. These agreements were later signed also with a number of other former Soviet Union republics. At the end of 1992 – beginning 1993 a clear pattern of two different Union's approaches towards post communist countries emerged. One approach was based on the Europe Agreements and further prospects of membership. The basis of the second was trade and co-operation agreements with a stronger emphasis on political dialogue. The former was applied towards three and, after the split of Czechoslovakia, four Central European countries followed later on by Romania and Bulgaria. The latter formed a basis of the relationship with the former Soviet Union republics. In 1991-1992 the Baltic states were considered as countries belonging to the second group. The first formal sign of their different status was their inclusion into the PHARE and not the TACIS programme. However, two subsequent decisions were further needed to catch up with the first group in their formal status. First decision was taken by the European Council in Copenhagen. It decided to conclude the free trade agreements with all three Baltic states. It should be noted, that, again, this is a particular case with regard to other associated CEE countries which concluded free trade agreements as a part of the Europe Agreements. The Baltic countries were for some time left in between two group of countries waiting yet another change in the EU geopolitical thinking. It seems that the developments in Russia were vital to stimulate a reconsideration of the Baltic case. Following the elections to the Russian Duma with a major part of votes casted for the Zhirinovskiy's party and claims of Russia for special rights in the so-called 'near abroad', the Union finally decided to develop free trade agreements concluded with the Baltic states in 1994 further into the Association Agreements. They were finally signed in 1995.⁷

From Copenhagen to Luxembourg

Copenhagen decisions have marked a turn in the EU policy towards CEE countries by clearly opening the doors for new countries. However, this decision is also well known because of the conditions which were attached to the opening of doors. Since conditionality is one of the main recurrent topics of this paper, it is worthwhile to look into the so called Copenhagen criteria and the circumstances which underpinned their appearance more thoroughly.

The European Union, even given a very wide range of opinions about the exact framework within which the enlargement should take place and its timing, was well aware about the gap in the political, economic, institutional and social development of the CEEC with respect to the Union. Therefore the necessity to introduce certain conditions in the process was obvious from the very beginning. In addition to that, the associated countries pressed the Union hard to define exact terms of entrance into negotiations. However, ideas about the concrete scope and shape of the conditions were rather different. For example, before the Copenhagen Summit France circulated its own list of conditions which were quite detailed and tended to be of a quantitative nature. They included macroeconomic as well as microeconomic indices for the measurement of the associated countries' progress, such as the general government deficit, the trade balance and the degree of privatisation. However, majority of governments decided to formulate these conditions in a quite abstract way arguing that

more stringent criteria may discourage the associated countries from making further reforms. Therefore the EU opted for a set of five criteria out of which one was related to the ability of the Union to prepare for changes. Other four required countries to have a functioning democracy ensuring respect for the rule of law and human rights and minorities, a functioning market economy able to withstand the competitive pressure of the Union and ability to adopt the Community *acquis*. All these criteria, it should be noted, were defined in a rather loose and qualitative way.

At that time, however, the real content of the criteria was less important than the principal commitment for enlargement and the very fact what conditions were set. In other words, less certain criteria or conditions were a price to pay for more certainty about the prospects for enlargement. It is difficult to judge whether there was a conscious attempt to formulate the criteria in such a flexible way that the role of interpreter becomes vital when coming to the assessment of the progress achieved. That is clear from the today's perspective, is that the Union and the European Commission in particular further strengthened its power *vis-à-vis* the candidate countries monopolising their interpretation⁸. This, in turn, sustained the claims about the objective character of the accession while leaving possibility to develop the conditions further depending on the political situation or balance of interests in the European Union.

Further development of the Union's policy towards CEE countries until the publication of the Commission's document *Agenda 2000* and Luxembourg decisions of the European Council in 1997 largely followed the pattern established by the Europe Agreements and the decisions taken in Copenhagen. The further milestones in this process of refinement were the Pre-Accession strategy adopted by the Essen European Council in 1994, The Cannes Council decision on the adoption of the White Paper on the Internal Market and the Madrid Council decisions. The latter was driven this time not by the Commission but by some member states, Germany in particular. The Madrid Council provided a short-term timetable for the enlargement process linking the start of negotiations with the successful conclusion of the IGC.

The Pre-Accession Strategy adopted on the proposal of the Commission was basically aimed at providing clearer guidance for candidate countries in their preparation for accession and additional instruments to ensure closer dialogue with them. The main elements of this strategy were 1) the multilateral structured relationship aimed at replacing bilateralism of the former dialogue, 2) guidance concerning their entry into the internal market, 3) promotion of further economic co-operation and 4) co-operation between the associated countries themselves and 5) co-operation in the three pillars of Maastricht as well as 6) improvements of the effectiveness of assistance. The White Paper on the Internal Market adopted as a guidance for the associated countries in Cannes spelled out the second element of the strategy.

This strategy did succeed in taking the enlargement process down on earth and provided a more concrete form of the political commitment made in Copenhagen. However, it failed to provide more trade access and more concrete timetable of the process. Structural dialogue, while have played some role in educating the officials of candidate countries about functioning of the EU, also failed to become a means to share different problems and experiences as well as to guide the applicants further. At

the same time the importance of the White Paper should be mentioned. Its peculiarity largely stems from the fact that it, for a certain degree, foresaw further developments of the EU policy towards the applicants providing a model of that afterwards became an accession partnership. It encouraged more systematic efforts of the associated countries to plan and further carry on their preparation for membership. It is demonstrated by strategies of legal harmonisation designed in the candidate countries⁹. On the other hand, it also revealed a kind of the dependency of the applicants in terms of constructing their own integration strategies.

Agenda 2000 and Luxembourg Decisions: Accession and Negotiations

The publication of the European Commission's document *Agenda 2000*¹⁰ and following decisions on the start of the accession process in Luxembourg marked a new stage in the development of the relationship between the candidate countries and the EU both in its form and its content. The European Commission finally provided its opinions on applicant countries and proposed to start negotiations with five of them thus splitting once homogeneous group into the so called fast track and the slow track countries¹¹. The Luxembourg Council in general followed the proposed line of differentiation while somehow softening it by the introduction of the notion of the accession process. In addition to that, the Commission proposed a number of other instruments to guide and to control the accession process, namely the screening of the *acquis* and the accession partnerships. The latter instrument is of particular importance since it demonstrated an emergence of a new pattern within the EU policy towards applicant countries and its methodology. We will examine it later.

Other elements of the *Agenda 2000* relating to the reform of the core Union policies necessary for enlargement as well as the planning and implementation of these reforms is a question worth exploring but which is beyond the focus of this paper.

Introduction of two different but interrelated processes of accession and negotiations could be regarded as the main outcome of the Luxembourg Council with respect to enlargement. It should be noted as well that the accession process as such and a decision to start it with all 12 candidate countries was an original idea brought up by the member states and thus a departure from the original Commission's proposal. Particular role of the Nordic countries, namely Denmark and Sweden, should be noted in this respect which even allowed some researchers to reconsider the role of small states in European integration and even the decision making process in the EU¹². The aim of this development was primarily to reassure the countries left outside negotiations about the intentions of the Union to carry the enlargement process forward and to make an encouragement of their reforms. The two main elements of the accession package for those who did not get the main thing were an involvement into the screening process and the European conference. The later, however, was an idea mainly targeted at Turkey which was rejected a status of a candidate country at this time¹³. Since Turkey refused to take such a substitute of a candidate country status, the conference itself lost its significance and now seems to be ascribed to one of the failures of the Union enlargement policy. The former, however, played a major role in providing possibility to the second wave countries not to lose the momentum of their preparations

for membership and, that is even more important, not allowed the gap between the first and the second group countries widen too much.

The accession and the negotiation processes formally started in March 1998 and were followed by a multilateral screening with the all candidate countries while at different pace for each group. The real negotiations with the first group started only in the second half of 1998.

Vienna European Council held in December 1998 did not contribute much to the development of the process. Despite expectations of some second wave countries to enter this first group, the Commission did not recommend any new country to join negotiations in its first regular report on the progress of the candidate countries. The Council, as in previous cases, broadly endorsed the proposal.

Much more interesting developments clarifying the Luxembourg decisions are reflected in the second Commission's regular report on the progress in candidate countries released in October 1999.

The 1999 Commission's Report in the Context of the Luxembourg Decisions and Beyond

The Commission's long awaited second report on the candidate countries went further with new proposals for enlargement. These proposals first of all enables us to see them as a certain reversal of decisions taken at the Luxembourg summit.

The Commission basically proposed four things. First, it proposed to start negotiations with the remaining candidate countries satisfying the first Copenhagen political criterion. However, the start of negotiations with Romania and Bulgaria is conditional. Bulgaria should first close its four nuclear reactors at the Kozloduy nuclear power station. Romania has to undertake the structural reform of its child care institutions and to address certain macroeconomic problems. Second, the Commission proposed to differentiate further negotiations. The main principle of this so called differentiation is to open different negotiation chapters only after a preliminary review of the situation in the particular area which should be undertaken by the Commission. The other element is the opening of different chapters and different number of them with different candidate countries. The third element was a suggestion to review once more chapters of negotiations already provisionally closed with the first group of countries. The Commission also provided its position with regard to possible transition periods. It says that they should be very short or just absent in the internal market *acquis*, and more extensive in areas requiring substantial financial investment. The third proposal is related to the date of 2002. In 2002 the Union should be finally ready for the enlargement. This date was proposed instead of possible accession dates for different applicant countries. And final, the fourth proposal relates to Turkey to whom the status of a candidate country was proposed by the Commission as well as the other pre-accession instruments previously used vis-à-vis other candidate countries.

The first proposal of the Commission is, in its form and content, nothing more than the regatta principle contemplated as one of the possible options for further enlargement before the Luxembourg Council. It literally follows a proposal made by

the European Parliament and some other applicant states, for example, Lithuania at that time. Does it therefore mean that the Commission and the EU in general made a mistake few years ago? The return to the regatta principle is quite understandable. It was facilitated by the war in Kosovo which demonstrated an instability potential around the EU and reminded the original imperatives of the EU enlargement, namely the imperatives of security and stability. The war in Kosovo generated the additional political will to enlargement which was partially lacking two years ago. However, while finally welcoming the introduction of the same starting line one should be reminded about a two years gap between the first and second group of countries. Therefore, an answer to the question should be positive. The initial differentiation was a mistake or wrong way to deal with further enlargement.

The same conclusion could be made about the line drawn by the Luxembourg decisions between the accession and negotiation processes. The Commission's proposals to tie up the processes of preparation for membership and negotiations contained in its call for differentiation demonstrates that also this decision of the Luxembourg European Council could be regarded as a temporary arrangement.

Summarising the points made, it is possible to make a conclusion that seemingly historic decisions made at the European Council in Luxembourg while actually having started the real enlargement process led to a certain dead end and could be regarded as purely temporary devices. Therefore they had to be reformulated later on.

The best prepared countries of the second group suffered most by the impasse of Luxembourg. They lost time with regard to the first group of countries which started to negotiate. Therefore it will be more difficult to catch up for them. Of course, the screening of the *acquis* pursued as a part of the accession process helped the second group of countries to remain in the process, and it is reflected by the Commission's evaluation that the gap in the law harmonisation process did not widen¹⁴. However, some time was lost and the starting line in 2000 would not be the same for all candidates.

The principle of the differentiation is also interesting from the institutional point of view. While it really creates possibilities to catch up as well as abolishes an artificial division of accession and negotiations, it also strengthens the Commission's role in the negotiation process which up to now was less important than the role of member states. The introduction of the principle of differentiation gives the Commission the right to control access to different negotiation chapters in return of previously held power to control access to negotiations in general. It could, on the one hand, make the process more objective. On the hand, however, negotiations will be exposed to the Commission's preferences in addition to the preferences of member states. We will return back to this question of the role and preferences of the Commission in the second part of this paper.

The third element of the proposal of the Commission concerning the date of 2002 leaves far too many questions. While it is less ambitious than the previous aim to establish at least preliminary dates for accession of the most advanced candidate countries, which is of crucial importance to the whole success of the enlargement exercise¹⁵, it could be regarded as a compromise reversing the whole problem.

This proposal still leaves an uncertainty with regard to the level of the EU preparedness in 2002. Will the EU by then should be ready to admit all candidate countries, at least in principle? Or is it call for a minor effort to make Union ready for

accession of only few countries? The importance of this question stems from the unfinished business of the IGC held in 1996-1997 which led to the conclusion of the Amsterdam Treaty. This Treaty failed to provide necessary institutional reforms at the same time leaving a certain well defined agenda as well as possible minimalist solutions. This agenda contains the problems of the number and repartition of the Commissioners, the ponderation of votes in the Council and, to a certain extent, the extension of the qualified majority voting. A minimalist solution to the problem of the commissioners contained in the protocol to the Amsterdam Treaty is the principle ‘*one country – one commissioner*’ which could be applied unless the number of acceding countries does not exceed five¹⁶. The protocol then goes on proposing further IGC to undertake major institutional reform. Therefore, in case of minimalist reform sticking to the unfinished points and solutions of the Amsterdam Treaty, the new IGC could well create additional barriers to those countries which will not be among the first five. This, in turn, will further distort the fairness of the game once distorted by the Luxembourg decisions.

The ‘three wise men’ report commissioned by the Commission and published in October 1999 suggested a rather broad agenda of the next IGC¹⁷ and rather substantial reforms. However, the aims of the large part of these reforms are not linked to the enlargement. The authors of this report as well as, it seems, some influential members of the Commission¹⁸ promotes an idea to use this possibility for further deepening of the EU. These ideas resemble much the previous IGC and its results. While the aim of the Amsterdam Treaty was to prepare the Union for enlargement, this is exactly where it failed. Therefore the attempts of the Commission to broaden the agenda again could indeed endanger the whole enlargement process¹⁹.

New Principles of the Methodology of Enlargement

It would be quite obvious to say that this enlargement process in many respects differ from the previous ones. It is still on-going and this prevents from making any final conclusions on its outcome and implications as well as on its difference in comparison to previous enlargements. It is clearly much more difficult since so many so different countries have embarked on it. The difference in the development of the candidate countries in comparison to that of the most EU countries is also its particular feature. However, our aim is to analyse not the difference of the initial situation, but rather difference in the approach adopted by the EU towards this enlargement. It was so many times stated that the specificity of this case requires specific ways to handle it. Our aim is to assess whether instruments and methodology of the exercise in fact took account of the initial specificity of the task. Then we will try to look what are the implications of this supposedly different approach to the candidate countries and, to a certain extent, to the EU.

We will take the notion of the classical method of our investigation into the peculiarities of the methodology and instruments of the EU enlargement enlargement elaborated by Ch.Preston²⁰ as a basis . By this he means ‘a constant pattern both to the formal accession procedures adopted, and to the implicit assumptions and principles which have shaped the expectations of the participants and the progress of negotiations’²¹. Ch.Preston identifies six principles of the classical enlargement method: (1) Applicants

must accept the *acquis communautaire* in full. No permanent opt-outs are available; (2) Accession negotiations focus exclusively on the practicalities of the applicants taking on the *acquis*; (3) The problems arising from the increased diversity of an enlarged Community are addressed by creating new policy instruments to overlay existing ones, rather by fundamental reform of the existing instruments' inadequacies, (4) New members are integrated into the EC's institutional structures on the basis of limited adaptation, facilitated by the promise of a more fundamental review after enlargement, (5) The Community prefers to negotiate with groups of states that have close relations with each other, (6) existing member states use the enlargement process to pursue their own interest and collectively to externalise internal problems.

The author himself tends to make a conclusion that at least developments of the EU policy towards the associated CEE countries until 1995 including development of the Copenhagen criteria as well as of the pre-accession strategy and the White Paper suggest that the basic principles of the classical method were retained. From our part we will try to look to a development of the EU policy further to see whether this conclusion is still valid.

New Methodology: Four Principles

First, I would argue that a specific feature of the new method of enlargement is its *complexity*. As previous enlargements, except the first one, were basically devised as a two-stage process starting with a kind of association and ending with negotiations, in this particular case an intermediate stage with a number of specific instruments between association and negotiations was devised. The aim of this intermediate stage was to build up an additional gate to negotiations and to allow a better control of the process by the EU. The role of a gate keeper was naturally ascribed to the Commission. Generalising the argument further, I would say that the enlargement process tends to become more complex having more and more stages with more and more possibilities to control the access to each stage.

One of the implications of this tendency to make the enlargement more complicated and sophisticated as well as, to a certain extent, even a rationale for this development, is a developed possibility to differentiate the countries involved. As the fifth principal of the classical method of enlargement explains, the EC prefers to negotiate with groups of countries. The experience of this enlargement allow us to amend this principle by adding the importance of *differentiation*. In order to ensure the possibility to differentiate, the process was expanded into more stages and, what is even more important, the whole set of conditions was developed and kept flexible as a function of a political situation in the EU.

The *conditionality* therefore could be regarded as a third specific feature of the process and the backbone of its new methodology. While it was to a certain extent present in previous enlargements, three new features of the conditionality principle itself could be brought to the surface. (1) First, the conditions which, in the case of previous enlargements, were limited to the principle of the inviolability of the *acquis* were extended further. The famous Copenhagen criteria are the best example of this extension. (2) Second, conditions were not fixed. There was a tendency to create new and more detailed conditions as in the case of the Accession Partnership. And (3) third,

even initially set conditions were made so flexible what it allowed to change their content constantly adjusting it to the need of a particular situation. In other words, the initial conditions were cultivated both extensively and intensively. They were enlarged in scope and their had been kept changing by extending and concretising them further inside.

All those three features contributed to the growing *asymmetry* in the relationship between the candidate countries and the EU as instruments based on contractual more or less mutual obligations were gradually replaced by instruments based on unilateral obligations. This feature and tendency could be clearly demonstrated by the shift from the Europe Agreements through the White Book on law approximation to the Accession Partnerships.

Let us then to consider all these four features and new principles of enlargement into more detail.

The first argument concerning a more complex character of enlargement in terms of new stages in the development of the relationship does not require much supporting evidence. It is clear from the picture presented above on the development of the EU policy towards the candidate countries. The second feature, namely differentiation, is also quite obvious looking into the same development. However, it would be necessary to provide arguments for a statement about the link established between the complexity, the differentiation and the conditionality. The conditionality argument is also quite obvious. However, further explanation is needed for an argument about its changing nature. The argument on asymmetry, while again obvious, requires further elaboration, in particular with regard to the claim made that the asymmetry is growing.

Conditionality: From Guidance to Differentiation

Conditionality is the core element of the methodology of this enlargement. While it is hardly new phenomenon in the Union's external relations and foreign policy in general,²³ particular application of the conditionality principle towards the CEE candidate countries requires a particular attention.

Its development could be traced in the Europe Agreements signed with the first Central European countries in 1991. However, the role of conditionality was reinforced and made explicit by the establishment of the Copenhagen criteria. Looking to the content of these criteria, it is striking how vague and flexible they are.²³ Take, for example, the second condition concerning functioning of the market economy. It is at best an ideal type explaining the basic idea about the method of how the welfare is created and what it is created by economic agents free to react to the demands of consumers. The Commission only afterwards, in its 1998 Progress Reports developed six sub-criteria concretising its content²⁴ but they pose even more questions than provide answers. The market economies could be quite different and they are, even in the European Union not mentioning other developed and developing states²⁵. Therefore it is not surprising that this criterion was made a decisive one in determining the 1997 and 1998 recommendations of the Commission. The second observation with respect to their content is that Copenhagen criteria are stricter than requirements put before the applicant countries in the previous enlargements. While the first two could be well attributed to particular features of new applicant countries, namely, to the political, economic and social transformation they were undergoing, it concerns in particular the fourth criterion related with the adoption of the *acquis*²⁶. It formally requires the ability to take obligations

of the *acquis* and not the necessity to take over the whole *acquis* before accession. However, the Progress Reports of the Commission tend to interpret the criterion in the latter sense. Therefore, as some observers rightly noted, 'for the first time in the case of Central Europe, the Union is requiring countries to take over *acquis* before the negotiation starts'.²⁷

The principle aim of these conditions was not only to provide so much needed guidance to the efforts of the associated countries but also to build up an additional barrier or filter enabling the Union to remove the claims of those countries for early membership from the agenda of the Union as well as ensuring a better control of the process through differentiation. This aim played an essential role in 1997 when the Commission recommended only five countries to start negotiations as well as in 1998 when the decision not to enlarge the first group was justified against the Copenhagen criteria. The 1999 Commission's Report recommending to start negotiations with all candidate countries satisfying only the political criterion once more demonstrated a certain limitations of the Copenhagen conditions. However, they still provided a sufficient basis for a justification of refusal to take Turkey on board.

External Extension of the Conditions

The role of Copenhagen criteria was somehow limited in the Commission's recommendations of 1999 largely because a number of other conditions were developed to replace them. First, the Commission proposed to introduce the 'differentiation' principle in the negotiations phase. It gives the right to the Commission to use conditionality before opening different chapters of negotiation and even to propose different chapters for different countries depending of their so called 'preparedness'. Second, a new set of conditions based on the conclusions of the Commission's evaluation of the progress in each country was established through a new instrument, the Accession Partnerships. These documents contain priorities for candidate countries grouped around short and medium term perspective. These documents, it should be stressed, are unilateral documents of the Union adopted by the Council under the proposal from the Commission. The candidate countries are only consulted before their adoption and then should mirror these priorities into their national programs of the adoption of the *acquis*. These programmes specify the measures planned to implement the priorities of the Accession Partnership (AP) for a particular country. The AP is a basis for distributing the EU assistance to the candidate countries.

Since the principle aim of the conditions established is not to guide the candidates so much but rather to control the process by differentiating them, the conditions were not only extended and but also made very flexible. It is impossible to say, as it was noted above, whether flexibility was a result of a conscious attempt to have a large room for interpretation, it is at least clear that it was used by the Commission and by the Union in general as an additional instrument of differentiation. Therefore it could be noted therefore, what the development of conditionality was driven by rather different forces within the Union. While in the case of the association agreements the sectorial interests or interest groups played a major part in determining the content of the conditions, further development of conditionality reflected in the Copenhagen criteria and their subsequent interpretation by the Commission has been largely driven by the mix of state foreign policy and EU foreign policy preferences.²⁸

Internal Extension of the Conditions: a Case Study of the Commission's Progress Reports on Lithuania

The changing nature of the conditions established by the European Council in Copenhagen could be demonstrated by analysing the three consequent Commission's reports released in 1997, 1998 and 1999. Since it is impossible to make careful comparative evaluation of all reports of all countries, I would mainly take an example of reports on Lithuania's progress towards accession which is a good case since Lithuania was denied access to negotiations in 1997 and 1998.

Decision to exclude certain countries from the group of countries invited to negotiate in 1997 provoked many controversies. In reaction to this, the Luxembourg European Council decided to launch an accession process with all candidate countries which in fact softened a negative reaction of all those who were left outside. However, the controversy of the decision to differentiate resulted in a number of attempts to analyse the opinions of the Commission and to assess the arguments made us support the differentiation. A selection of Poland, Hungary and the Czech Republic was very obvious. These countries were well ahead the others in a number of fields. They started the preparation for membership earlier and their efforts in the economic reform were recognised by their admission to the OECD. Slovakia was excluded for clear political reasons. The choice of Estonia and Slovenia was less obvious. While Slovenia was well ahead all other candidate countries in its relative economic development, its particular efforts aimed at the EU membership in terms of the adoption of the *acquis* were rather modest and comparable to the efforts of Latvia, Lithuania and some other countries left outside. Later the Commission recognised this fact in its subsequent reports in 1998 and 1999. The difference in preparedness of Estonia with respect to other Baltic states was not again very obvious. In the best case, Estonia was slightly ahead the other Baltic countries in terms of economic development.²⁹

The comparative analysis of the Commission's reports can not provide very clear and convincing arguments to support the choice made. There is no justification for the argument why only five countries have passed the line. The reports themselves have been written using different basis for evaluation and evaluation techniques³⁰. Instead of clear methodology the Commission used certain approaches which favoured certain countries and discriminated against the other. It seems that the conclusions were deducted from the general impression about and the trust in a country rather than inducted from the careful examination of its internal preparation. The principle of 'the last ship in the convoy' meaning that the general progress was evaluated according to failures to complete one or another reform which were not compensated by the rapid progress made in other spheres further distorted the general picture³¹. Later comments made by those who were involved in the particular decision-making suggest, for instance, that decision on Slovenia and Estonia made in 1997 was based more on geopolitical considerations³². It is not bad in itself. However, the decision was presented as a rational choice based on the Copenhagen criteria.

Candidate countries left outside negotiations in 1997 were looking very much forward to a possibility of their positive re-evaluation in the new progress report of 1998. However, it made a conclusion was still none of the countries left outside negotiations satisfy the criteria. In order to justify this decision the Commission used formulations of a striking Byzantine complexity. While in 1997 with regard to Lithuania it simply stated that 'Lithuania

has made considerable progress in the creation of market economy', but it 'would face serious difficulties in coping with competitive pressure and market forces within the Union in the medium term', in its 1998 Regular Report the Commission found that 'the sustained implementation of the remaining reform agenda would complete the establishment of a functioning market economy, and enable Lithuania to make progress necessary to cope with competitive pressure and market forces within the Union in the medium term'³³. These formulations as well as the concrete analysis of the 1998 Report suggest that the Commission added a new criterion related to sustainability of reforms³⁴. A similar formulation, although a little bit more positive, was used for Latvia. The 1998 Report stated that 'Latvia had continued to make progress in establishing a market economy and was well on the way to being able to cope with competitive pressure and market forces within the Union in the medium term'³⁵. Afterwards, unofficially, it was made clear that there is still not enough political will from the EU side to enlarge the group of negotiating countries.

As it was mentioned earlier, in 1999 the Commission finally recommended all countries satisfying the political criterion to start negotiations. However, again, in a particular case of Lithuania it was stated that 'Lithuania has continued to make progress in establishing a functioning market economy and is on the way to being able to cope with competitive pressure and market forces within the Union in the medium term provided it completes the remaining reform agenda'. The principal additional argument this time was a reaction to the Russian crisis. In addition to that, the level of analysis of the Commission has shifted from a macro-economic to a micro-economic level. Issues related to productivity and profitability of companies become a focus of the economic part of the Commission's report on Lithuania.³⁶

While this overview of the Commission's arguments is far from being comprehensive, it should be sufficient to demonstrate the changing content of the initial Copenhagen criteria. Being wage and flexible they allow a very wide range of interpretation and adjustment which is being made in reaction to the political situation in the Union³⁷. It should be acknowledged, however, that gradually the Commission tends to use more transparent procedures as well as clearer methodologies in assessing the progress made by the candidate countries.³⁸

From the Association to the Accession Partnerships: Growing Asymmetry

An extensive and intensive growth of conditionality related to the EU membership has been accompanied by the growth of asymmetry of the process. It could be well noted in the development of the Union's instruments used in the pre-accession phase. As it was shown earlier, the first main instrument devised to prepare the CEE countries for accession was the Europe agreements signed with 10 candidate countries from CEE in the period from 1991 to 1996. While at the beginning of the process these agreements were conceived rather as an alternative to membership, starting from the Copenhagen decisions they assumed a role of principle instrument driving all pre-accession activities. European Agreements

implied commitments from both sides by the very nature of the concept of these agreements. The associated countries agreed to gradually open their markets for EU industrial goods, to speed up their law approximation with the *acquis* and to pursue their democracy and market oriented reforms. The Union, in turn, recognised their ultimate wish to become members of the EU, opened immediately its market for their industrial goods and undertook to provide assistance to these countries in pursuit of their reforms aimed at democracy, prosperity and ultimate membership in the EU. As it was noted above, these agreements were criticised for a lack of commitment from the EU side to open its markets in textiles, steel and coal as well as for agricultural products. However, they still marked a stage of contractual relationships between the EU and the candidate countries.

The Europe agreements still form the legal base of relations between the EU and the candidate countries. However, their importance has well decreased as new pre-accession instruments have been created afterwards. The pre-accession strategy adopted in Essen marked an attempt of the Union to provide clearer concrete guidance for the associated countries. The main new element of this guidance was the White Book on the approximation of law adopted in 1995. Its status was different and somehow unclear. It was presented to candidate countries as a set of non-mandatory recommendations, as a guide to the harmonisation of law going on in the candidate countries. However, it was made clear that associated countries are supposed to respond with their national programmes of the law approximation. In the White Book itself and in further documents of the Union it was repeatedly stated that the associated countries are free to decide on their own national priorities.

The White Book was then followed by the Accession Partnerships proposed within the package of *Agenda 2000*. The idea behind them was to further tighten up and target the preparation process in the candidate countries. This time it did not contain neither a sign of mutual obligations of a sort of the Europe Agreements, nor a choice left in the White Paper. The Accession Partnerships contain priorities for the candidate countries established on the basis of the Commission's evaluation. While originally the partnerships were supposed to be the Commission's guidance documents, later it was decided that the Council should adopt them instead after recommendation of the Commission thus leaving the door open for preferences of the member countries. The first Accession Partnerships were adopted in spring 1998³⁹. The candidate countries then had to follow with their national programs for the adoption of the *acquis*. In this case the only room for manoeuvre was additional priorities and implementation measures. Otherwise the candidate countries were supposed to follow the AP priorities. An assistance of the Union, previously at least formally distributed according national priorities of the candidate countries, was now clearly tight up to the priorities. Another instrument aimed at ensuring the 'compliance' of candidates with the priorities of the AP was the regular reports of the Commission. The regular reports provided an assessment of national programmes of the adoption of the *acquis*. Starting from the 1999 Regular Report, the Commission also provides an assessment whether these priorities have been fulfilled and to what extent.

Therefore the accession partnerships which are considered by the Union as the main instrument of accession radically altered the nature of the relationship between the Union and the candidate countries. The contractual relations of a kind of the Europe Agreements

were replaced by unilateral instruments putting all obligations and all burden of adjustment on the applicants. One could still argue that the Union assumes an obligation to provide aid to the applicants on the basis of the AP. However, first, the amount of this aid and its destination are decided unilaterally by the Union. Second, the amount of this aid is far more modest, than financial resources required from the candidate countries⁴⁰. Another argument against the conclusion made above could be a consultation procedure with the candidate countries used in 1998 and 1999. However, as again the case of Lithuania shows, the Commission tends to take over proposals on the introduction of new priorities but refuses to remove priorities or correct them. In addition to that, there is a tendency to formulate the priorities in a more strict and demanding form⁴¹.

***The Role of the Commission
within an Institutional Framework of the EU:
Towards a Monopolisation of the Relationship***

The role of the Commission in this enlargement process developed in parallel to the development of the methodology of enlargement. At the earliest stages of development the Commission acted as a main generator of ideas and as a promoter of the case of enlargement against unwillingness of some member states to undertake serious steps forward. Although during certain periods the most active states, like Germany or the Nordic countries, led the process, the Commission always was the main protagonist of this exercise. At the same time the Commission gradually almost monopolised this relationship. We would argue that this is the most important development related to the enlargement within the institutional system of the EU with respect to a respective power in the overall institutional balance of power. We would further claim that the desire of the Commission to monopolise the relationship is motivated by the wish to increase its competencies and power within the institutional system and therefore is in line with the general logic of institutional development within the EU system. Further I would try to demonstrate what it was only possible in the context of a general lack of strong common will for enlargement and difficulties in finding consensus among the member states.

An increasing role of the Commission in the enlargement process could be seen from the development of the methodology and the process of enlargement itself. While even the periodisation of the short history of the relations between the Union and the candidate countries is based on the dates of European Council meetings, the European Council and the member states played a leading role in designing the shape of the enlargement only at certain critical periods and at the initial stages of the development. While it was European Commission, which designed the concept of the Europe Agreements and led to the historic decision made at Copenhagen, member states' role was crucial in determining the range of countries chosen as the applicants as well as in pushing the Commission for more concrete steps in terms of the pre-accession strategy then adopted in Essen as well as giving the process more concrete targets in terms of negotiation dates as the Madrid Council demonstrates. Again, while through the *Agenda 2000* the Commission brought new fresh ideas to the enlargement, it does seem that the very idea of differentiation was stipulated by

the member states and Germany in particular⁴² and that the decision of the Luxembourg Council to start the accession process with everybody was again designed and pushed through by two small member states of the Union, namely Denmark and Sweden⁴³. It should be noted in this respect, that Germany's preoccupations always played a major role in the enlargement process. However, as far as the Baltic states and Lithuania in particular is concerned, it should be concluded that despite the numerous official statements of the German politicians and other officials about Germany as an advocate of the Baltic states⁴⁴ it never came true and Germany never played this role. Instead, it seems, Germany was in favour of a kind of 'intermediate' status of the Baltic states. The main preoccupation of Germany has always been the Visegrad countries and Poland in particular.

Situation, however, changed after the Luxembourg summit. Calls for stricter conditionality and the tools designed to control it, namely, the Commissions regular reports on the progress of the candidate countries as well as the accession partnerships provided the Commission with a principal role in the enlargement or, from the other side, accession process. Through these two closely linked instruments reinforced by the traditional Commission's role in the distribution of the pre-accession aid, the Commission emerged as a single most important actor in the process. It is especially valid for the second group countries in the period of the last two years. Its role remained more balanced through the counter weight of the member countries with respect to the first group of countries for a simple reason of negotiations. Since the preoccupation of these countries was related to the process of negotiations and the member states continued to play a major role there, the Commission was not able to exercise its influence to the same extent as towards the second group of countries.

Of course, the role of the Commission can not be exaggerated. The nature of the Commission recommendations made in 1998 and 1999 as for the start of negotiations with the second group of countries clearly shows that they have been adjusted according to the political will of the member countries. However, within the limits of major geopolitical decisions which are reserved to the member countries, the Commission's powers have been increasing considerably.

The 1999 Commission's proposals for a further development of the accession strategy clearly demonstrate the desire of the Commission to extend its competencies even further. The proposal to introduce the principle of 'differentiation' into the process of negotiations, while motivated by the need to link the negotiations and the preparation process and to provide more coherent 'level playing field' in fact increases the Commission's powers considerably. The Commission will have the right to decide how many and what chapters are to be opened with the candidate countries. The decision on the opening of different chapters should be taken after a preliminary opinion of the Commission on the readiness of a candidate country to negotiate⁴⁵. After all, the Commission proposed to review chapters already provisionally closed in the negotiations with the first group of countries. This means that the role the Commission played vis-à-vis the second group of candidate countries will be extended to the first group of countries.

These proposals were adopted by the European Council in Helsinki in December 1999. The question that arises in this context is why the member countries accept this rise

of the Commission's competencies. It is even more striking in the context of the general institutional development of the Union in the last few years which was marked by a certain shift in the contrary direction. The major steps undertaken within the Union towards new policies were initiated by and placed under the strict control of the member states. It applies to the major achievement of the last ten years, namely the economic and monetary union as well as to a closer co-operation and integration in the sphere of justice and home affairs reflected in the Treaty of Amsterdam and in recent decisions of the European Council in Tampere⁴⁶. This trend is further exposed by a severe blow the Commission experienced after it was forced to resignation after a supposed mismanagement in Spring 1999.

Two main reasons could be evoked here to explain this seeming paradox. First reason is a lack of a coherent political will to enlarge in the member countries. Another reason is a quite divergent geopolitical interests of member states making the choice over different candidate countries more difficult. The development of the EU policy towards the candidate countries presented above shows rather sceptical attitude of most member states towards enlargement and, consequently, less will to provide new impetus to the process. This change of attitude is well marked and could be explained by a diminished support of population of the EU member states towards enlargement. Therefore, within a well defined set of options excluding every initiative which could make the process faster and more inclusive, the member states had all incentives to let the Commission play the major role in insuring better control of the process. This control, as it was explained earlier, was exercised through a number of new instruments characterised by a stronger conditionality, more complexity and growing differentiation and asymmetry.

Almost all changes in the methodology of enlargement were motivated by the so-called objectivity as opposed to the politization of the process. Therefore all candidate countries who felt being in a strong position in terms of their preparedness to the membership did not oppose these developments and even supported them. Politization of the process was conceived as a synonym to the calls to put the whole process on the halt and to introduce another unfair rules of the game. The another side of the coin has been rarely brought to the attention. This another side is largely related to two things. The first thing is that very strict limits are imposed by the member states as to an every initiative of the Commission. The Commission has the right to do everything what makes the process more complex, more conditional and therefore less expedient. Another thing is the preferences of the Commission itself which were largely overlooked while evaluating all calls for a more objective process.

While it is quite obvious to everybody that the member states have their own preferences which largely shape the process of European integration, the simple fact that the Commission as well as other institutions have their own preferences, while being recognised, is largely overlooked⁴⁷. However, the Commission does have its own preferences which are usually described in two ways. First, by the very virtue of being a guardian of the legal order in the Union, the Commission is keen to develop the European integration further and prevent any attempt to dilute that has been already achieved. Second, the Commission which was originally designed as a pro-form of a technocratic government of the Union, is keen to expand its role and competencies. How these 'classic' preferences of the Commission do shape the enlargement process?

First, from the developments described above it is pretty obvious, that within certain limits of choices desirable for the member states, the Commission managed to increase substantially its role and competencies in this particular field of European integration. The Commission succeeded in almost monopolising relationship with the candidate countries imposing priorities and even methods of work. Developments with regard to another 'classic' preference are not so obvious and require certain elaboration.

I would argue that this preference of the Commission resulted in an approach to the candidate states with an emphasis on the gradualism of the process and a certain discrimination of some candidate countries. As it was demonstrated earlier, the subtle change of the content of the Copenhagen criteria against which the conclusions on a performance of the candidate countries are made, allows the Commission to keep the process of accession under the strict control. As a short case study on Lithuania demonstrated, the Commission uses the analysis and Byzantine style conclusions made on the basis of it as tools to avoid any radical changes. It rather prefers gradual changes with respect to the status of the candidate countries. For example, if the Commission concludes that Latvia should reach the level of development necessary to become treated as a functioning market economy in its 1998 report, then Latvia reaches this level in 1999. Again, if the Vienna European Council decided that Latvia was closer negotiations in 1998, the Commission then followed making this difference clear in 1999. If the Commission makes a conclusion in its 1999 Report that Lithuania and Slovakia should become functioning market economies in 2000, there are quite good reasons to believe it since it is not only the development of the country what is important, but also the logic of incrementalism and control the Commission follows.⁴⁸

This should not be, however, exaggerated, and there is no intention to say that the whole analysis of the Commission is biased. However, our purpose is to show the latent logic of the actions of the Commission and to explain certain differences in the content of the analysis made and final conclusions.

The general assessment and explanation of the institutional balance of power of the Union and its changes are well beyond the aim and scope of this article. However, it seems, that the development of the Union's policy towards the CEE candidate countries and new features of the methodology of enlargement provides an interesting case study of the institutional development of the Union. It would support the theses arguing that the member states remain the single most important actor and their basic interests and political will determine the outcomes of European integration. However, in cases then these interests are divergent and the political will is obscure, or, rather, then there is a considerable gap between the longer term and short term interests of member countries as well as a gap between long term EU foreign policy interests and short term sectorial interests of influential interest groups, as in the case of this enlargement, the supranational actors, and the Commission in particular, are well able to exploit the situation by increasing their own competences offering themselves as seemingly impartial mediators bridging those divergent interests.

***Conditionality, Differentiation,
Complexity and Asymmetry: the Logic of Control***

As it was demonstrated by the developments of the EU enlargement policy and methodology, an increasing complexity, stronger conditionality and asymmetry of the process are driving features of this enlargement. The EU and the European Commission in particular justify these changes by a necessity to guide the candidate countries and to provide important incentive to reform as well as a firm policy anchor. This is certainly true. Undoubtedly, the Union has succeeded in bringing more discipline and more coherence to the reforms undertaken by the applicants. However, it seems that the development of the process which is more and more influenced and accordingly shaped by another logic of action aimed at postponing the enlargement further, substantially distorts officially declared motives and official logic of action. This distortion results or may result in a number of intended and unintended consequences which put the whole enlargement exercise at a certain risk.

As it was shown above, the latest developments of the process increasingly reveal the latent logic of action, which could be characterised by growing complexity, conditionality, differentiation and asymmetry. All these features are linked with each other and forms a single logic of increasing control of the accession process. At the one hand, these new features addresses still big differences in the level of development between the candidate countries and the EU and are motivated by a fear of dilution of what was achieved by the Union during past forty years if so much different countries enter the Union without sufficient preparation. They are also aimed at increasing efficiency of the accession efforts of the candidate countries by better targeting their actions and by imposing a stricter discipline which is necessary at the time when political pressures for a more relaxed policy grow. On the other hand, however, there is a certain risk of overplay here which is being largely ignored since other logic of control aimed at slowing down the process is increasingly persistent.

In order to understand these inherent risks we should return to the basic idea of enlargement itself and to the process of europeanization which have taken place in all member countries and is taking place in the candidate countries as a process of adjustment to new organisational logic which European integration had brought about.

***National Consensus and Enlargement:
why the Fear of Dilution of the Union may Result
in a Risk of Dilution in the Candidate Countries***

The first very obvious thing is what the enlargement process is about to satisfy the interest of both the Union and the applicant countries. In order to be successful it should ensure that both sides reach a consensus and therefore are happy about the final outcome. In other words, enlargement should, very simply, bring a result. The aspiring countries should finally join the European Union. Otherwise an enlargement fails. From the formal perspective it means that the accession treaties should be signed and properly ratified. Referenda on it should be successful as well.

The consensus is a key concept here. The history of European integration shows that integration was first and foremost motivated by the desire to keep the broad political

consensus achieved in the aftermath of the Second World War and endangered by the growing incapacity of a national state to control the economic conditions deeply influenced by the growing economic interdependence. Since this broad national political consensus was based on growing responsibilities of a national state in the economic and social sphere, and an economic growth became the main test against which the political capabilities of the governments have been evaluated, the national governments devised an original mechanism of European Communities allowing them to regain a certain control of their own fate⁴⁹. There are still disagreements about the role of different political and interest groups which regarded the European integration as a new stage in human development which signifies an end to a nation state as an organisational form of a certain society. However, the role of national political consensus is underlined under the both approaches.

European integration then has developed into a complex web of institutionalised decision making process which allowed to cope with an increasing complexity brought by an ever increasing mutual dependency. European integration, in turn, helped to keep an original homogeneity of the national consensus. It is still very difficult to say whether and to what extent the convergence in the modes of decision-making, interest representation, in the relationship between the states and the markets has taken place, but it is almost sure that at least a certain degree of homogeneity has been ensured.⁵⁰

The candidate countries, as it was obvious from the very beginning of the enlargement process, differ very much from most EU countries. In addition to that, they have embarked on a painful process of transition which was further complicated by the fact that transition had had at least three dimensions, an economic, political and socio-cultural one. This transition has been already completed in some areas. Some countries obviously were able to complete it earlier than others. However, in all candidate countries new institutions and practices are less consolidated than in the EU countries and a national consensus is consequently much more fragile. Therefore even more efforts are required from the governments of these states to keep this fragile national consensus while developing new policies or adjusting the old ones. As the famous Balcerowicz's trajectory of public support to reforms shows, radical and painful reforms can be politically feasible only during a quite short period of time when expectations related to the longer term future outweigh sacrifices in the short term.⁵¹ Hopefully, transformation has already pays out in a form of economic growth in most candidate countries making other reforms more feasible and sustainable. However, an analysis of costs associated with the accession to the Union reveals that they are unevenly distributed across time and emerge at various stages of accession process⁵². The costs of compliance tend to be mostly short-term and the benefits might occur only in the long-term.⁵³ It was already demonstrated by an example based on estimations of Lithuanian EU Accession Programme (NAPP)⁵⁴. They even suggest that in most cases the short-term interests of the candidate countries and the Union are not the same even assuming that the long-term interests basically coincide.

From the other side, the analysis of the new features of this enlargement has demonstrated to what extent the governments of the candidate countries has lost the control of their own agenda and priorities of action which are now set in the accession

partnerships and closely monitored and even enforced by different instruments starting from the regular reports on progress and ending with the screening of the *acquis* exercise as well as by the means of the control of the assistance. Strategies of accession adopted in the candidate countries largely follow indications and priorities provided by the Union since the room of maneuvering has been constantly shrinking in line with a tendency towards a more conditional and asymmetric methodology or philosophy of enlargement.⁵⁵

The classic argument used to justify this situation is largely an argument about the necessary guidance. It was explained earlier, but since not only the conclusion but also the reasoning behind it is important, let me to provide one of the best examples of such reasoning:

The importance of criteria [conditions in general] is perhaps less to *differentiate between candidates, than to give various performance anchors to domestic policy in the associated countries. Governments can sell bad-tasting medicine to the voters if it is part of a strategy leading to the goal of membership of the European Union. If there are no objectives set by the Union, the selling of such policies is more difficult.*⁵⁶

Indeed, many governments in the candidate countries use this argument to promote reforms related to the accession. However, this situation may result in two unintended consequences which could both lead to a risk of a failure of enlargement. The first obvious risk is that the EU is presented as a scapegoat for unpopular decisions. This may result and already resulted in some countries in a diminishing public support for the EU membership. However, the second risk is much more dangerous. Given (1) the time pattern of the accession costs and benefits indicating that costs of adjustment are very high in the short-term, (2) a certain divergence of the short-term interests between the candidate countries and the Union, combined with (3) still decreasing possibilities of the governments to control their own agendas and national policy making process, the essential thing, namely the national political consensus is endangered. The governments could be no longer able to fulfil their primary responsibility of assuring national consensus and, consequently, political, economic and social stability of their respective countries.

In other words, while the whole development of the EU policy towards the CEE countries and the methodology of the EU enlargement is based on a two-level game⁵⁷ and largely driven by domestic concerns, the current methodology of EU enlargement largely ignores the fact of and denies a possibility for playing a two-level game in the candidate countries. Therefore the domestic concerns of the candidate countries are not reflected in it. It could then be argued that the EU has always been a regime-setter and that every enlargement of the Union starting from the first one has been asymmetrical.⁵⁸ However, in the case of on-going enlargement, the asymmetry and rigidity of the EU is far greater while there is an obvious need for greater flexibility given the differences between the EU and the candidate countries. and “reflects the distaste for eastern enlargement in some quarters within the EU.”⁵⁹

This scenario is obviously a pessimistic one and a number of factors could well reduce every possibility of this to happen. However, under certain circumstances the risks are higher.

The first variable is an economic situation in the candidate countries. If the economy continue to grow, the possibilities to maintain the national consensus on the fundamentals

of reforms including the very goal of the membership in the EU are more certain. However, in case of an economic recession which could be caused not by internal structural problems but by external shocks of a kind of Russian crisis, the risk of dilution of the national consensus is higher. Two observations are necessary there. First, the whole process of European integration was heavily dependant on the rates of economic growth. Since (1) the economic growth and an associated increase in a material well-being has become a basis of a national consensus and the main source of legitimacy of national governments in the post war Western Europe and (2) it was consciously build into the very fundamentals or *raison d'être* of the European integration itself, the slow-down of the economic growth was largely followed by a slow-down of European integration⁶⁰. Second, the risk of dilution of the national consensus could be further exaggerated by an attempt to attribute the consequences of these external shocks to the structural problems of a given country. The Commission's 1999 progress reports on the progress of candidate countries could serve as an example of such an attempt. While the use of a situation of external shock which was caused by almost simultaneous crises in Asia and Russia combined with a certain slow-down of the economic growth in the Union could be well justified as an excellent methodological tool to evaluate performance of the candidate countries in these circumstances, a certain tendency to make governments responsible for the results of this crisis contributes to the attribution of the consequences of external shock to the domestic problems.⁶¹

The second variable is the size of country including a relative size of its economy. First, the small countries are more vulnerable to the pressure from the Union or from the European Commission in particular. Therefore, their freedom of action is more limited. Second, the relative adjustment costs with respect to the Union are higher. Since the most part of burden comes in a form of pressure associated with an increasing amount of legislation to be brought in line with the *acquis* or new legislation required by the EU which should then be properly enforced, the institutional framework of the state and the national budget respectively which mostly carries out this burden is overcharged. To put it in very simple terms, Lithuania and Poland, for example, has the same amount of the *acquis* to transpose and implement and more or less the same amount of human as well as financial resources is required in both cases. Third and the most controversial thing is about interests. Supposedly, the long term interest of the Union and candidate countries coincide. A number of arguments have been made and a number of studies have been undertaken to demonstrate that the EU enlargement into the Central and Eastern Europe will be beneficial for both sides. The security and stability will be better ensured and the larger area of common market will foster economic growth all throughout the enlarged Union. However, fewer attempts have been made to investigate the question of the possible divergence of short-term interests. It does seem that in certain cases the divergence of these interests is quite obvious. Take, for example, the case with the nuclear energy in the candidate countries. While nuclear energy continues to be a very important factor of the economic growth of certain candidate countries, for example, in Lithuania, Slovakia and Bulgaria, the EU had been exercising an extraordinary pressure on those countries to close nuclear power plants. It again shows that small states are less capable to defend their interests than larger ones.

Conclusions and Solutions: Avoiding the Dilution on Both Sides

The main conclusion of this paper is that in response to the different nature of this enlargement the Union has developed a new methodology of this exercise. The new methodology is based on four new principles: complexity, differentiation, conditionality and asymmetry. It was then argued that all four principles form a single logic of control. This logic largely aims at slowing down the process of enlargement. The reason behind it is a justified fear of dilution of the Union. In the context of this fear and a general lack of political will of member states to enlarge, the European Commission managed to extend her own competences in this sphere and almost monopolised relations with the candidate countries. This opened the process to the preferences of the Commission in addition to those of the member states and thus reinforced the rigidity of the methodology of enlargement. The argument then went further challenging this logic on the basis of the reasoning about the importance of national consensus. It was argued that the candidate countries were largely deprived of all means to incorporate their own preferences into the process. It implies the same danger of dilution the Union is trying to avoid in its own backyard. The risk of dilution in the candidate countries, it was argued, is based on (1) the time pattern of the accession costs and benefits indicating that costs of adjustment are very high in the short-term, (2) a certain divergence of the short-term interests between the candidate countries and the Union, and (3) still decreasing possibilities of the governments to control their own agendas and national policy making process. Certain variables contributing to the risk of dilution were then identified. It was argued that the smaller the country and the higher uncertainties related to the economic growth, the higher risks of a breach of national political consensus.

The results of this inquiry into the new features of the methodology of the EU enlargement clearly suggest certain corrections to be made with regard to the process. These suggestions could be grouped into three basic categories. First, the process should be made more fair. It means few things. First, the differentiation should not be turned into discrimination as it sometimes happening now. The Union should be very careful to avoid any overplay, in particular with regard to smaller countries. Second, the process should be focused not only on the candidate countries but on the Union as well. Therefore the second suggestion is about making the process more mutual. It again means few things. First, there should be an attempt to make the process more symmetrical. It concerns, first of all, the accession partnerships. It also means that burdens of change should be divided more equally. The third suggestion is about an introduction of more flexibility to the process as a contrast to the increasing rigidity well demonstrated by the growing complexity and conditionality. This do suggest a certain politization of the process. However, it does not mean that preferences should be given to all those divergent geopolitical and economic interests of the member countries. The logic of objectivity and its institutional embediment, the Commission, should be at the centre of the process. However, I would suggest that a much closer supervision of the Commission in its undertakings towards the candidate countries by the member states is necessary.

Summarising the point, it is necessary to say, that this particular process of enlargement has become particularly rigid and asymmetrical. The risk is that this rigidity may endanger

its final results. What should be done is to a certain respect to reverse it back in terms of methodology. The Union as a pace-setter therefore should return to the original, still very limited, mutuality. It is not to say that the process should be entirely symmetrical. However, a different balance should be found to avoid the risk of dilution on both sides.

NOTES AND REFERENCES

¹ There is certain development of terms used to refer to the CEE countries reflecting, in general, development of their relationship with the EU. Before first CEE countries signed the Europe agreements, in the official documents of the EU the countries in question were referred to as postcommunist CEE countries or countries in transition. Later on they became the associated CEE countries. This title then was extended to 10 CEE countries which in 1994-1995 applied for the EU membership officially. Hence a new reference to applicant countries. After the decision of the Luxembourg European Council to launch an accession process with 12 countries including Cyprus and Malta, the reference to candidate countries replaces previous references. It is until now the most frequently used definition of countries the EU enlargement policy is aimed about. However, references to applicant or even associated countries are still used frequently. I will use all the references to the status of the countries in question as synonymous while preferring the candidate or the applicant countries and making a difference as a function of a period of the relationship discussed. The importance of the references should not be underestimated since their reflect an official attitude of the EU towards a certain country as it is demonstrated by the importance of proposal of granting the status of a candidate country to Turkey as recommended by the Commission in its 1999 report.

² See, for example, conclusions of the European Council meetings in 1988 and beginning of 1989 cited in A. Meyhew, *Recreating Europe: The European Union's Policy towards Central and Eastern Europe* (Cambridge: Cambridge University Press, 1998), p. 13.

³ It was a hint of the French President F. Mitterrand given at the margins of the European Council meeting in Paris. However, later on, in 1993 Mitterrand explained that by unity with the postcommunist countries he rather meant different thing than membership. Instead he proposed a European confederation, a kind of new organisation with the aim to promote closer co-operation with the CEE countries. This idea was rejected as a number of other ideas contemplating the same possibility of creating an alternative framework for co-operation. Among those other ideas one could mention an idea promoted by some academicians, namely, R. Baldwin, who proposed to create an Organisation of European Integration as an intermediate step between association agreements and the membership in the EU. For details see R. Baldwin, *Towards an Integrated Europe* (Cambridge: Cambridge University Press, 1994).

⁴ For arguments and evidence on this point, see U. Sedelmeier, *The EU's association policy towards Central and Eastern Europe: political and economic rationales in conflict*, Sussex European Institute Working Report No. 7 (1994), and S. Weber, "European Union Conditionality", in *Politics and Institutions in an Integrated Europe*, eds. B. Eichengreen, J. Frieden, J. von Hagen (Berlin, Heidelberg, New York: Springer, 1995). For the general account of the EU association policy see R. Vilpišauskas, "Europos Bendrijos politika Vidurio ir Rytų Europos šalių atžvilgiu: asociacijos politikos formavimasis ir raida [European Community's Policy towards the CEE countries: the development and dynamics of the Association Policy]", *Politologija*, no. 2 (1996).

⁵ See Sedelmeier, *Association*, and Meyhew, *Recreating Europe*, p. 23.

⁶ About the crucial role Denmark played in bringing Baltic states closer to accession see K. Maniokas, "Political Aspects of the Association between Lithuania and the European Union", in *Lithuania's integration to the European Union*, eds. K. Maniokas, G. Vitkus (Vilnius: European Integration Studies Centre, 1997).

⁷ It should be noted, however, that even the most sincere supporters of the Baltic case within the EU, the Danes were quite reserved with regard to the admission of the Baltic countries into the EU. In his book the Danish State Secretary of the Ministry of Foreign Affairs, Orstrom Moller, after the evaluation of the results of the Copenhagen Summit, concludes: "If one or more of the Central and

Eastern European countries succeed in entering the European Union, the Baltic states may begin to entertain the idea of joining the European Union” (J. O. Moller, *The Future European Model: Economic Internationalization and Cultural Decentralization* (London: Mansell, 1995), p.77).

⁸ A comparison here could be made with the role of the Catholic Church in relation to the Bible.

⁹ For example, Lithuanian programme for approximation of legislation adopted by the Government in 1996 or similar strategies adopted in Poland and Hungary.

¹⁰ European Commission, *‘Agenda 2000’: The Challenge of Enlargement* (Brussels, COM (97), July 1997).

¹¹ Poland, Hungary, the Czech Republic, Slovenia, Estonia and Cyprus were invited to start negotiations in 1997.

¹² For the argument and details see L. Friis, *The End of the Beginning’ of Eastern Enlargement – Luxembourg Summit and Agenda-Setting*, (1998), <http://eiop.or.at/texte/1998-007a.html>.

¹³ The fact that in 1999 the Commission proposed to grant such a status to Turkey still reinforces the argument, which will be made later, that the 1999 proposals of the Commission should be seen as a certain return to the original pre-Luxembourg situation, in particular with regard to the basic principles of methodology of enlargement.

¹⁴ European Commission, *Composite Paper. Regular Report from the Commission on Progress towards Accession by each of the candidate countries* (October 1998).

¹⁵ For arguments see Meyhew, *Recreating Europe*, pp. 367-371.

¹⁶ *Making sense of the Amsterdam Treaty* (Brussels: European Policy Centre, 1997).

¹⁷ *The institutional implications of enlargement*, <http://europa.eu.int/igc2000/>.

¹⁸ See interviews with the Romano Prodi, Pascal Lamy and Michel Barnier, *Financial Times*, October 19, 21 (1999) and *Le Monde*, October 26 (1999).

¹⁹ It was already noted by the chief Polish negotiator J. Kolakowski, “The dangers of a two-tier Europe”, *Financial Times*, October 28 (1999).

²⁰ C. Preston, *Enlargement and Integration in the European Union* (London: Routledge, 1997).

²¹ *Ibid.*, p. 9.

²² Weber, “Conditionality”.

²³ This evaluation is shared by many experts. See, for example, H. Grabbe, “The EU’s Enlargement Strategy” in *The Baltic Dimension of European Integration*, eds. O. Grobel, A. Lejins (Riga, 1996), p.50 or Meyhew, *Recreating Europe*, p. 162.

²⁴ They are provided in all regular reports of the Commission published to date.

²⁵ Meyhew, *Recreating Europe*, p. 162.

²⁶ In its 1999 Report the Commission tends to refer to it as a third criterion the previous two merging into one economic criterion.

²⁷ Meyhew, *Recreating Europe*, p. 369.

²⁸ Sedelmeier, “Association”; Weber, “Conditionality”.

²⁹ For similar conclusions see, for example, S. Arnsward, “The politics of Integration the Baltic states into the EU – Phases and Instruments”, in *The European Union and the Baltic states*, eds. M. Jopp, S. Arnsward (Institut für Europäische Politik and the Finnish Institute of International Affairs, 1998), p. 76.

³⁰ For example, the data on a percentage of administrated prices in the consumer price index basket, in itself an important indicator of the price liberalisation, were used selectively and can be find only in some reports. It is unclear how the level of privatisation has been assessed. In some cases the share of the GDP generated by the private sector is used as the main indicator of the success or failure of privatisation. In other cases the ratio of enterprises earmarked for privatisation and enterprises actually privatised is used as a basis for evaluation (see J. Čičinskas, “Progress Report: Discussion in Lithuania?”, *Lithuanian Foreign Policy Review*, no. 2 (1998), p. 125.

³¹ Čičinskas, “Progress Report”, p. 123.

³² See Mayhew, *Recreating Europe*, p. 176; Arnsward, “Politics of Integration”, p. 76.

³³ European Commission, *Agenda 2000 – Summary and conclusions of the opinions of Commission concerning the Applications for Membership to the European Union by the candidate Countries* (Brussels, DOC/97/8, July 15 1997), and European Commission, *Regular Report from the Commission on Progress towards Accession, Lithuania* (1998).

³⁴ This view was shared by many EU member countries diplomats residing in Vilnius and Brussels.

³⁵ European Commission, *Regular Report from the Commission on Progress towards Accession, Latvia* (1998).

³⁶ See „Europos Komitetas prie LRV“ [European Committee under the Government of Lithuania], *Europos Komisijos antrojo Reguliaraus pranešimo apie Lietuvos pažangą siekiant narystės ES analizė. Santrauka* [Summary of the analysis of the second regular report of the European Commission on the Lithuania's progress towards accession] (Vilnius, October 22 1999), p. 7.

³⁷ While it is obvious for most decision-makers directly involved in this process from both the Union and the candidate countries, the still continuing rhetoric about the so-called objective criteria and an objective evaluation against the objective criteria demonstrates, among other things, a widening gap between the decision-making elite and a general public.

³⁸ For example, in its 1999 Regular Report the administrative capacities of the candidate countries have been assessed using consistent and uniform set of criteria elaborated by SIGMA.

³⁹ For example, *Council Decisions of 30 March 1998 on the principles, priorities, intermediate objectives and conditions contained in the accession partnership with the Republic of Lithuania* (98/265/EC, OJ L 121/31, April 23 1998).

⁴⁰ See Mayhew, *Recreating Europe*, p. 361. Lithuania's example could well illustrate that point. According to the Lithuanian National Programme of the Adoption of the Acquis the financial resources required to implement measures contained in it amount to approximately 4 billion litas (1 billion euro) only in the short term period or in a year 2000. Even taking into account the fact that many of those measures should be implemented independently of the requirements of the EU, as for example the most costly reforms related to land reform and improvement of transport infrastructure, the EU support is well inferior even in its range. In 1998 the PHARE support amounted to around 40 million euro. In 1999, taking into account new instruments of SAPARD and ISPA it would reach some 100 million Euro. See Governmental Commission for European Integration, *Lithuania's EU Accession Programme (National Programme for the Adoption of the Acquis)* (Vilnius, May 1999).

⁴¹ See *Uniting Europe*, 72 (October 25 1999).

⁴² See Arnswald, "Politics of Integration", p.81. The role of Germany and the position of the chancellor H.Kohl aimed at promoting the membership of Poland, Hungary and the Czech Republic and at the same time neglecting other candidate countries provoked quite harsh comments from some candidates countries. See, for example, an article of at that time Lithuanian minister for European Affairs L. Andrikienė, "As jus myliu, bet niekam nesakykite" [I Love You, but Don't Tell Anyone about It], *Lietuvos Aidas*, October 29 (1997).

⁴³ See Friis, *End of the Beginning*.

⁴⁴ Examples are provided in H.-D. Lucas, "United Germany, the Baltic States and the Baltic Sea Region", in *The European Union and the Baltic states*, eds. M. Jopp, S. Arnswald, (Institut für Europäische Politik and the Finnish Institute of International Affairs, 1998)

⁴⁵ European Commission, *Composite Paper*, 1999.

⁴⁶ European Council, *Presidency Conclusions* (Tampere, October 15-16 1999). For a similar argument concerning an increasing role of the member states, see "Survey on the European Union", *The Economist*, October 23 (1999).

⁴⁷ This could be at least partially explained by the fact that the theoretical discussions on the nature and dynamics of European integration could be characterized by rising influence of the intergovernmental approach which questions different functional or neofunctional theories. The former heavily relies on the reconstruction of basic historic facts and original motivation of key decision makers in the process of European integration and argues that empirical evidence supports better its basic propositions. See, for example, A. S. Milward, *The European Rescue of the Nation State* (London: Routledge, 1994) and, in particular, A. Moravcsik, *The Choice for Europe. Social Purpose and State Power from Messina to Maastricht* (Ithaca, New York: Cornell University Press, 1998). For a general account of recent tendencies in the research on the nature of the dynamics of European integration which provides a rather more balanced picture see T. Risse-Kappen, "Exploring the Nature of the Beast: International Relations Theory and Comparative Analysis Meet the European Union", *Journal of Common Market Studies* 34, no. 1 (1996).

⁴⁸ One could provide other examples of manipulation of the conclusions as a function of continuity of decisions taken in the past. A careful reader of the reports of the Commission released in 1997, 1998 and 1999 on all candidate countries could well find a plenty of them.

⁴⁹ See Milward, *European Rescue*, pp. 2-21.

⁵⁰ See Y. Meny, P. Muller, J.-L. Quermone, "Introduction", in *Adjusting to Europe: the impact of the European Union on national institutions and policies*, eds. Y. Meny, P. Muller, J.-L. Quermone (London: Routledge, 1996).

⁵¹ L. Balcerowicz, *Socialism, capitalism, transformation* (Budapest: CEU Press, 1995).

⁵² J. Gacs, M. Wyzan, *The Time Pattern of Costs and Benefits of EU Accession*, (Luxembourg, IIASA, Interim Report, May 1999) p. ii quoted in R. Vilpišauskas, G. Steponavičienė, *Winners and Losers of EU Integration in Central Eastern Europe. The Case of the Baltic States. Economic Part*, Draft (Vilnius: Lithuanian Free Market Institute, October 1999), p.3.

⁵³ Vilpišauskas, Steponavičienė, *Winners and Losers*.

⁵⁴ See note 35.

⁵⁵ See, for example, Republic of Poland, *National strategy for Integration* (Warsaw: Government of Poland, January 1997), *Lithuania's EU Accession Programme*.

⁵⁶ Mayhew, *Recreating Europe*, p. 376.

⁵⁷ R. D. Putnam, "Diplomacy and Domestic Policy: The Logic of Two-Level Games", *International Organization* 42, (1988), pp. 427-460.

⁵⁸ A. R. Young, H. Wallace, *Regulatory Politics in the Enlarging European Union: Weighing Civic and Producer Interests* (Manchester: Manchester University Press, forthcoming), p. 124.

⁵⁹ *Ibid.*, p. 156.

⁶⁰ For similar arguments see Milward, *European Rescue*, and A. Williams, *European Communities* (London, 1990).

⁶¹ European Commission, *Composite Paper. Regular Report from the Commission on Progress toward Accession by each of the candidate countries, October 13, 1999. III. Progress. Economic criteria*, p.1. On the basis of this criterion the Commission made a conclusion that, for example, Lithuania can not still be regarded as a functioning market economy since 'macroeconomic stability was preserved even though it has been made more vulnerable partly as a result of the policy response to the Russian crisis. The government's attempts to dampen the negative external shock led to a serious deterioration of the fiscal and external balances to levels that may become unsustainable' ("Criteria for Membership. Economic criteria. General Evaluation" in European Commission, *Regular Report from the Commission on Progress towards Accession. Lithuania* (October 13, 1999), p. 1). Our purpose here is not to discuss the question what policy response could have been regarded as positive one. Our point here is to demonstrate the linkage made and to point out the political risks involved in making such a linkage.

THE POLITICAL DECISION MAKING: DIVISION OF AUTHORITY WITHIN GOVERNMENT*

Laimonas Talat-Kelpša

Introduction: Defining Transition and Convergence

The difference between transition and convergence is not clear-cut, therefore the attempt to accommodate them in a coherent model may seem artificial. Yet if the dictionary meanings of the concepts were employed, one would easily discover that transition and convergence in politics refer to separate subjects. The first one addresses the change of regimes, and the second one deal with regime consolidation.

For the sake of methodological explicitness, it is important to define the departure point of transition and convergence, as well as their “final destination.” The topic of this paper implies that transition should precede convergence and, normatively, perhaps even end in it. However, it is possible in theory that transition would start together with convergence or, alternatively, would result from it. The European integration is an illustrative example of how converging national policies may push multilateral cooperation to the supranational level and beyond.

Most commonly, transition and convergence overlap. This is particularly true in post-communist countries where democratic and market reforms tend to pluralise and polarise the previously totalitarian societies. Interestingly, the post-communist polities operate in an environment facilitating the conflict of transition and convergence. A successful transition to democracy encourages the emergence of numerous political parties and interest groups which, in the absence of consolidated democratic rules, will diverge rather than converge in their political perceptions and decisions. The lack of cooperative behaviour strongly affects the capacity of transitional governments to pursue convergence-inducing social and economic policies.

Furthermore, democratic transition and convergence may get in conflict because of the legacy of thinking, which the post-communist peoples inherit from the past. The prolonged all-embracing domination of state has promoted an ambiguous popular approach towards concerted action. On the one hand, the people react rejectively to majority decisions, which are wrongly associated with the experience of Soviet “democracy.” Hence

* An article is reprinted from *Lithuania from Transition to Convergence*, Vilnius: Eugrimas, 1999, p.p. 462-481.

the accelerated fragmentation and individualisation in the political and economic fields. Private interests are strongly preferred to public interests, thus reducing the prospects of rapid convergence.

On the other hand, the longing for a simplified political process persists, which results from the Soviet nostalgia no less than from the post-communist hyperfragmentation. Put simply, the people in Central and Eastern Europe have a feeling of being “lost” among the plethora of political parties and party-promoted alternatives. Hence their support to single, clearly structured and simple-to-run institutions. Presidents and cabinets are evidently in advantage.

In this context, the conflict between the original and declared preferences, between the goals of transition and convergence, is best materialised on the institutional level. The form of government chosen by a transitional society merits a particular attention.

First, the development of parliamentary structures and politics tells about the popular intentions to promote institutionalised and consolidated multiparty democracies. Second, the establishment of executive-centred regimes reveals the public urge for convergence based on smoothly administered governmental policies. The type of a constitution introduced to a democratising polity may have a crucial effect on the successful accommodation of the transition- and convergence-produced pressures.

Both in political and academic debates the important task is to redefine the concept of “convergence,” which has by far stimulated only vague associations with the integration of the European Union. But converging attitudes also appear in the politics of Central and Eastern European countries. The EU and NATO membership is the most representative example. Furthermore, a consensus has increasingly developed during the last few years to promote an investment-inducive business environment in the region. These and other less articulated instances re-establish convergence as the political actors’ growing capacity to build a consensus for continuation of democratic and market reforms. Put differently, convergence is not to end in a political community free of conflicting interests and heterogeneity. It should rather bring the society to a consented set of rules for the political game in diversified environment.

Convergence and Regime Type

Division of authority within government is a norm rather than an exception in a democratic polity. Yet different constitutional arrangements provide different records of effectiveness in mobilising separated institutions. For example, it is argued that the growth of the executive role becomes characteristic of all standing democratic régimes.¹ In parliamentary systems, this tendency is realised through increasing participation of the cabinet in parliamentary agenda setting. However, the ability of legislators to censure the cabinet provides a powerful check against the executive all-presence.

Things work differently in the systems where division of authority is deeper, and separation of powers rests upon independent popular mandates. In presidential systems, for example, the parliament cannot censure the president and his administration. On the other hand, decree rule, bureaucratisation of parliamentary decisions, or dissolution of the legislature, are the possible options for the uncooperative president. Although these actions may be synchronised with the attempts to centralise government and increase its efficiency, more often they tend to establish confrontational patterns of political behaviour.

These reasons have most likely played the crucial role in framing the determination of Central and Eastern European post-communist societies to choose a parliamentary path. In addition, many of them introduced popularly elected presidential institutions, which in a sense are meant to compensate the people for the democratic deficit of the communist rule. Yet the conflicting goals of transition and convergence result in ambivalence: People do want parliaments, which at the same keep scoring the lowest public confidence rates; and they prefer extensive presidential powers, though fearing the prospect of authoritarian rule.

The situation benefits presidents who can augment their power by speculating the popular feelings and at the same time escape political responsibility. It is vitally important for constitutional architects to find a proper place to the presidential institution so that the institutional arrangement would encourage consensus building and democratic consolidation.

The Political Decision Making in Lithuania

Lithuania is an excellent example of the constitutional ambiguity embodying the conflicting goals of democratic transition and convergence. The role of the president in political system still needs to be discovered, although the general tendency shows the country has set a semi-presidential régime. This mixed form of government owns three distinctive features:

- (1) president is popularly elected;
- (2) president shares with parliament the authority of government making;
- (3) the cabinet is subject to the parliamentary censure vote.

Evidently, this régime type entails a compilation of qualities characteristic of parliamentary as well as presidential republics. Furthermore, it entrenches the separation of powers and yet bridges the principal institutions with a call for cooperative behaviour. In such system, the cabinet cannot be produced unless there is an agreement between the president and the parliament on minister personalities and governmental policies. Also, the cabinet must resign once it loses the confidence of legislators. On the other hand, the prime minister might ask the president to call early parliamentary elections, if the legislative body decided the cabinet's credit was run out. It seems that the parliament and the president are forced to collaborate in order to keep the government running.

However, the experience of similarly modelled countries² demonstrates that semi-presidential regimes develop separate, "unwritten" constitutions, which, depending of the political environment, either increase or dissipate the president's actual power. Lithuania is not an exception, and the rule "the more you take, the more you have," can indeed be applied to the power context of the country. For example, the resignation of Prime Minister Gediminas Vagnorius in April 1999 followed President Valdas Adamkus' public address where personal non-confidence in the prime minister was declared. However, the Constitution says nothing about the president's confidence in the cabinet. Earlier in January 1996, when a similar situation had occurred, Prime Minister Adolfas Šleževičius turned down the presidential urges to leave the office, though he was later removed by the parliamentary majority. Another example traces back to January 1998, when in the aftermath of presidential elections Prime Minister Vagnorius repudiated a formal resignation,³ even though a similar situation was solved through resignation in 1993.

There is an obvious lack of consensus over the form of government under which Lithuania operates. The Conservative Party, which in 1998 had successfully campaigned for a Constitutional Court's opinion that Lithuania is "a parliamentary republic entailing characteristics of a mixed (semi-presidential) constitution,"⁴ a year later asked President Adamkus to form his own cabinet. Other political parties of Lithuania are positively inclined to accept a more powerful president in the political system, only the leftist Labour Democratic and Social Democratic parties being possible exceptions.⁵ The public generally also supports a strong presidential institution. Apparently, the stakes are with the president who needs personal motivation to engage in domestic politics and skills to exercise influence over the polarised political environment.

Powers of President in Semi-Presidential Regime

What are the means for the president to influence the political process in Lithuania? The Constitution is rather short on this topic, pointing out five fields of presidential engagement: foreign policy, national security and defence, government making, appointments, and the courts. The rest is either within or beyond the constitutional letter, depending solely on the intentions of the interpreter. For example, the function "Head of State"⁶ may either be extended to encompass supervision of and participation in any matter of presidential concern, or narrowed to mean purely symbolic authorities, such as representation of the nation abroad.

The elasticity of the Constitution is further illustrated by "true stories" from Lithuania's political reality. For example, when making its resonant judgement about the parliamentary nature of Lithuania's political system, the Constitutional Court acknowledged the president's right to implement his election programme through legislative initiation, vetoing, and annual addresses.⁷ Strangely, this list does not include such presidential powers as nomination of the prime minister, appointment of ministers and high-ranking state officials. It is therefore not surprising that a year later in a televised interview the Conservative leader Vytautas Landsbergis interpreted the same constitutional text differently, by arguing that President Valdas Adamkus is *independent* to nominate his candidate for prime minister (what actually contradicts the logic of parliamentarism).

Another story relates to the principle of separation of powers, which is established in the Constitution,⁸ but fails to be explicit in political reality. In Lithuania, the legislative power is vested in the parliament, the executive power in the government, and the judicial power in the courts. However, no reference is made to which realm the presidential authorities belong. The president has a share in legislation⁹ and in executive,¹⁰ and cooperates with the courts.¹¹ In this context, the concept "Head of State" acquires an all-inclusive meaning.

On the other hand, the separation of powers is rather blurred with the prevailing practice of the members of parliament to retain their mandates after moving to ministerial seats. Such a norm is typical to parliamentary regimes, and tends to increase the cabinet power *vis-à-vis* the parliament and the president, once applied in Lithuania. The Article 99 of the Constitution may be interpreted in the way requiring the members of parliament to return their electoral mandates *after* they were assigned a portfolio in the cabinet.¹² However, such claims have so far been successfully suppressed with a well-dressed argument being an MP is beyond the constitutionally established term "holding an office."

Worth noting is the Constitution's negligent approach towards party membership. Firstly, the president is explicitly restrained from any party affiliations.¹³ So do the cabinet members, who are asked to relinquish their elective or appointive positions within their party's structures.¹⁴ Furthermore, the Constitution states that no mandate shall bind the members of parliament.¹⁵ Evidently, the Constitution does not encourage the development of party politics, which is vitally important to democratic consolidation.

It is already realised in Lithuania that operation of the political system is heavily dependent on the relationship between the president and the parliamentary majority.¹⁶ However, a non-partisan president should feel poor political inducement to cooperate. When a friendly majority sits in the parliament, the head of state will willingly share the majority's successes, and will align with critics when things go wrong. Similarly, when a hostile majority controls the legislature, the president can blame the majority for his personal failures, and there will be no party to set the limits of criticism on the president.

These scenarios were not yet played to their full in Lithuania, but they underscore the non-welcomed feature of the country's politics, which is too much dependent on personalities. On its own hand, the personalisation is apt to further fragment and polarise the political discourse, and to distance convergence.

Presidential Decree Legislation

The conceptually defined presidential power needs materialisation. Here one has to draw a distinction between *de jure* and *de facto* powers of the president.¹⁷ The formal authorities are laid down in the Constitution, while the actual powers are rather situational and dependent on the political setting in place. It is noteworthy that *de jure* and *de facto* powers of the president rarely coincide.¹⁸

The role of the president is significantly expressed through his exercise of the actual powers. This very feature of semi-presidentialism causes a number of methodological difficulties. First, situational factors because of their individuality are hardly subjected to classification. Moreover, even in similar situations the actors may behave differently. The diametrically opposite strategies of cabinet resignation pursued by Lubys' and Vagnorius' governments after the presidential elections of 1993 and 1998 are excellent examples.

On the other hand, the formal authorities may tell little if anything, since constitutions when put in actual contexts do not always follow the initially-set trajectories. Many of Europe's semi-presidential regimes in fact operate as parliamentary republics, and the citizens of Iceland, Ireland, or Portugal, are barely aware of their presidents' full constitutional powers.

In Lithuania, a formal approach may nevertheless be useful. The Constitution declares that the president shall issue decrees when implementing his constitutional authorities.¹⁹ The decrees are an important part of the semi-presidential political competition. Their number and content mirror the documented field of presidential undertakings.

Eight categories of presidential decrees were developed for the purposes of this paper. "Foreign Policy" is meant to include the decrees embodying the functions provided under Articles 84(1), 84(2) and 84(3) of the Constitution: the decisions on principal foreign policy issues, signing of international treaties, structuring the diplomatic corps, etc.

The “Government” category entails the government-making authorities of the president, provided under Articles 84(4) to 84(9): nomination of the prime minister, appointment of ministers, accepting of ministerial resignations etc. It also includes the decrees on substituting the prime ministers in their absence (Article 97).

The “National Security” category speaks of the national security and defence related matters provided under Articles 84(14), 84(15) and 140 of the Constitution. With the “Appointments” category it also shares Article 84(10), i.e. appointing of high-ranking military and SSD officials.²⁰ The rest of appointments and nominations under Articles 84(10) and 84(13) belong to the “Appointments” category.

The “Courts” label identifies those decrees which deal with the functions established under Articles 84(11) and 84(12). They include nomination, appointment and replacement of judges, including the Constitutional Court. A small part includes the decrees on vacations of the Chair of the Supreme Court, along with other insignificant issues.

The “Legislation” category points to the presidential activities under Articles 68 (legislative initiation) and 71 and 84(24) (vetoing).

The “Miscellaneous” group includes the decrees to which there is no explicit wording in the Constitution. Establishment of various commissions and working groups makes the major part, and nearly all such decrees are formally referring to Article 77 (Head of State).

Finally, the “Symbolic” decrees deal with awards of state decorations, citizenship issues, granting of pardons, symbols of cities and towns, etc.

On the political level, it is essential to distinguish between different types of semi-presidential politics that may develop in a political régime. The presidential majority model evolve where the president comes from the party which controls the legislature.²¹ In this case, the president is able to exercise influence over his former party mates and is therefore successful to cooperate with the cabinet. Once the parliamentary majority turns out to be an opposing party, then the president finds it difficult to develop a cooperative relation with the new cabinet and is forced to withhold from active participation in politics. M. Duverger calls such a practice “cohabitation régime.”²²

The two models were well-articulated in Lithuania 1993 to 1998. After President Brazauskas was inaugurated on 25 February 1993, he maintained to share his political attitudes and allegiances with the majority Labour Democratic party. As a former leader of this party, the president was nearly independent in forming the Šleževičius cabinet of 1993. Three years later he was equally successful to replace this cabinet which by then had wasted the president’s and public confidence.

The 1996 parliamentary elections set in Lithuania a classical model of the cohabitation régime. The elections produced a new, antagonistic to the president Conservative majority. President Brazauskas had little choice but to nominate one of the Conservative leaders for the prime minister. Consequently, the new premier formed the cabinet independently and de facto became the head of the Executive.

The government under President Adamkus since February 1998 hardly resembles any of the conventional models. The successful attempt to replace the Vagnorius cabinet in April 1999 has placed the president at the top of the Executive, although in January

1998, right after the Constitutional Court's resonant decision, it seemed that it was the prime minister who headed the Executive. At the moment, the legislature is not controlled by a presidential majority. Nevertheless, President Adamkus has succeeded to block a few controversial pieces of legislation.

For the purposes of this paper, the aforementioned régimes are labelled Brazauskas-1 (1993 02 25 - 1996 11 25), Brazauskas-2 (1996 11 26 – 1998 02 24) and Adamkus-1 (1998 02 25 – 1999 05 20).

The empirical evidence is consistent with the popularly held perceptions of the role of the presidential institution in Lithuania. The largest portion of presidential activities fall under the “symbolic” category, regardless of what party controls the legislature. Another significant share entails foreign policy making, and the tendency to engage foreign policy more actively during the political cohabitation (Brazauskas-2) is rather obvious. Naturally, under cohabitation the president is constantly pushed off the domestic affairs, hence his decreased involvement in the “Government” and “Legislation” fields.

The Table 3.2.-1 demonstrates that on the output level the Adamkus-1 regime has been very close to the Brazauskas-1 rule of 1993-1996. The interesting point here is that the relationship between the president and the parliamentary majority during these two periods has been different. President Adamkus has never enjoyed keen support of the parliamentary Conservative majority. Oppositely, the relationship has more reminded of the conventional check-and-balances mechanism, when mutual resistance to each other's domination was controlled by logrolling compromises.

To be correct, Table 3.2.-1 does not tell the whole reality. Methodological imperfections require a careful interpretation of the statistical figures. The decree legislation depends on autonomous factors with which politicians and researchers must comply. For example, the post-independence “emptiness” should urge the cities and towns to adopt new symbols, and the demand for adequate presidential decrees consequently increases. Furthermore, the principal state officials have their constitutionally fixed terms, therefore each president will have a constant basic share of the Appointment decrees. The advantage of the statistical figures is their capacity to reveal tendencies, the presence of which assists in further investigations.

Table 3.2.-1. Differentiation of presidential decrees, %

	<i>Brazauskas-1</i>	<i>Brazauskas-2</i>	<i>Adamkus</i>
<i>Foreign Policy</i>	21.4	32.6	22.8
<i>Government</i>	9.5	6.7	10.0
<i>National Security</i>	3.0	7.4	5.6
<i>Appointments</i>	17.0	13.9	21.9
<i>Courts</i>	3.3	2.1	4.4
<i>Legislation</i>	6.1	3.5	4.0
<i>Miscellaneous</i>	5.2	4.4	4.9
<i>Symbolic</i>	34.5	29.4	26.3

Legislative Powers of President

Of the eight fields of presidential activity, at least five depend on the pattern of relations between the president and parliamentary majority. Firstly, the president must regard the political composition of the legislative body when forming the cabinet. Later, the prime minister or ministers have to countersign presidential decrees in fields of foreign policy, national security and defence, etc. Also, many chief officials are appointed with parliamentary consent, as well as the principal positions in courts. Meanwhile, the legislative sector allows to the president the greatest freedom of manoeuvre.

Legislation is the field where the president and the parliamentary majority face each other directly. Here they can try their amity and antagonism. The parliamentary capacity to adopt presidential legislative initiatives, as well as the president's ability to withhold from vetoing, shows to a great extent the prospects of consensus in the system.

A still another reason to keep focus on legislation is the importance of law-making in transitional societies. The post-communist reforms need an appropriate legal basis and working institutions. Moreover, through the emerging legislation a new set of rules is introduced, and the post-communist legislation is in fact about making the rules. The open process of law-making provides a more representative, better discussed and longer surviving democratic development.

M.S.Shugart and J.M.Carey single out four legislative powers of the president:²³

1. Veto right;
2. Authority to introduce legislation;
3. Decree power;
4. Emergency powers.

A clear-cut distinction has to be made between the decree powers in Shugart and Carey's wording, and the decree legislation existing in Lithuania. Besides the countersignature required for a number of presidential decrees, the president of Lithuania is constitutionally empowered to administer rather than to rule. His authorities are more corresponding to the "rule-making" activity, as opposed to law-making. Put simply, presidential decrees in Lithuania cannot become laws. Meanwhile in Shugart and Carey's understanding the decree power enables the president to legislate, with or without eventual parliamentary ratification.

Since the president of Lithuania does not have law-making authority, and the emergency powers have not yet been used either, the veto right and the legislative initiation offer a most promising occupation.

Use of the Veto Right

What is the value of researching the use of the veto right? First and foremost, the intensity of vetoing indicates the cohesion of the legislative mechanism. The president, included in the drafting process, should lose the incentive to veto that legislation afterwards. Likewise the opposition parties, once treated inclusively, would be weakened in their determination to push for a presidential veto.

At this point the majority party (coalition) faces a challenging choice between "sensitive" versus "bulldozing" legislation. It is vital for them to set limits of compromise against the party's election programme. Definitely, not all the arguments raised by the

opposition can be, and will be, acceptable. The question is to what extent these arguments will be included in the public agenda. The reason of politics naturally draws the parties with close programmes into coalitions. However, the parties-“outsiders” should also enjoy a sense of contributing, otherwise they, once in power, will seek to abandon earlier reached non-inclusive decisions. It particularly applies to post-independence Lithuania, where the electorate has been extremely volatile and tended to produce dramatic shifts in the composition of the parliament.

The legislative majority faces a more difficult task when it has to include the president into the process. The Constitution of Lithuania excludes the president from any party affiliations, therefore cooperation between the leading state institutions depends mainly on personal chemistry.

Moreover, the president pursues his individual programme, which is approved by the popular vote. Since it is not a party programme, the main task is to accommodate the presidential preferences with the governing party’s electoral commitments. Even a party-descendent presidential candidate is free to maximise the voter support by yielding to populist declarations. On the other hand, a rational candidate is forced to generalise his electoral promises to have an all-party acceptable political programme. As a consequence, the president’s election programme usually turns into a declaration.

The empirical evidence on vetoing in Lithuania proposes several thought-giving observations (cf. Table 4.1-1.) There is little surprise in the finding that under the presidential majority regime (Brazauskas-1) the president’s vetoes were effective, while they were marginal during the cohabitation (Brazauskas-2). However, the increasing intensity of vetoing suggests that the pattern of legislation tends to alter with a regime change. The Conservative Party seems to be rather enthusiastic about the bulldozing principles of lawmaking, therefore forcing the president to regard vetoing as the main window to intervene legislation. Accordingly, under the presidential majority regime (Brazauskas-1), the legislative process used to be more open to presidential involvement.

This tentative conclusion is further supported by the changed pattern of veto override since November 1996. A veto generally consists of the vetoed clauses and

Table 4.1.-1. The patterns of vetoing and regime change

	Regime duration (months)	Vetoed laws N	Intensity	Amend. ^a proposed	Amend. ^a adopted	Amend. ^a rejected	Effectiveness %
Brazauskas 1	45	22	0,49	83	68	6	81,93
Brazauskas 2	15	9	0,6	2	2	20	9,09
Adamkus	15	9	0,6	19	18	1	94,7

Notes: Brazauskas-1: 1993 02 25 – 1996 11 25; Brazauskas-2: 1996 11 26 – 1998 02 24; Adamkus-1: 1998 02 25 – 1999 05 20.

^a The presidential veto generally consists of the *rejective* part entailing the arguments why the law is returned, and the *amending* part with the suggestions (i.e. veto amendments) on which clauses should be amended.

amending proposals, which are subject to parliamentary considerations. There were a few cases under the presidential majority regime (Brazauskas-1), when the Labour Democratic majority pursued a *partial veto override* and split their support when considering a presidential veto (see Appendix 1). The Conservative majority, on the other hand, has used a *package veto override* more extensively, by applying a zero-sum principle. This pattern is common to both the cohabitation (Brazauskas-2) and Adamkus-1 regimes.

Legislative Initiation

Legislative initiation is another field where the president may materialise his legislative preferences. Differently from the veto right, the authority to introduce legislation gives the president a full freedom of manoeuvre. Law-drafting does not need a precedent parliamentary (non)action. The president is free to enter the legislative process on the same grounds as a group of members of parliament, or the cabinet. Moreover, a failure to convince the legislators to adopt the requested law may even benefit the president by yielding him an additional argument in the political competition.

The legislative initiation by the president not only reveals the openness of the legislative process, but also provide an important argument to shape the development of the nation by introducing innovative projects, pointing to the fields with insufficient legal regulation and, eventually, accelerating reforms.

It would be naive to expect that the parliament will pass unchanged the laws introduced by the president. These changes may range from insignificant technical corrections to essential amendments. On the other hand, to receive the final law in its initial wording is not usually the priority of the president. More often, he is keen to stimulate the parliament by structuring the legislative agenda. The president may take steps by asking for an urgency procedure or extra-urgency procedure,²⁴ which would shorten the adoption of presidential draft legislation. The length of parliamentary debates over the laws drafted in the president's office indicates the item's pertinence and the legislative effectiveness of the president.

Table 4.2.-1. The presidential legislative initiation in Lithuania, March 1993 – May 1999

	Régime duration (months)	Submitted draft laws (N)	Intensity (N pr. month)	Adopted draft laws	Effectiveness, %	Urgency procedure (N)	Extra urgency procedure (N)	Tptal adopted through urgency, %	Average consideration (days)
Brazauskas-1	45	63	1.4	44	69.8	19	12	54.5	52
Brazauskas-2	15	9	0.6	4	44.4	4	–	50.0	71
Adamkus-1	15	8	0.53	6	75.0	4	2	83.3	23

Notes. Brazauskas-1: 1993 02 25 – 1996 11 25; Brazauskas-2: 1996 11 26 – 1998 02 24; Adamkus-1: 1998 02 25 – 1999 05 20.

Again, as in the case of vetoing, the president succeeds in legislative initiation more when a friendly majority sits in the parliament. Table 4.2.-1 presents a very impressive record for President Adamkus, who scores highest on the effectiveness scale (75 percent) and has been extremely efficient to shorten the span of law consideration to twenty-three days. Worth noting is the extensive application of the urgency procedure under President Adamkus' government.

The intensity of submitting the legislative drafts merits a separate discussion. President Brazauskas has been disposed to introduce legislative initiatives more than President Adamkus. Possibly, President Adamkus has demonstrated more interest and effort to involve in other fields of activity, as suggested in Table 3.2.-1 of this paper. Yet President Brazauskas had a more supportive parliamentary majority in 1993-1996 and greater possibility to involve in the executive policies. The intensity of presidential initiation for this period is nevertheless twice higher. Two explanations may follow:

First, a different pattern of inter-institutional cooperation had been established in 1993-1996. Of 34 legislative drafts submitted by President Brazauskas in October 1995-October 1996, 13 were presented in parliament by ministers and ministerial officials; six by the Chair of Supreme Court; and three by Chairs of parliamentary standing committees. Four additional pieces were drafted by state institutions, and this general tendency indicates that the president was often employed by the cabinet to channel the pressing legislation to the parliament. President Adamkus did not enjoy such an experience, since he was constantly forced to rival the cabinet.

Second, the indeed limited resources of the Lithuanian presidents have to be acknowledged. President Brazauskas could rely on the cabinet support, and did extensively employ it. Meanwhile President Adamkus with the staff of no more that 20 advisors is highly constrained in time, personnel, and intellectual resources.

Table 4.2.-2. The presidential legislative initiation according to the type of law-proposal

	Brazauskas-1		Brazauskas-2		Adamkus		Total	
	Subm.	Adopt.	Subm.	Adopt.	Subm.	Adopt.	Subm.	Adopt.
Financ./Econ.	6	4	–	–	1	–	7	4
Financ. respons.	7	7	–	–	–	–	7	7
Property	7	3	–	–	1	1	8	4
Social	3	2	4	–	–	–	7	2
Law and Order	25	21	2	1	2	2	29	24
Government	10	4	3	3	3	2	16	9
Humanist	3	2	–	–	1	1	4	3
Other	2	1	–	–	–	–	2	1
Total:	63	44	9	4	8	6	80	54

Notes: Brazauskas-1: 1993 02 25 – 1996 11 25; Brazauskas-2: 1996 11 26 – 1998 02 24; Adamkus-1: 1998 02 25 – 1999 05 20.

The pattern demonstrates the dependency of the presidential legislation on the existing divisions within the Executive. In 1993-1996, President Brazauskas was the Head of State and Head of the Executive. In 1998-1999, President Adamkus was the Head of State and just a part of the Executive. That makes a crucial difference.

Another relevant issue is the type of presidential legislative initiation. The president may draft a law on the state pensions as well as amendments to the Law on parliamentary elections. In such cases, the response of legislators should differ in terms of compromise liability and time consumed to take the final decision.

The legislative initiatives by Lithuanian presidents can be classified into seven categories. The first one comprises the financial-economic sector with the initiatives on bank system regulation mechanisms, the amendments to the Law on Joint Ventures, etc. The second group entails the issue of financial responsibility and is applicable mostly to the beginning of 1996, i.e. the aftermath of the bank crisis in Lithuania. The third category is labelled "Property" and deals mostly with the issues of taxation. The "Social" category is preoccupied with the draft laws on state pensions, while the "Law-and-Order" category deals with amendments to the Civil and Criminal Codes, the Police Law, etc. The legislative projects under the "Government" category include presidential proposals to restructure particular government institutions, to reduce or increase the cabinet powers and so on. Finally, the "Humanist" category entails mostly the presidential initiatives to abolish death penalty in Lithuania.

It is evident from the table that on a situational basis Lithuania's president is able to play a very influential role in legislation. Right after the bank crisis in the beginning of 1996, seven draft laws were introduced by the president on the financial responsibility of credit institutions. All seven were adopted, with an average 16 days of consideration. This is the president's most successful legislative participation by far. Moreover, all seven items had strong governmental backing and in fact set the pattern of the president-cabinet cooperation in the legislative field. Interestingly, the ministers who sponsored the seven laws were directly responsible to Prime Minister Šleževičius, whose dismissal a month later called for a great effort from President Brazauskas. This should be one more indication that in 1993-1996 the president *de facto* headed the Executive.

Another observation focuses on the comparatively high share of the president's "Law-and-Order" legislation. The legal quality of these drafts, prepared mostly by professional lawyers, could be a reason for the effectiveness in this field. Also, curbs on criminality are a priority issue on the legislative agenda, as well as a pressing issue within the society. One might also consider the role of the legal elite in the state institutions, but this is a topic for a different paper.

Finally, a substantial share of legislative projects under the "Government" category indicates the executive aspirations of the presidents. They dominate President Adamkus' initiatives in lawmaking, and are well articulated under Brazauskas' presidency in both the presidential majority and cohabitation regimes. Their reoccurrence might imply the deficit of executive authority, which the presidents experience in Lithuania.

Conclusions

In conclusion, what are the prospects of political convergence in Lithuania? The research suggests the following conclusions:

Firstly, convergence in politics works differently than in economics. It does not lead to elimination of disagreements, it rather leads to a consented set of rules on how the disagreements should be solved.

Secondly, post-communist societies seek for simplicity and efficiency in transitional politics. Many of them choose to introduce popularly mandated presidential institutions, which are, on the other hand, empowered with limited authorities. Theoretically, this combination should produce a more complicated decision-making mechanism and burden inter-institutional cooperation.

An important part of democratic consolidation and convergence is the institutionalisation of existing political practices. Yet the semi-presidential constitution of Lithuania supports the personality factor in politics, the most illustrative feature of which is the constitutional restriction for the president to develop and/or maintain party affiliations. The main argument is the deep-seated belief that a *partisan* president shall not be representative enough as a president of the *nation*.

Fourthly, the evidence reveals that the presidents of Lithuania try to engage actively in the executive policy. However, their success is highly dependent on the relationship with the majority party (coalition) in the parliament.

The president faces the parliamentary majority most directly in the legislative field. The veto right and the authority to introduce draft laws are the most relevant topics within Lithuania's legislation.

The veto analysis indicates the bulldozing principle prevalent in the legislative process of post-independence Lithuania. This pattern encourages the newly coming majorities to revise once adopted regulations and reshape the balance within the political system.

Furthermore, the analysis of the presidential legislative initiation reveals the importance of a friendly relationship between the president and the cabinet. The divided executive power urges the president to compete with the cabinet for parliamentary support, thus making the legislative body preoccupied with mediation of intra-executive disagreements rather than drafting reforms to accelerate the post-communist transformation.

Finally, it is evident that the semi-presidential arrangement generates a development of an "unwritten" constitution, which is subject to individual interpretations and maintains the personal factor in politics.

The "unwritten" constitution makes the political system more flexible and adaptive to the transitional challenges. Yet it reduces the convergence-promoting trends due to its highly personalised character. A focus should be set on the development of party politics in Lithuania, which should de-privatise institutions and bring more stability to the political system.

The stabilising role of *partisan* presidents lies in their ability to fix the patterns of inter-institutional cooperation. It would be clear for the political leaders that the evolved patterns of "cohabitation" politics should be followed, once elections have produced a

cohabitation regime. Likewise the political parties and the electorate would know that a presidential majority regime has to be promoted, once there is a need for steady and effective reforms. The alternation between the presidential majority- and cohabitation regimes would then take place mainly as an expression of the voters' protest to the political situation in place.

The president's non-partisan participation has so far produced in Lithuania only a kind of an "interim" model which can be called a "regime of competitive executive". This model operated under the Šleževičius government in March 1993 – February 1996, and under the Vagnorius government of February 1998 – May 1999. In both cases, the model ended in cabinet crisis.

The disadvantage of the model of competitive executive stems from different sources. First, when the president comes from no party, or when the president loses his status within the governing party, the parliamentary majority finds a very tempting possibility to manipulate the cleavage within the executive. Indeed, in certain cases the parliamentary majority may prefer the president to the prime minister just because to reduce the premier's political influence. For example, in March 1999, when the tension between Prime Minister Vagnorius and President Adamkus was approaching its height, the Conservative majority supported the presidential initiative to restrict the cabinet's control over the privatisation funds, even though the cabinet leader Vagnorius was also a leader of the ruling party. When facing a non-partisan president, the parliamentary majority is free of insurmountable ideological cleavages or deep-seated prejudices and, as a rational player in the power game, is apt to make full use of premier-presidential disagreements.

Furthermore, the president and the prime minister, while feeling the ambiguity of the legislative majority, compete for parliamentary support. In result, all three parties get involved in a time- and effort-consuming manoeuvring which sidetracks the decision-makers from drafting and implementing the reforms of transition.

The development of party politics not only helps to separate institutions from personalities, but also plays part in setting the positive prejudices that would make the political process in Lithuania more predictable. It is absolutely clear today, for example, that the Conservative Party would never make a coalition with the Labour Democrats. Similar "prejudices" would only simplify the calculations of the electorate and decision-makers.

Certain changes are already taking place in the "unwritten" constitution of Lithuania. In the presidential election of 1998, the majority of candidates had explicit party backings, and some of the candidates established their own parties after the unsuccessful race on a non-partisan platform. A further integration of the presidential institution into the party politics would also allow escaping the inconclusive scenarios of competitive executive.

NOTES AND REFERENCES

¹ B. G. Peters, "The Separation of Powers in Parliamentary Systems", in *Presidential Institutions and Democratic Politics: Comparing Regional and National Contexts*, ed. K. von Mettenheim (Baltimore and London: The John Hopkins University Press, 1997), pp. 67-83.

² The closest examples are France and Poland.

³ Instead, he preferred to "return the authorities", following the Constitutional Court's recommendation to discriminate between the wordings "return of authorities" and "resignation".

⁴ See „Lietuvos Respublikos Konstitucinio Teismo nutarimas Dėl Lietuvos Respublikos Seimo 1996 m. gruodžio 10 d. nutarimo „Dėl Lietuvos Respublikos Vyriausybės programos“ atitikimo Lietuvos Respublikos Konstitucijai“, *Valstybės žinios*, no. 5 (1998), pp. 57-63.

⁵ See A. Lukošaitis, „Prezidentas Lietuvos politinėje sistemoje: vietos ir galių paieškos“, *Politologija*, no. 2(12) (1998), pp. 38-56.

⁶ *Lietuvos Respublikos Konstitucija* (Vilnius, 1994), article 77.

⁷ „Konstitucinio teismo nutarimas“, pp. 57-63.

⁸ *Lietuvos Respublikos Konstitucija.*, article 5.

⁹ *Ibid.*, articles 68, 70, 71, 72.

¹⁰ *Ibid.*, articles 84, 140.

¹¹ *Ibid.*, article 106.

¹² The Article 99 states that "the Prime Minister and Ministers may not hold any other office subject to nomination or election, may not be employed in business, commercial or other private institutions or companies, and may not receive any remuneration other than the salary established for their respective Government offices and compensation for creative activities". See *Ibid.*, article 99.

¹³ *Ibid.*, article 83.

¹⁴ *Ibid.*, article 99.

¹⁵ *Ibid.*, article 59.

¹⁶ See A. Kubilius, „Seimo veto kandidatų svajonėms“, *Lietuvos aidas*, December 18 (1997), pp. 12-13; Lukošaitis, „Prezidentas Lietuvos politinėje sistemoje“.

¹⁷ See M. Duverger, "A New Political System Model: Semi-presidential Government", in *Parliamentary Versus Presidential Government*, ed. A. Lijphart (Oxford: Oxford University Press, 1992).

¹⁸ *Ibid.*

¹⁹ *Lietuvos Respublikos Konstitucija*, article 85.

²⁰ SSD, State Security Department.

²¹ See M. Duverger, "A New Political System Model"; J. T. S. Keeler, M. A. Schain, "Institutions, Political Poker, and Régime Evolution in France", in *Presidential Institutions and Democratic Politics: Comparing Regional and National Contexts*, ed. K. von Mettenheim (Baltimore and London: The John Hopkins University Press, 1997), pp. 84-108; L. Talat-Kelpša, „Prezidentas ir parlamentas: reikšmė valstybės stabilumui“, *Politologija*, no. 1 (1997), pp. 133-141.

²² See M. Duverger, "A New Political System Model".

²³ See M. S. Shugart, J. M. Carey, *Presidents and Assemblies. Constitutional Design and Electoral Dynamics* (Cambridge: Cambridge University Press, 1992).

²⁴ See „Lietuvos Respublikos Seimo Statutas“, *Valstybės žinios*, no. 5-97 (1999), articles 162, 164.

SOCIAL STRUCTURE AND CULTURAL CHANGES

Mindaugas Degutis

Many articles in the periodicals of our country are devoted to the evaluation of the contemporary condition of society. It is regarded sometimes as a crisis, sometimes as the 'normal' difficulties of a transition period, and analyzed according to its political, economic aspects. Unfortunately, the majority of these articles only state facts, present evaluations, and do not attempt any deeper social-cultural analysis. Therefore, the aim of this work is to evaluate the situation of our society through the prism of the cultural changes in recent years as well as the relation of these changes with the social structure. I will provide this analysis using the concepts of the cultural adaptation theory of the American sociologist Robert King Merton.¹

The reasons for the current instability of society are not only of a political and economic nature. One needs to search for its deeper roots in the cultural crisis, arising from the processes of change in the transition period. That which is currently occurring in our society can be most accurately given the name of anomie. This term², used by sociologists for almost a hundred years, marks a value crisis in society, in other words, the devaluation of the common norms of behavior, ensuring social order, and the weakening of social relations and control. The most reliable and convenient empirical indicators of anomie today, although only indirectly showing a loosening of social ties, are the number of crimes, divorces, and suicides.

The available statistics in Lithuania (see Diagrams 1 and 2)³ do not permit the rejection of this concept as unsupported and unimportant for our analysis.

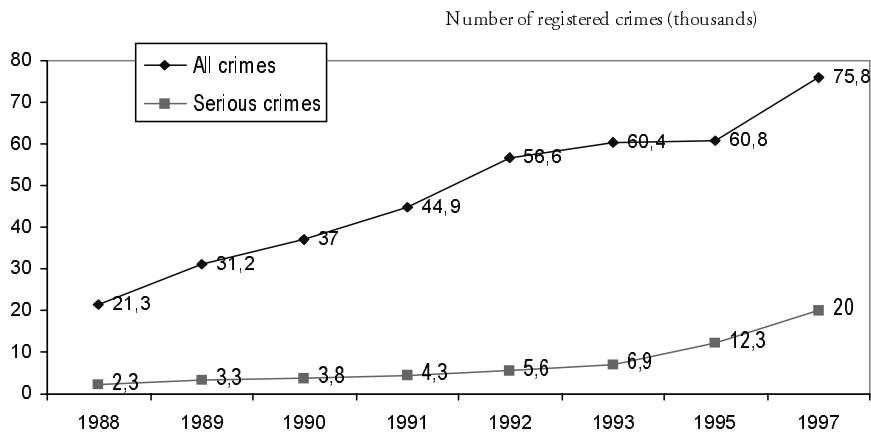
Perhaps someone will raise objections: "Only part of the people commit crimes. What does this have to do with all society?" This is only partially true. Who will become a real criminal, apparently in fact, depends on concrete circumstances, the psychological characteristics of man. But an increase in crime has its social-cultural reasons.

The happy changes brought by the reestablishment of independence and the restructuring of the economy, unfortunately also had some unhappy aspects, whose results can be seen today. Political changes created a situation in which the newly arising cultural goals⁴ ended up in conflict with the social structure (state and social institutions), not being able to change quickly and adapt to new conditions,

with suggested (i.e. legal and moral norms) institutionalized⁵ methods to achieve these goals. The vacuum of cultural goals, appearing after the collapse of the Soviet regime, was quickly occupied by the landmarks typical for the West (foremost American) – wealth, power, high social status, achieving professional success (they can all be grouped together under one name, competition). In fact, these goals existed in Soviet times. They existed, but only in a half legal status, not only unpromoted culturally, but even being condemned or punished. Because it was sufficiently dangerous to strive for them, the method of accomodation for most people willfully or unwillfully was what Merton calls ritualism, i.e. the rejection of goals. Such behavior, which in fact should only be a method to seek the goal, became an end in itself. The authoritarian social structure, which we have had from the period immediately after the war, strictly defines what a person in a certain situation can expect and strive for and there are few who have the desire to ignore this. Not to attract attention, not to take the initiative, to act more or less in the manner that the official social norms demand is the goal of such a society. The social structure, whose duty is to assure compliance with the norms of behavior is victorious here. Such a disbalance between goals and methods leads the society to an impasse. But an analysis in one way or the other of the Soviet regime or the reasons for its collapse are not the topic of this article, and we will return later to the questions of disbalance and ritual behavior.

We will now analyze the changes in the cultural system⁶ in the last years. What occurred after 1989 essentially changed the situation. Although at first glance not too much happened – the previously illegal goals became legal. In fact, from the sociological point of view somewhat more took place and all that had an extraordinarily large significance (I would dare to say even greater than the political changes although they were only a consequence of them) on society. The goals became not only legal, but also socially promoted, advocated by propaganda. The value orientation of society changed – seeking wealth, influence became not only allowed, desired, but even essential if one wants to gain recognition, a high social status. The newly available possibility to

Diagram 1.



communicate freely with the world west of Lithuania, more frequent trips, the stream of artefacts (motion pictures, press, articles, etc.) of Western culture, life style, and commercials had its effect. The desired object of the Lithuanian people became the "West", which first of all means unrestricted use, items which for us are an attribute of everything "from the other side of the curtain." Articles, films, television programs on the topic "where would we be if not for the Soviet occupation," "how people live in the West" made the attribute of the wealthy man the dream (totally understandable and not to be condemned) of the average citizen. Here it is essential to stress one more time the important fact that this orientation secretly fostered but having little significance on the stratification of society became socially offered, and promoted, i.e. very important. This means that a person unable to conform to this orientation can not expect honor in society today. New items, the life style for the person, if he is able to maintain it, apparently provide some kind of charismatic characteristics, raising him above others. And the individual, lacking the smallest part of these standard attributes of the Westerner, becomes not valuable. The newly stressed equal rights for all members of society, the cult of the strong, active man means nothing more than assigning the total responsibility for failure or inability to arrange one's life on his personal characteristics. However, it is clear that equal rights are only a formal statement. In real life everyone faces different conditions, determined by his education, age, social status, and many other factors. But all the blame is piled on the unfortunate one and he is forced to feel not valuable, not important. Here I will cite a quite typical statement in our press. Agreeing with it totally, I, nevertheless, want to provide it as an illustration of my assertion:

"The deepest reason, stopping the liberation of men is the socialist way of thinking, deeply entrenched in the consciousness of many. This way of thinking is expressed by the longing for the Soviet way of life, which even though it provided privileges to a small minority, and only an impoverished life for the majority, also gave minimal social guarantees. [...] The image will be even clearer if we remember what viewpoint was promoted from the school bench by the from all sides engaged literature explaining that persons not finding their path, being inactive, "unnecessary" were morally superior to those seeking a clear goal. The habit flourished everywhere to blame education, society, relatives for an unsuccessful life, but only not the one who is complaining."⁷

This means everything should now be the opposite. All of us willingly or unwillingly have ended up in this curious situation of psychological pressure.

Let us return to the statement, that the socially suggested goals end up in opposition to the legally established methods for achieving them. The social structure did not change so swiftly as did the cultural goals. It became clearly inadequate for the new situation⁸. Society already for a while is in the situation that the goals are especially stressed, but the methods for seeking them are ignored.⁹ Therefore, the ties between various parts of society became weaker (see Diagram 2).¹⁰

Personal system (individual actions, behavior, seeking goals)

The social system is no longer maintained, controlled by value orientations and the behavior of the individual is no longer regulated by the social system. First of all, goals in this system gained an inadequate weight in respect to the values regulating the norms of behavior. Second, these goals in fact are formed by another culture and thus

tension arises between them and the controlling behavior values, which have in essence remained traditional. Due to this tension the bond between the cultural and social as well as between the social and personal systems is becoming weaker.

Why did such a situation take place? The institutionally accepted from socialist times inherited methods, i.e. the norms of social behavior, appeared to be ineffective in seeking the new goals. The hopes for legally rising higher for the majority of people shatter, when they meet the structure of society, which controls social mobility. Our society fell into such a situation when almost all its members try to make the leap higher, but only a few succeed while keeping the legally established methods. For that reason, people who are unsuccessful, who do not even have the chance to try, fall into social and psychological discomfort, feeling as inadequate members of society because they no longer conform with the evaluation criteria accepted by society.

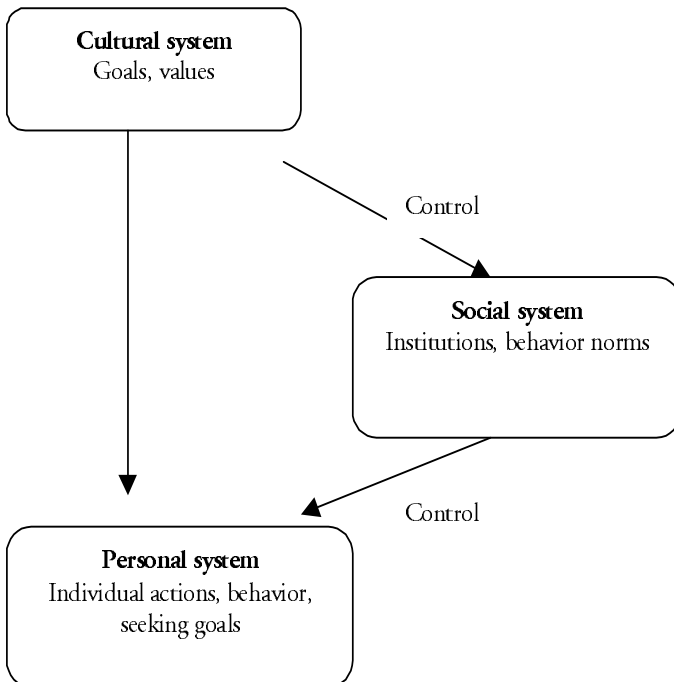
Thus, we have a conflict situation between the aspirations imposed on society and the suggested methods to realize them. It can be resolved in two ways:

(1) some people adapt to this situation by innovative behavior (the acceptance of new cultural goals and the rejection of the socially legally established methods).

(2) others – with ritual (rejection of the goals and unconditional acceptance of the norms) or retreatism (total rejection of both the goals and methods).

The innovative behavior is exhibited with deviations of various levels, the use of new methods – from violations of the moral norms of behavior to corruption and

Diagram 2.



criminal offenses. In other words, those, who lose frequently playing according to the rules accepted by society, quite understandably begin to ignore them. That is the situation that sociologists call anomie (crisis of values). In this case only the goal remains, the legal methods enshrined by society are rejected, or more accurately, all or almost all methods become valid. What are the effects of this on society can be illustrated by several very revealing facts. The crime statistics mentioned at the beginning of the article are one of them. A rise in criminal activities is accordingly a consequence of these social processes. To seek wealth, not caring about the methods, murdering, stealing, bombing became sufficiently popular in recent days. The weak justice institutions and legal base create favorable conditions for that. "The copper crisis," when even tombstones were being stolen, the hired murders, the bombings – I mention all of them not to say once more that they are wrong, but as an example that even such fundamental values such as remembering the dead and the human life have lost their value in Lithuania. However, criminal activities are not the greatest danger (although if it attains a certain level it can become that) to social order. The lack of trust in state institutions that they create are much worse. Sufficiently often we can read in our press bad comments about the policy, procuracy, courts. State services are frequently not accepted and problems are attempted to be solved by using one's forces and own, not always total legal methods. In one way or another, criminal activity is a drastic example of innovative behavior.

There are other less noticeable, and not fixed in statistics, but no less threatening to society forms of deviation. Businessmen think that they have the right not to pay taxes to the state – that is also a consequence of the conflict between cultural goals and social structures, not allowing businessmen to achieve them by legal methods. Politicians or state officials, who do not feel any scruples to use their position for selfish reasons is still another such example. In that case our press has written about this sufficiently so that one can affirm that behind every case general social processes are hiding. The fact that until now there has practically not been a single case of a resignation shows that new forms of behavior have not been formed and all methods, regardless of what they may be, are valid or at least not condemned. Trust in a social or state institution (and at the same time its functioning) is sacrificed for the purposes of the good of the distinct individual. What this can end up with, is illustrated by the example of the "volunteers in the forest." Regardless of whatever the concrete circumstances may have been, only one conclusion can be made: the lack of trust in institutions stimulates other people to use other unlawful methods in their actions.

Innovative behavior in the political sphere is much more dangerous than simple criminal activity because it destroys social order from its very foundations, creates a medium for corruption¹¹. Political and state life becomes a field of battle between the interests of separate groups in which rules exist only for show. The consequence might be the encouragement of the so-called pretorian political system.¹²

This system arises when increased political activities no longer correspond to the ineffective state and political institutions. Political life then becomes a direct confrontation between various interest groups. Institutions, political organizations because of their weakness are not recognized as methods of political actions or as middle men, providing ways to coordinate conflicting interests. The regulatory and control system becomes

diluted, “in a pretorian system social forces confront each other nakedly; no political institutions, no corps or professional political leaders are recognized or accepted as the legitimate intermediaries to moderate group conflicts. ... Each group employs means which reflect its peculiar nature and capabilities. The wealthy bribe; students riot; workers strike; mobs demonstrate; and the military coup.”¹³ Our analyzed deviant behavior aids the development of such a system. All or almost all methods become valid. Institutions are becoming used for selfish purposes, personalized. As a rule the small groups with more determined interests organize themselves more quickly than the 'average' electors of diffusive interests. In that way, political activities, the most important state and social organizations end up in the hands of narrow groups and the political activeness of the whole society, not having any institutional methods to act, declines. The result can be a deep political crisis: an autocratic regime, if the elite succeeds to introduce strong control, destabilization if the large mass of people decide to strive for their political goals using extreme measures or a state of constant instability, when one interest group or another comes to power in turns, corruption is rampant, state and social institutions are not methods to regulate political activities, but to achieve some sort of secondary goals.

Finally, one has to say that the people using these innovative methods to achieve goals are now usually successful because the social institutions are too weak to maintain legal norms. Such success, in its own right, is dangerous in that it urges ever more people to ignore the boundaries between moral and amoral methods and further diminishes the trust in society's institutions. The boundary when the situation will become uncontrollable may be reached.

That was side of the medal. Let us now look at the other.

Another previously mentioned way of accomodation – ritualism and retratism is dangerous, threatening with the passivity of many people for one reason or another not being able/not wanting to acquire the innovative behavior, and the giving up of any ambitions, aspirations. The frightening displays of innovative behavior pushes these people to reject the goals which are the reason for such behavior and the overvaluing of norms which guarantee safety. The way of behavior becomes an end in itself, it leads to no other goal and thus in fact is a ritual. This alternative to innovative behavior is the most direct route to the stagnation of society, whose consequences are difficult to predict. What we see occurring in Lithuania in recent days is a threatening sign of such a scenario developing events. On the one hand, deviant behavior covers ever more spheres of public life, on the other hand, the large mass of people are inclined to give up any, but especially political, activism. The political, economic elite is organizing and gathers in its hands power, and the whole society remains diffusive, not having institutional methods of activity and is therefore unable to control the actions of the authorities. The consequences are hard to predict.¹⁴ People who give up goals by themselves do not want the remaining part of society to have them. The effort to limit the cultural influence of the West, some of its most drastic expressions, the urgings to preserve the “national” or “Christian” culture are nothing other than the fight against the new goals, an effort to restore the *status quo*.¹⁵

Even among some of the deputies, apparently, such feelings dominate. The results of one poll are quite symptomatic. This is how they answered the question “Would you agree with the confiscation of the wealth, money or businessmen?”¹⁶

Yes	24 %
No	48 %
Uncertain	26 %
No opinion	2 %

The results of the 1992 Seimas elections can also be interpreted as the desire of a large part of society to return to the old, stable norms of behavior, which become ends to themselves and by their stability provide psychological and social comfort. The threatening display of innovative behavior, the steady social pressure to rely only on one's own activities has psychologically tired out people.

Thus, these are the two sides of the medal. They without any doubt are extreme cases. There are much more balanced forms of behavior. Nevertheless, one can not reject the existence of such extremes as I tried to substantiate in this article. However, only empirical sociological investigation could reveal what are the real dimensions of the spread of one or another form of behavior and toward what behavior are various groups of society inclined. Only then would it probably be possible to offer some kind of social methods to correct the situation.

Translated by Saulius Girmius

NOTES AND REFERENCES

¹ R. K. Merton, *Social Theory and Social Structure* (New York, 1968), pp. 185-214.

² The French sociologist Emile Durkheim (1858-1917) was the first one to offer this concept.

³ The data is from the homepage of the Ministry of Internal Affairs (www.vrm.lt).

⁴ They are usually called "things for which it is worth living."

⁵ Institutionalized methods are not necessarily the most effective in achieving the goal. The technically most effective methods (e.g. force, deceit) are usually not acceptable, a social taboo. Institutionalized norms mean socially approved as permissible means of behavior.

⁶ The cultural system here is understood as the totality of value orientations. I should state that cultural analysis as itself is not included in this article. The cultural system without any doubt is a much more complex derivative than it is described in this article. We are analyzing only one of its layers, an orientation which could be called an "import" from Protestant culture. How alive will it be, what will its relations be with another (other) Catholic value orientation is a matter of a separate, much more complicated analysis. We only want to state the fact that at this moment it is significant for our society.

⁷ *Amžius [Age]*, October 16 (1999).

⁸ As Merton has shown, with such a problem are confronted not only societies experiencing the processes of change. But in these societies it is expressed most sharply due to the weakness of the social institutions.

⁹ This is totally understandable because the earlier norms of behavior were supported by political force and not principles of value and after the crumbling away of the old institutions those norms lost their last support.

¹⁰ This is a somewhat simplified pattern of the most famous representative of structural functionalism in sociology of Talcott Parsons.

¹¹ Remembering another famous sociologist Max Weber (1864-1920) one could say that we are beginning to live not for politics, but from politics. M. Weber, "Politics as a Vocation", *Politologija*, no. 2 (1991), pp. 31-33.

¹² S. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).

¹³ *Ibid.*, p. 196.

¹⁴ The discussions heard from time to time are we going when we should are we not turning "back" or "to the side" – are just one more affirmation of this claim.

¹⁵ Therefore, one can not reject the assumption that ritual behavior can be a display of the cultural reaction to forcing a foreign goal. Then that would be passive behavior only in respect to new goals. But, as was mentioned, such an analysis is outside the borders of this article.

¹⁶ The figures are taken from a poll organized in the Seimas on July 13, 1993.

POLITICAL SCIENCE IN LITHUANIA: A NEW ACADEMIC DISCIPLINE AND FIELD OF RESEARCH

Egidijus Kūris, Raimundas Lopata

When commentators in newspapers and television newscasts almost daily cite the opinions of political scientists, it is almost hard to believe that only several years ago the words “political scientist” and “political science” in Lithuania marked some kind of exotic, not our own, reality. The appearance and development of political science correlated in a surprisingly consistent manner with democratic changes in society and the reconstruction of statehood, with the gradual formation of a civil society as if confirming that free and independent professional political discourse is possible only in a rationally and positively reacting political society; on the other hand, democracy and citizenship can only flourish when the possibility of such discourse is guaranteed.

It would not be too pretentious to assert that in the past few years political discourse in Lithuania became noticeably more professional than the rally like statements of political facts and the articulation of political goals at the end of the 1980s when society only started to be free. Today “presentations” of political science into which everything that in one way or another is related to politics – from descriptions of political history to information about the latest events in the state’s internal and international political life, from public opinion research to refined philosophical discussions about politics is thrown into one pile occur ever less frequently.¹ The contours of political science have already become more clear and become ever more specific. But this is only a new field of scientific and educational activity, which it would be sensible to ponder about itself – at least so that it “could make itself purer.”

The aim of this article is not to write a chronology of the appearance of political science in Lithuania, but to ponder how this science today “understands itself.” But we need a short (because quite a bit about these things have already been written) mention of some of the circumstances. Moreover, when talking about the situation of political science in Lithuania two myths are flourishing. The first is that political science in Lithuania began to be formed as if in an empty space: until about 1988 political science “did not exist,” but “appeared” subsequently. The second that only “new enlightened enthusiasts” created and introduced political science. One can not blame both these myths of fixing or presenting facts somehow incorrectly. However, gentlemen do not argue about facts but about interpretations.

The basis of our interpretation is the old truism *ex nihilo nihil*. Already in the 1930s one could hear proposals to create a higher school of political science in Lithuania. After the occupation of Lithuania in 1940 by the Soviet Union, these proposals were not implemented.² However, some of the mature works of researchers at that time, especially in questions of constitutional studies, geopolitics, nationalism, and political philosophy, although written by lawyers, geographers, historians or philosophers (Mykolas Römeris, Kazys Pakštas, Stasys Šalkauskis, Antanas Maceina and others) made easier the appearance of political science at the junction of the 1980s and 1990s.

During the Soviet period there was no kind of systematic, moreover, institutionalized political science, on the contrary in one dictionary “politologija” (*political science*) was defined as a “bourgeois pseudo-science.” It is well known that in the Soviet period theoretical discussions about politics were restricted to the so-called “ideological disciplines,” and that the aim of these disciplines was not education, but indoctrination. But this does not mean that political events in general were not studied, but moreover pondered *ex cathedra*. From an institutional point, individual aspects of political science, nevertheless, survived in at least several specialties (law, history, economics) in courses for students at Vilnius University, e.g. future lawyers heard a course on the history of political theories, several instructors in the Philosophy Department taught courses touching upon problems of political philosophy. There also was the Sociological Research Laboratory, carrying out public opinion research. Already in 1987 the Department of Law made the independent decision to include “Political Science” in its plans for courses. Of course, all these isolated, more based on non-institutional initiative humble beginnings of political science were only episodes, and nothing more. Nevertheless, the mechanism of ideological control, although strict did not work so effectively that the aim of fostering theoretical thinking about politics was totally suppressed. Contradicting the developed predominant opinion, the social sciences and humanities in the Soviet period in Lithuania were not absolutely encased in stone. There were mature works of history, law, economics, or philosophy. But they were influenced by stagnation and political dictate, The necessary condition for their existence was a compromise with the dominating ideology and the conditions of intellectual isolation from the outside world as well as administrative control and bureaucratic restrictions. On the other hand, the situation in the individual social sciences and humanities was different. For example, philosophy, because by its nature it could not totally ignore the world context, had more points of contact with non-Marxist (more accurately – non-party) tradition. The situation in the individual social sciences was also different. While it was probably sufficient for the representatives oriented to professional skills in the fields of applied sociology and jurisprudence to make only small reverences to the political system, or at least not to show rebelliousness, the content and methodology of the theoretical sciences investigating society as a whole were directly subordinated to ideological management. The attitude to these sciences, although not usually expressed aloud, was skeptical, in the best case tolerant. To be a representative of the social sciences at that time meant to be in a forced continuous compromise with the system, when one could not even imagine alternatives to such a compromise.³

In 1998 the democratic and national liberation movement began. At that time it was no longer difficult or very risky to declare openly that the mentioned “ideological disciplines” (“Scientific Communism,” CPSU History, ” etc.) were an anachronism.

The criticism was mostly negative, directed against the existing system of teaching the social sciences in universities, at first not proposing any clear model of conception, or moreover teaching. What had to take the place of the cast out disciplines was unclear for a while, although the mention of political science (“politology”) was already expressed.⁴ Students boycotted the “ideological discipline” lectures, they were stricken from the studies program.⁵ Also in Vilnius University (in which at that time was the only one with a social sciences specialty) and the other higher schools, the specially created for teaching these disciplines and for many years in many aspects very privileged departments were transformed into departments of political theory and/or political history. Many instructors gradually departed; leaving behind mostly the youth, able and willing to reorient themselves. They and other enthusiasts from various specialties (sociology, law, history, philosophy) “being neighbors to political science” in 1989 published the first issue of the political science journal *Politika* (it was later renamed *Politologija* [Political Science]), and in 1991 formed the Political Science Association – the first political science association in the former Soviet territory. Political science courses appeared in the higher schools, taught (frequently as an optional course) to students of various specialties. But in time the most urgent question in the intensive informal discussions became the content of political science and the corresponding academic discipline. Incidentally, there were discussions only about the teaching and nothing about research. Here the absence of theoretical preparation and the various opinions connected with it became clear. One could even assert that the participants in the discussion were united by one factor, the understanding (sometimes rational, and sometimes intuitive) that an independent and objective science about political truth is essential and unavoidable. Everything else divided them. Some suggested that political science be called social theory, in which the political aspect would be stressed, others proposed new political philosophy and Lithuanian political history courses, while still others imagined political science as an undefined complex of disciplines. This was reflected in the first programs of political science, which each lecturer prepared independently, and in the previously mentioned journal.

The informal discussion could not have ended in any other way than the formation of the appropriate institutions. The Institute of International Relations was formed at Vilnius University in 1992, and soon afterwards became the Institute of International Relations and Political Science. Already that year international relations studies were begun there, and in 1993 systematic programs of political science were started. In 1992 studies according to a political science program were begun at the newly created Klaipeda University. In 1993 the Institute of International Relations and Political Science formed a study council, offering doctor’s degrees for political science works. In several years the political science specialty was formed after half a century in the restored (actually newly formed) Vytautas Magnus University and also in the Lithuanian Law Academy which developed from the Lithuanian Police Academy, while the public administration specialty was started in the Institute of International Relations and Political Science of Vilnius University and the Kaunas Technological University.

Thus, at least in the sense of the academic infrastructure the myth of the “empty space” was not confirmed. Political science appeared namely in the universities, first at Vilnius University, by gathering persons from other specialties, most of whose interest

was not to become political scientists themselves, but to help their formation. Many of them returned soon to their “original fields” – economics, philosophy, or law. The participation of some of them in reforming the social sciences was “an act of conscience” while for others a political step, whose direct goal was not necessarily political science itself. By the way, from the dissident society in the Soviet period more than one person entered politics, but almost no one political science. In fact, when political science was begun, the Vytautas Magnus University in Kaunas for several years relied more on lectures by émigré instructors. In respect to the appearance of a new professional *milieu*, this did not essentially resolve the problem. However, the longer road of fostering their own young instructors has already given tangible fruits at both the Institute of International Relations and Political Science of Vilnius University and Klaipėda University. Without the assistance of the university community this would not have been possible.

But, the second myth that “young enlightened enthusiasts” created the political science, is repeated so often that it has almost become the official version. We stress that we have in mind not the creation of institutions (departments at higher schools or the Lithuanian Political Science Association), but the formation of political science as a new discipline and field of academic research. This myth is not really so innocent. Although the reform of the “ideological discipline” departments was directed at the very disciplines, and not against the persons who taught them and contrary to East Germany there was no “mass clean-up,” but there was a decrease in work. Thus, the young reformers of the departments did not necessarily rely only on socio-centric motives: there were some who had nothing to lose, but at least the same number who had something to gain - for the latter the reform of the social sciences was not only a small part of the all-embracing revolution, but more a question of practical activity and personal professional choice. Thus, the search for a personal professional niche was also an important encouragement, using the university infrastructure to implant the teaching of political science in place of the “ideological disciplines.” But this does mean that these disciplines were “transformed” into political science. Unfortunately, the mentioned “official version” assumes the presumption that the political science can also be regarded as ideological, in which the Marxist Soviet indoctrination is replaced by the fostering of citizenship or the promotion of democratic values. Such an attitude does not allow one to understand why the current political science in Lithuania is formed as a multidisciplinary or interdisciplinary system of information with valuable “blocs,” borrowed from jurisprudence, history, sociology, and other social sciences. One can only explain this by noting that political science appeared not only in place of the “ideological disciplines,” but in parallel with these processes, sometimes advancing beyond the mentioned discussion and the general reform of teaching the social sciences. Different elements were born in several places and at different times and only afterwards became institutionalized as a unified system of information and an academic discipline.

Of course, it is worthwhile to remember and think over the appearance and path of political science during this period. Such reflection can already bear witness to the certain maturity of the discipline. However, it would be even more meaningful to try to predict at least for the near future the assortment of the political science kitchen.

One can attempt to do this by taking a review of the book shelves. Clearly, the road to satisfaction is long. Translated works still dominate, but Lithuanian works appear ever more frequently. The Institute of International Relations and Political Science issues "Sources of Studies," a series of original works. The journal *Politologija* is undoubtedly the leader among the specialized political science publications in the Baltic states. Several years ago another journal, *Lithuanian Foreign Policy Review*, with a more specialized profile, but not designed only for Lithuania, was started. If the first issues of *Politologija* had "enlightenment," "text-book" articles which in part were meant to supplement the gaps hindering the educational process, then in recent times it in essence published original research, whose authors are doctor's or master's degree candidates with whose entry into the professional world significant hopes are raised. By the way, due to international funds several collections of political (sometimes politics and other social) science works by students in the three Baltic states have been published in the English language. However, it is difficult to say whether the young Lithuanians completing studies in the universities of Western Europe or the U.S.A. will merge or inflame (if yes, then when) new topics, styles, or views.

But no less important factors, and as the development of political science in the last few years indicates, perhaps even determining the expansion of political science are institutional presumptions.

Recently a colleague Algis Krupavičius wrote: "Every political researcher in Lithuania would agree that most important centre of political science in the country is the Institute of International Relations and Political Science, University of Vilnius."⁶ Such evaluations allow one to value this institution as reflecting and synthesizing the whole state of political science in Lithuania.

In its activities the Institute tries to rely on these fundamental principles.

1) *Independence*. Considering itself to be a component of the expanding civil society, the Institute essentially is independent of state supervision. Although structurally it is part of the state university, its real financial structure coordinates funding from the state, private sources, and the international community, with the latter two dominating. It should be noted that the Institute does not have any political affiliations, it tries "to get on" with all governments (or "to be disliked" equally by all), independent of their political coloring. This allows it to be the first Lithuanian universal think-tank in the field of political science, a full-value development which is connected, among other things, with more stable financing as well as the gradual greater demand for political science analysis in this specific market.

2) *Multidisciplinary and Interdisciplinarity in Analyzing International Relations and Processes of Internal Politics*. They allow the Institute to carry out the functions of an university, acquainting its students (future political scientists) with practical politics. These two aspects are especially unfolded in the first level (bachelor in political science) of studies, in which not only the studies of "pure" political science are integrated, but also of economics, history, law, sociology as well as the methodologies of the social sciences and certain other fields. Later the possibility is created for students seeking a master's degree to specialize in one of the offered programs – comparative politics, public administration, international relations, European studies, and international communications.

3) *Connection between Academic Research and Studies.* The lecturers of the “traditional” political science studies program courses are also encouraged to be investigators of the appropriate areas, on the other hand, the problems of their original research are also reflected in the list of specialized courses, taught to the master candidates. This allows the Institute to carry out the functions of a locomotive not only in Lithuania, but in all three Baltic states. It is sufficient to mention that the courses for regional studies (Central and Eastern Europe, Latvia and Estonia, Russia and the CIS, America, Nordic countries, Near East etc.) also appeared namely here, but were later repeated in other institutions of higher learning. A systematic European Studies program, conforming with European and trans-Atlantic integration was started and until now only implemented in this institution in Lithuania, a new “Holocaust Studies” course was recently started and so on. Research, education, and discussions are not only considered to be equally important, but also stimulate each other.

These are clearly goals – however, they are also at the same time practical action guidelines. To make it possible to be guided by them, it was not enough only to use foreign partners (also the émigrés) as visiting lecturers, but one had to foster our own academic community. Not incidentally the average age of the lecturers of the Institute is about 35 years. If one would exclude several older professors, it would be at least five years lower. This should not be evaluated as an insufficient qualification, but on the contrary as a guarantee for a perspective future. On the other hand, the successful formation of a collective of lecturers, whose first field specialty was history, sociology, law, economics, other social sciences, and humanities, guarantees for the initial stage of the development of systematic political science the mentioned multidisciplinary and interdisciplinarity, and makes more urgent both research and educational activities.

The object of the Institute’s professional concern is not individual, but all the fields of political science. Namely, the Institute’s position, in fact, determined the current existing official classification of political science in Lithuania: (1) the history of political ideas; (2) the methodology of political science; (3) political theory; (4) political sociology; (5) comparative politics; (6) public administration, and (7) international relations. The most important research was directed toward the changes of governments, democratic processes, the party system, elections, nationality relations and national minorities, political culture, orientations of the political elite and legal consciousness, Lithuania’s national interests and its international relations, its integration into European structures and participation in international organizations, as well as the security of Lithuania and the other Baltic states, etc. It has been noticed for a long time that in new democracies the problems of internal politics for some time overwhelm international and comparative politics; Lithuania is no exception in this respect. However, there are indications, testifying that themes in which Lithuania is not the central object of research (European integration, NATO, etc.) receive ever more attention.

Evaluating from the SWOT (strengths, weaknesses, opportunities, threats) perspective, the factors most determining the status of the Institute (and also of political science in Lithuania) are the following.

(1) *Strengths.* Here one should first mention the educational programs complying with Western standards, encompassing the full variety of political science (see above). The stable expanding international relations (“standing on one’s legs,” participating in

several TEMPUS projects and the EuroFaculty program supported by the European Union; participation in the UNESCO department network, international student exchanges etc.), enabling practically almost all the lecturers to increase their qualifications or even to complete studies in Western universities. Several important for the state qualification raising programs (military attaché, diplomatic reserve, European studies for state officials) were begun. Publication activity – a series of original works, the quarterly journal *Politologija* in the Lithuanian language and the earlier mentioned *Lithuanian Foreign Policy Review* are issued. Several branch specialized think tanks – European Integration Studies Center and Foreign Policy Research Center – are working. The prestige and popularity of the political science specialties among those entering universities (this was achieved due to the cooperation with the state’s high schools) is surprisingly high. Among the strengths one can include the positive responses of foreign experts, which simply stress the Institute’s dynamism and the motivation of its staff for science and teaching. The lecturers of the Institute make up the core of the Lithuanian Political Science Association and the Institute covers a great part of the Association’s expenses. Another strength, although rarely stressed, are the supported and frequently maintained institutional (and personal) contacts with Lithuania’s state institutions, other participants of practical politics, the academic community, the diplomatic corps, and also the media (for example, columns in several important daily and weekly newspapers). Finally, the *alumni*, remaining in the Institute or more frequently making a successful career in state institutions, international organizations, and the private business, provide hope.

(2) *Weaknesses*. The largest and most determining are the undeveloped infrastructure and insufficient financing. In regard to the infrastructure we have in mind not only and not so much computerization or the level of organizational technical equipment, but first of all the lack of facilities, work places, and auditoriums and the inconvenient and lacking prestige location far from the city center. This affects the lack of live interpersonal communication of its staff, not allowing one to use the whole potential of the Institute, and the limited possibilities for broader contacts with the students. The infrastructure problems are one of the aspects of the lack of a far-sighted state science policy. This is connected with the permanent lack of funds for salaries, research, conferences, trips, and other international communication. The Institute also suffers from the scourges of all Lithuania’s universities – the absence of new literature (also due to the shortage of funds), which at least in the context of the development of political science determines that the transition from the traditional “frontal” lecture to the modern “interactive” methods and techniques of teaching took so long. And this also has an effect on the insufficient balancing of the master degree program. One can also mention that “Lithuanian” questions dominate research, sometimes becoming an impediment for publication in the international scientific press.

(3) *Opportunities*. They are primarily connected with the usage of internal resources. The academic and administrative staff, a favorable psychological atmosphere, the organization of administrative, educational, and scientific research work, etc. have been prepared. These are the resources whose rational use, especially reacting adequately to the growing competition in the country’s political science education market, can essentially guarantee the banishment or at least the neutralization of the previously mentioned weaknesses in the next few years.

(4) *Threats.* In order to realize the mentioned opportunities one needs a stable and favorable outside environment – the rational and consistent reform of the higher education system, an essential correction of the Government's science and studies financing policies and (unfortunately, far from last place) the political cultural level of the ruling elite, allowing to regard an unfavorable political science discourse towards it as a manifestation encouraging the strengthening of the civil society, and not as a process to be suppressed. This does not exist. Namely due to the lack of the latter outside environment component, a large part of the Institute's administrative energy up to now was and still is directed toward convincing the elite that its being an object of research and studies does not mean personal ill will or other value orientation toward the ruling; the number of students is predicted inadequately for the needs of the environment (primarily looking at the possibilities for in one way or another guaranteeing the infrastructure – facilities, library capacities, and level of computerization. One can also mention the possible non-maintenance of the acquired potential and acceleration of development if for the mentioned reasons professional motivation and responsibility as well as the quality of studies becomes weaker.

The youth of political science is at the same time a condition for its dynamism. The lack of attention or support from state institutions is also an incentive for introducing new ideas, and an argument justifying its independence. Regardless of how the further road of political science in Lithuania develops, the current achievements are clear, especially knowing in what a brief space of time they were completed, and the mentioned weaknesses can turn into strengths.

Translated by Saulius Girmius

NOTES

¹ For a clear example of such “presentational” publications see Rasa Ališauskienė, “Lithuania”, in H.-D.Klingeman, E.Mochmann, K.Newton (eds.) *Political Research in Eastern Europe*, Bonn & Berlin, 1994, p. 115. Of the ten “social and political research centers” listed in the article, one (VU TSPMI, whose English title is incorrectly given) represents political science *sensu stricto*. The others are sociology laboratories, state statistics institutions or social intellectual institutions of uncertain direction, whose relation with political science is either applied or in general incidental. The later provided list (pp. 117-118) of “purely” (?) institutions of political science research and studies from the several higher schools in which political science courses are offered only one is mentioned.

² See V.B.Pšibilskis, „Iš politikos mokslų Lietuvoje istorijos“, in *Politikos mokslų metmenys*, Vilnius, 1995 and „Politikos mokslai ir studijos tarpukario Vilniuje“, in *Politologija*, 1995, No. 1.

³ E.Nekrašas, „Socialiniai mokslai Lietuvoje: būklė ir perspektyvos“, in *Kultūros barai*, 1995, No. 8/9, p. 9-12.

⁴ Cf. R.Pavilionis, „Visuomenės mokslai ir filosofija: kada pabusime is letargo“, in *Komjaunimo tiesa*, October 14, 1988; L.Bielinis, „Visuomenės mokslų sindromas“, in *Komjaunimo tiesa*, October 28, 1988; E.Nekrašas, „Visuomenės mokslai naujoje visuomenėje“, *Komjaunimo tiesa*, November 17, 1988.

⁵ Similar processes also occurred in neighboring countries. A colleague from Latvia wrote about the theatrical march of the students through the streets of Riga in September 1989: the students carried a coffin, filled with the works of Marx, Lenin, Stalin, Brezhnev, Gorbachev, and Soviet slogans (E.Semanis, “Academic Political Science in Latvia: The First Steps”, in *Scandinavian Political Studies*, 1994, No. 2).

⁶ A.Krupavičius, “The Development of Political Science in Lithuania: Years of the Breakthrough”, in *European Journal of Political Research*, 1997, No. 31, 508.

LITHUANIA AND THE KALININGRAD OBLAST: A CLEARER FRAME FOR COOPERATION*

Raimundas Lopata, Vladas Sirutavičius

The collapse of the Soviet Union and the disintegration of the Soviet-dominated system of alliances have encouraged debate about the future of the Kaliningrad Oblast (KO)¹. This exclave of the Russian Federation, the country's westernmost outpost, is cut off from Russia by Lithuania and Belarus and is surrounded by countries that are orienting themselves toward Europe and the Trans-Atlantic sphere.

Kaliningrad's complicated geopolitical situation is exacerbated by additional problems. Nevertheless, these central questions remain: What are Russia's plans for developing the exclave? How could Kaliningrad influence the stability and security of the Baltic states and Lithuania from political, economical, military, social, and environmental points of view?

Future of the Kaliningrad Oblast

Debates and discussions on the future of the KO became especially popular right after the spring of 1991 when the region was opened to the world. During several years some theoretical and practical speculations have been proposed.

1. *Internationalization*. Desires for internationalization of the region – either through partition or the creation of a condominium. The nature of partition plans is demonstrated by one bizarre “unofficial Polish plan” which would subdivide the region, without apparent justification, into small, gerrymandered Polish, Ukrainian, Belarusian, and Lithuanian sections.²

2. *Extraterritoriality and autonomy*. The approach suggests the transformation of the region into the “Baltic Hong Kong” – an extraterritorial free trade zone drawing on the history of Königsberg as a member city of the Hanseatic League with far-reaching autonomy. The Russian government made the first steps by passing laws creating the “Yantar (Amber) Free Economic Zone in Kaliningrad. The project was based primarily on the premise that, because of its geographically advantageous location, Kaliningrad could become a center for

*An article is reprinted from *Lithuanian Foreign Policy Review*, no. 3 (1999), p.p. 51-66.

economic cooperation in the Baltic.³ Nevertheless, it is clear that the extraterritorial status would require that the region would be prosperous enough to be self-sustaining, and have legal security, protection of investments, clear tax provisions, an efficient administration, and, finally, the setting of clear objectives by the political authorities.

3. *Independence or full independence as a “fourth Baltic state” of Russians.* This has been discussed by some Russian intellectuals in the region as well as by some Lithuanian politicians.⁴ But such suggestions are almost certainly overblown. Few people in the KO appear to be interested in independence.

4. *Resettlement.* This would involve the resettlement of displaced ethnic Germans and the creation of a German autonomous unit under Russia’s jurisdiction. On purely logistical grounds (for instance, looking at the standard of living), this solution does not seem especially likely.⁵

5. *Military outpost of Russia.* The concept was very popular among Russian national patriots who backed the plans for even stronger links with the “mainland”, with the goal of expanding Kaliningrad’s role as a Russian garrison (the Kaliningrad Garrison State) against the supposedly hostile West. Nevertheless, the militarization of the region changed dramatically after the collapse of the Soviet Union. In the early 1990s an estimated 120,000 to 200,000 troops remained in the oblast. Over the past three years the number of Russian troops in Kaliningrad have declined substantially with estimates of their numbers ranging from a low of 24,000 to a high of 40,000.⁶

Without doubt, none of the scenarios mentioned above were fulfilled or implemented despite the fact that the speculations were very popular at the beginning of 1990s. It is necessary to emphasize that some of the tendencies of the possible scenarios were stressed by the Russians themselves.

At the beginning of May 1997 the Russian embassy in Vilnius issued a statement denouncing “certain forces” in Lithuania that were seeking to question Russia’s right to the Kaliningrad region.⁷ The statement added that these same “forces” were “encouraging Chechen separatists” and thus seeking to undermine good relations between Russia and Lithuania. But it suggested that these “forces” would not succeed in doing so because both sides would live up to the principles of the July 1991 treaty between Russia and Lithuania that called for each country to respect the territorial integrity of the other. In an opinion poll of 1991, almost half the respondents agreed that certain neighboring territories should belong to Lithuania. Extreme nationalists in Lithuania and exile groups in the USA openly laid claim to “Lithuania Minor”, as the northern and eastern part of today’s Kaliningrad Oblast is called, or the whole region.⁸ One of the candidates in the presidential campaign in 1993, Stasys Lozoraitis, talked about incorporating “Lithuania Minor” into Lithuania, but the proposal did not gain any popular support. Mainstream Lithuanian officials have never raised the issue. It is necessary to stress that the Polish government has adopted a similar stance. The German government has repeatedly disavowed any interest in trying to reclaim the territory. Consequently, the Russian fear that the KO territory could be claimed and even transferred to Lithuania, Poland, or Germany is implausible.

The prospect that Russia would transfer the region to the countries mentioned above is even more impossible. Although a few commentators in Russia have hinted that it might be worth trying to make a deal with Japan to exchange some of the southern Kuril

islands (those of no military significance) for a large quantity of money, such an arrangement has never materialized. It is even more unlikely that Russia would consider giving up Kaliningrad. No Russian official or politician of any political stripe has ever indicated a willingness to relinquish the KO and there is no serious pressure on Russia to do so.

Because the independence of the KO or its transfer to another country can be ruled out (barring some drastic change of circumstances in the whole of Russia), the future status of the oblast is likely to be determined by how well the local economy functions over the next several years. The resumption of economic growth and greater foreign investment could enable the oblast to seek a considerable degree of political and economic autonomy. If economic circumstances do not improve and foreign investors shun the region, the oblast is likely to remain under tight Russian control.

It is necessary to note, that the proposal by senior Moscow politician Vladimir Shumeiko, a former Russian deputy prime minister and the chairman of the Russian Federation Council, to transform the Kaliningrad Oblast into an autonomous Russian Baltic Republic raised a lot of discussions during the summer of 1998.⁹ The proposal was treated as reordering the geopolitics of the Baltic region. Shumeiko said that he favored upgrading the Kaliningrad Oblast into an autonomous republic, so that the non-contiguous part of the Russian state would not suffer a social explosion, become “a protectorate of a neighboring country or even an area managed by the Council of Europe”.¹⁰ Shumeiko made the suggestion in response to a Russian government plan to reduce economic subsidies to this non-contiguous part of the federation. But even if the KO eventually receives far-reaching autonomy (comparable to that granted to Tatarstan or Sakhalin), the Russian military presence is unlikely to disappear.

Russian military officers have consistently emphasized the strategic significance of the Kaliningrad Oblast, especially with the loss of key facilities in the Baltic states, and they have never expressed any willingness to eliminate (or even sharply reduce) Russia’s military deployments there. The modest reductions that occurred in the 1990s to comply with the Treaty on Conventional Forces in Europe seem to be the limit of what the Russian army and navy will accept. It is useful to note that Russian officials and especially the so called hard-liners have said that they might station missiles in Kaliningrad as part of Russia’s protest against NATO enlargement.¹¹ This may simply be scare tactics, but as mentioned above, some Russian army and air force commanders who have been unable to prevent the reduction of their military assets there, no doubt hope to reverse this trend with the revival of the concept of the Kaliningrad garrison state and with the enthusiastic support of a post-Yeltsin government comprised of the current opposition (including the national patriots).

This suggests that, the “Extraterritoriality and autonomy” (No. 2) with some rudiments of the “Military outpost of Russia” (No. 5) are the most plausible of the mentioned scenarios if economic conditions in the KO improve. If economic hardships continue, the revitalization of the Kaliningrad garrison state under Russia’s direct jurisdiction will occur.

Meanwhile, it is impossible to ignore the conclusion of the EU experts on Kaliningrad who are absolutely correct in warning that if the political, economic, and social situation in Kaliningrad deteriorates further and no methods for improving development are found, while conditions continue to improve in Poland and Lithuania, the oblast may become a “black hole” and a source of instability in the Baltic Sea region.

Evaluation of the Current Situation in the Kaliningrad Oblast

From the standpoint of political, economic, social, and cultural development, the KO is seriously lagging behind the multidimensional growth of the Baltic Sea region and, specifically, of its immediate neighbors – Lithuania and Poland.

Few attitudes and practical policy initiatives dominate the thinking of Moscow toward the KO: the so called Hard-liners, the Kaliningrad Elite, and the Moderates in Moscow.¹² The “hard-liners” see the KO question in very clear-cut terms. Their thinking is based on the assumption that it is necessary to reject the idea of a free economic zone and to confirm the idea of re-militarizing the KO. The Kaliningrad Elite and the Moderates in Moscow favor establishing a free-market economy combined with small rudiments of the Kaliningrad garrison state. The appropriate KO model may be similar to the one that the local authorities in Tatarstan presently enjoy with control over domestic affairs, but conceding foreign affairs to the Center (Moscow). The attitudes of the “hard-liners” are unacceptable to the Center and the position of the Moderates has not yet been adopted.

As Richard Krickus has noted, there are mixed feelings about foreign initiatives to help resolve Kaliningrad’s problems. Foreign investments and grants that have a positive impact upon the KO are welcomed but there is also the fear that Moscow may lose control over the oblast.¹³

During the period 1991-1993 a Free Economic Zone (FEZ) for Kaliningrad had been established. Duty-free policies were intended to help the oblast compensate citizens for the higher costs for goods from mainland Russia because they had to pass through foreign countries. In addition, special initiatives for business development were included. The introduction of the FEZ was terminated by Yeltsin in March 1995. After pressure from Kaliningrad officials, Moscow introduced the idea of a Special Economic Zone in January 1996. Even though the law on the Special Economic Zone has been passed by the Russian Federation, Kaliningrad’s economic situation remains complicated.

The main problems facing the Kaliningrad economy are: an unstable legal foundation; an unattractive investment climate; debts and the inability to pay them; a slow and complicated privatization process; and weak tax management policies.

Other characteristics of the KO are: corruption, crime, smuggling (clearly with the involvement of military officers); continuing tension between the Administration led by Governor Leonid Gorbenko and the Duma of the Oblast, (Although the administration of the President of the Russian Federation tried to help resolve the conflict and statements of reconciliation were made by the Duma and Administration, more time is needed to estimate how and to what extent a real reconciliation can be accomplished.) as well as an indigent system of social security, scarcity in living quarters for retired and reserve officers, high unemployment, the lack of a competent public administration, and an inherited military complex which until recently dominated Kaliningrad industry.

With respect to the mentioned characteristics, the KO fails to keep pace not only with the adjacent countries, but also with the majority of Russia’s regions. Furthermore, the situation worsened after the financial crisis erupted in Russia. There have been clear-cut consequences to the endemic crisis: the continuing decline in industrial production; no breakthrough in agricultural production because railroad tariffs in the

KO are higher than in other regions of the Russian Federation, some KO privileges were reduced in the central budget, the introduction of quotas by the central authorities resulted in the slow economic development of the KO as a Free Economic Zone, decreased turnover at the ports, and a decreased standard of living. The psychological factor, the fear of isolation and the separation from Russia, also affects the current crisis. In a survey of Russia calculating an index of development, the KO had the fourth lowest living standards at 0.93.¹⁴

There are few explanations for the oblast's economic decline. During the Soviet era the Kaliningrad Oblast had large enterprises which today are no longer economically viable, have not survived the transition to a market economy or need subsidies to operate. Also, an estimated 35 to 40 percent of the oblast's economy was linked to the military industrial complex but now defense related activities have been dramatically curtailed by cuts in Russia's defense budget.

The problems do not affect society evenly, but fall heavily on orphanages, hospitals, prisons, pensioners, and the military. There is no food and medicines in hospitals, prisoners' rations are cut, children are starving in orphanages, and the elderly are suffering. People cannot cope with current prices. The crisis in the whole economy is having a negative effect on the social-political system of the region: 25 percent decrease in the number of profitable enterprises, and an overall drop in income. In early 1998, the average monthly salary was 120 USD and today it is 95 USD. Ten percent of the population receive 24 percent of the income. Stagflation and instability continue to escalate.

On the other hand, the situation in the KO should not be dramatized. The critical situation in Kaliningrad is similar to that in other regions of Russia. The crisis has had some scattered positive effects for the development of the KO: it produced a favorable exchange rate, the decrease in imports resulted in the increased reliance on local producers (especially poultry). The perspective behind the privileges is gaining importance and the Free Economic Zone privileges have been retained.

Local leaders increasingly understand that they can no longer count on subsidies from the federal budget and need to apply measures to vitalize the local economy. Although they have different opinions on what kind of measures should be applied, they agree on one issue – in order to be successful, the oblast has to gain greater regional powers than it now holds. Governor Leonid Gorbenko, as well as other officials of the oblast, continue to emphasize that the Constitution of the Russian Federation should be amended to expand the jurisdiction of the Kaliningrad authorities.

Other prominent leaders, such as former Governor Yurii Matochkin, propose making a special arrangement between the EU and Russia, which would place the KO in a unique relationship with the enlarged EU even though the understanding of what the EU represents is very vague. In general, the domestic reaction to the financial crisis was shock and uncertainty. There is no clear idea of how the future of the KO will develop, or how Kaliningrad will be affected by the next steps taken in Moscow.

On the other hand, the situation is complicated by the fact that the Russian political elite in the "center" do not have a clear and unified vision regarding the KO. Eventually, the possibility of another "Kuril Islands syndrome" prevails in the Moscow mind, thus impeding

a more pragmatic approach toward the region. The question could be raised whether the Russian Government has an interest in the KO? The future place and role of the KO in the region largely depends on the answer to the question and the clarification of the attitudes of Russia's federal and regional governments as well as of the oblast's inhabitants.

Policy Options: the Lithuanian Experience

What is the future of Kaliningrad? Despite the mentioned examples of "creative imagination", the question is still open. Clearly, the answer largely depends on the development and trends of global politics. On the other hand, the activities of the international community on regional and local levels are also very important.

The international community tried to stabilize the Baltic region through economic aid and by linking its countries in various ways. In this context, the meeting of the Baltic Prime Ministers in Visby, Sweden in May 1996 was very promising because it discussed general issues and avoided military questions. It sounded very much like the reasoning expressed by the EU founders almost fifty years ago. Although traditional security issues (geostrategic and geopolitical) can be important if tensions flare, they need not necessarily be problematic. It is very important to note that many Kaliningraders have essentially "de-securitized" themselves and are now involved in the regional economy with all its problems and opportunities.¹⁵ Kaliningrad's cross-border cooperation with neighboring states involves the same issues as the relationship between the EU and associate EU members: crime, migration, environmental protection, and barriers to economic activity.

The last Nordic Council visit to Kaliningrad and the events of a CBSS meeting in Kaliningrad are likely to mean both less and more than some of the initial media coverage in the region suggested. It is likely to mean less because virtually all the participants are committed to avoiding any suggestions that would support giving independence to the territory. But it is likely to mean more because growing ties between the KO and the Nordic and Baltic countries are likely to become a model for other Russian regions to follow. And to the extent that they do, the Kaliningrad sessions could promote the kind of regionalism that Russian Prime Minister Yevgeny Primakov has pledged to fight.¹⁶ Taking into account short and medium term perspectives, the activity of Lithuanians in the KO can also serve as a very important example of the efforts for developing stable political, economic and social environment within the KO and the Baltic region as a whole.

Despite the current financial crisis, the KO - Lithuania relations are stable and very positive. The interests of Lithuania regarding the involvement of the KO in cooperative activities could be explained by several factors: political geography (the frontier with the KO is Lithuania's only border with the Russian Federation, the KO's main transit route passes through Lithuanian territory; against the background of Lithuania's aspirations to join the EU and NATO, Lithuania seeks to develop a cooperative relationship with the KO, so that potential problems can be transformed into mutually beneficial results), good neighborly relations (the successful cooperation with the KO has a positive influence on the overall relations between Lithuania and Russia and contributes to the cooperative spirit within the region); people-to-people contacts and the Lithuanian national minority in the oblast (Lithuania promotes contacts between local communities and supports expanded cross-

border cooperation between regional authorities), economic motives (Lithuania is seeking to utilize trade and investment opportunities in the region, by investing in the KO, Lithuanian investors try to gain access to the entire Russian market), environmental protection (the KO faces ecological problems which directly influence environmental conditions in Lithuania).

Lithuania made several very concrete steps in developing cooperation with the KO. Trade with the Kaliningrad Oblast constitutes around 12 percent of Lithuanian's overall trade with Russia. As of July 1998, Lithuania was third in terms of the number of established joint-ventures in Kaliningrad. The Lithuanian stock-company "Klaipėdos maistas" has started an investment project in the KO. The implementation of this project begun in 1998 will require an investment of up to 5 million USD. The Šiauliai confectionery factory "Naujoji Rūta" has established an enterprise for the production of caramel candies with an investment totaling up to 1.5 million USD. Projects dealing with the export of Lithuanian electric energy to the Kaliningrad region as well as the transit of gas and oil from Russia to the KO are being negotiated.

While chairing the CBSS, Lithuania, with the agreement of Russia, made it one of its priorities to encourage the participation of Kaliningrad in the organization of regional projects. Lithuania has suggested that the next meeting of the Committee of Senior Officials of the CBSS be held in Kaliningrad.

The Klaipėda region of Lithuania and the Kaliningrad district are participating in Euroregion "Baltija" activities. On February 23, 1998, in Elblong (Poland) representatives of Lithuania, Denmark, Poland, Latvia, Russia, and Sweden signed an agreement on the establishment of the Euroregion "Baltija". The agreement provides for the implementation of joint cooperation projects in the fields of industry, agriculture, transport, communication, environmental protection, education, and tourism. Representatives from the Kaliningrad Oblast administration were invited to participate in the international conference "Trans-border Cooperation around the Baltic Sea: Realities and Perspectives," held in Klaipėda in October 1998.

A few joint projects concerning environmental protection are currently at the scientific research stage. Initiatives concerning the incorporation of the Kuronian Spit into the World Heritage list (UNESCO) are underway. The final declaration of an international conference, which took place on May 7-8, 1998, recommended that the Republic of Lithuania and the Russian Federation prepare an application to the International Committee for the Protection of World Culture and Natural Heritage for the incorporation of the Kuronian Spit into the World Heritage list. While preparing the application it was recommended that the Kuronian Spit be considered an area of natural and cultural value.

No doubt, the foreign policy of Lithuania is determined by some concrete national concerns. First of all, some politicians and experts in Russia and in the West use the "Kaliningrad card" to argue against the possible membership of Lithuania in NATO. In order to mitigate these fears, Lithuania will need to utilize creativity and diplomacy. However, Lithuania is more concerned with the economic crisis in the oblast which can negatively effect the development of bilateral economic relations, Lithuanian business interests, and the overall stability of the region.

Further economic deterioration in the region may result not only in direct financial repercussions, but also in negative social outcomes, such as illegal migration and increased

criminal activity, including drug trafficking. With regard to the military, Lithuania still views that the KO as a heavy military carrier in the middle of the Baltic Sea region, impeding the economic development of the region and the greater involvement of international business. With the coming of the financial crisis, military officers are searching for alternative resources and employment to support their families. Economic uncertainties reveal a risky trend toward military disintegration and the loss of control. Although the question of military transit through Lithuania is not an issue of direct discussion, it remains in the back of Lithuanian minds as a potential source of contention.¹⁷

As mentioned before, the future place and role of the KO in the region largely depends on the attitudes of Russia's Central Government, the regional policy (Center /Moscow/ relations with the periphery regions /KO/), and the domestic political environment within the KO. The initiative to identify the needs and problems of the region that could be relieved through cooperative ventures with neighboring countries should be decided domestically. However, Lithuania and the international community can encourage and stimulate the oblast's interest to use the opportunities available through bilateral and multilateral programs. On the other hand, the EU and NATO should also consider specific ways in which the European integration processes could contribute to the greater economic development and prosperity of the KO and could find a generic conceptual framework through which to identify and bring about a comprehensive assistance strategy.

It is in Lithuania's interest to contribute to the stable development of the KO, to strengthen economic relations, and to include the oblast in a wide range of regional cooperation programs. It is also important to ensure that as Lithuania and Poland integrate into Euro-Atlantic institutions, Kaliningraders would benefit from greater involvement in regional initiatives, as well as increased economic cooperation and people-to-people contacts. The established legal and political relationship between Lithuania and Russia and in particular, the KO, coupled with a good record of cooperation on a wide range of issues, provides an excellent framework for actively assisting Kaliningrad to create conditions for stable development in the oblast and the whole Baltic region. While Lithuania headed the CBSS, it tried to stimulate the interests of countries in the region to help Kaliningrad deal with current problems and challenges through mutual cooperation.

In concrete terms, Lithuania proposed the following mechanisms to advance mutually beneficial and practical cooperation with Kaliningrad:

- the working group in the Lithuania–Russia intergovernmental commission for cooperation between regions of Lithuania and the KO;
- bilateral initiatives to involve other interested states and institutions: Poland, European Commission, EU member states, and the U.S.;
- CBSS regional cooperation programs;
- utilizing the possibilities of cross-border cooperation between regional and local governments, expanding the involvement of Lithuania's counties in this cooperation;
- activities concerning the Euroregions "Baltija" and "Nemunas".

Throughout the discussions with representatives of the Central Russian government and the KO, the following fields of Lithuanian–Russian beneficial cooperation have been identified:

- Creation of favorable conditions for investments in the KO;
- Upgrading and improving public administration in the KO;
- Cooperation in the field of civic security: prevention of crime, illegal migration, drug trafficking, and car thefts;

- Implementation of specific projects in the field of environmental protection.

The proposed agenda for positive involvement and cooperation is already becoming a reality. On the other hand it needs to be supplemented:

- A special education program raising public awareness on EU and NATO issues.

The Lithuanian academic community and media could be used to help transmit information to society. A media strategy can affect the KO Administration and local politics. The KO is right in the middle of and directly affected by the EU; thus, it is important that Kaliningraders understand their regional neighborhood;

- In order to develop democratization, positive and practical approaches are necessary: TACIS, the EU, Lithuania, Norway, and Denmark have attempted to exemplify the advantages of the KO by promoting successful initiatives and encouraging enterprises that operate efficiently.

- A positive framework of regional cooperation may be established by adopting the Finnish “Northern Dimension” strategy which through a Lithuanian initiative also includes the KO.

- In order to develop mutual trust, the idea of setting up Hot Lines between the KO military command and the defense ministries of neighboring countries has been revived.

The success of cooperative efforts to help the KO overcome current difficulties and to promote stable and prosperous development will depend on many factors. The key to many of them lies either in Moscow or Kaliningrad. However, some of them will depend on neighboring countries and especially Western institutions. Their willingness and ability to address the complicated issues of the Kaliningrad region as well as their openness to an innovative approach will be vital for determining the scope and extent of the impact for promoting stability in the region.

Unfortunately, the strong need to develop a coordinated strategy for Western assistance still exists because both the Kaliningrad regional authorities and the Western community do not have a generic conceptual framework to identify and expand the comprehensive assistance strategy. Obviously, there is no single, one sided solution for the KO. The reality of the Kaliningrad oblast is that strategies will never be clear, always chaotic. There needs to be a system to modernize the economic and political structures in rapidly changing times. The feeling of hopelessness in the KO should be ignored and the concept of its positive development should be publicized to capture the political will. In order to help the KO, interested parties need to receive concrete information about development initiatives in the KO from its Administration, as well as from Russia. The key to solving Kaliningrad’s problems is working on the economic and educational fronts to reveal possibilities of cooperation and to educate the public.

To some extent Lithuania has succeeded in accentuating the fate of the Kaliningrad Oblast as a regional issue. The success of Lithuania’s Kaliningrad policy was recognized by the international community. Lithuania’s leaders have been praised for such policies many times. In the recently released in the USA “Report of an Independent Task Force

Sponsored by the Council on Foreign Relations” Lithuania’s active participation in the KO was also evaluated in a positive manner.¹⁸ However, despite some positive reaction from the West, emphasizing Kaliningrad as a focus of international attention remains problematic. The question that must be addressed is how to translate Lithuania’s concerns for Kaliningrad into a practical policy which stresses that concrete involvement now is both a sensible and cost-effective way of preventing more serious and acute problems later. Therefore, it would be useful to institutionalize the problem within the ongoing search for a meaningful dialogue between the European Union and the Russian Federation. Lithuania could offer to be a bridge between the EU and Russia for developing relations between states and regions on either side of the Schengen space.

On the other hand, the modernization of economic/political structures is not possible if there is no rule of law, based on political culture and morals. Rudimentary “rules of the game” must be established. The KO should do its homework. The Region could adopt interim Nordic legal structures (company, banking, bankruptcy law). As a starting base, minimum legal standards could be developed locally. The EU’s internal regulations might also serve as a case/example for establishing these “rules of the game”. However, false hopes about the idea of an association with the EU should be dispersed. Lithuania together with Poland and Western institutions should make an additional effort to share information and experience on what some supranational institutions (the EU, NATO) represent and what they can offer.

NOTES AND REFERENCES

¹ At present Kaliningradskaya Oblast’ is one of Russia’s thirty-nine autonomous provinces. With an area of 15,100 km² (approximately half the size of Belgium), it has about 926,000 inhabitants, 415,000 of whom live in Kaliningrad. The population comprises 78 percent Russians, 10 percent Belarusians, 6 percent Ukrainians, 4 percent Lithuanians, as well as about 12,000 Germans and 8,000 Poles. Administrative structure: 13 districts, 9 cities; urbanization – 78.2 percent. For more statistics, see *Kaliningrad: The European Amber Region*, eds. P. Joenniemi, J. Prawitz (Aldereshot: Ashgate, 1998), p. 32-56.

² A map of this “unofficial plan” published in the German newspaper *Das Ostpreussenblatt* was reprinted in Lithuanian newspaper *Tėviškės žiburiai*, June 23 (1992).

³ P. Kirkow, “The Concept of ‘Free Economic Zones’ in Russia,” *Osteuropa*, no. 3 (1993), pp. 229-243.

⁴ The idea of making Kaliningrad a fourth Baltic republic was pleaded by Romualdas Ozolas, the leader of influential Center party, and Vytautas Landsbergis when he was a leader of the conservative opposition. See *Baltic Observer*, March 3 (1994).

⁵ For more details, see R. A. Smith, “The Kaliningrad Region: Applications of the Civic and Ethnic Models of Nationhood,” *Journal of Baltic Studies* XXIV, no. 3 (1993), pp. 236-237.

⁶ M. Hoff, H. Timmermann, “Kaliningrad: Russia’s Future Gateway to Europe?,” *International Relations* 36, no. 2 (1993), pp. 38-39; P. A. Petersen, S. C. Petersen, “The Kaliningrad Garrison State,” *Jane’s Intelligence Review*, (February 1993), pp. 59-61; R. J. Krickus, *U.S. Foreign Policy and the Kaliningrad Question*, Working papers No. 18 (Kopenhagen: DUPI, 1998). According to the last information – 18,000. The figure was cited during the informal Round Table “Perspectives Regarding Co-operation with the Kaliningrad Oblast”, organized by the Institute of International Relations and Political Science, Vilnius University on September 24-25, 1998. It is worth mentioning that the remaining military in the KO does not constitute any classic threat or danger to neighboring states, since due to the current financial crisis it does not play a serious political role in the region. However, the military, which is not being adequately supplied with food, is widely engaged in commercial activities, including the unauthorized sale of arms. There is also the danger of an environmental threat from the decaying military structures, which may include nuclear material.

⁷ P. Goble, “Reopening the Kaliningrad Question”, *Radio Free Europe/Radio Liberty Newswire*, May 8 (1997).

⁸ In October 1997 a border agreement was reached between the Lithuanian and Russian governments. There were forces in both countries that opposed the agreement. In Lithuania the nationalist Young Lithuanian Party opposed the treaty, in part because it allowed Kaliningrad to remain part of Russia. “We reckon Lithuania should clearly stand for handing over of Karaliaučius [Kaliningrad] enclave to UN rule”, urged party leader and member of parliament Stanislovas Buškevičius. Quoted in a report by ELTA [Lithuanian News Agency, Vilnius], October 22 (1997).

⁹ P. Goble, “A Fourth Baltic Republic?”, *Radio Free Europe/Radio Liberty Newswire*, July 20 (1998).

¹⁰ Ibid.

¹¹ L. D. Fairlie, “Kaliningrad: Visions of the Future”, in *Kaliningrad: The European Amber Region*, eds. P. Joenniemi, J. Prawitz (Aldershot: Ashgate, 1998), p.178; Krickus, *U.S. Foreign Policy*. Sometimes the commentators like to remember the West Berlin and Danzig examples in the light of the KO and the process of NATO enlargement. For instance, see S. Kober, *NATO Expansion Flashpoint No. 3. Kaliningrad*, Cato Foreign Policy Briefing No. 46 (February 11, 1998), p. 9.

¹² Krickus, *U.S. Foreign Policy*.

¹³ Ibid.

¹⁴ With Buryatia, Ingushetia, following behind. Moscow (4.51), Tyumen (3.04), Komi (1.54), Magadan (1.36). For more details, see an article on Kaliningrad in newspaper *Atgimimas*, February 12 (1999), p. 10.

¹⁵ The authors of the essay represent the Institute of International Relations and Political Science, Vilnius University, which recently organized a series of events on the problems of the KO. The remarks mentioned in the text are based on them.

¹⁶ P. Goble, “The Internationalization of Kaliningrad,” *Radio Free Europe/Radio Liberty Newswire*, January 20 (1999).

¹⁷ In a 1998 public opinion survey of the Baltic region, 52 percent of the Lithuanian population stated that Russian military transit was a threat to Lithuania’s stability and security. On the other hand, military transit ranked as only the 9th most important threat for Lithuania at 1.9 percent.

¹⁸ *U.S. Policy Toward Northeastern Europe. The Council on Foreign Relations* (New York, 1999), pp.40-41, 48-49. Lithuania’s policies to the KO received the same evaluation at the CBSS foreign ministers meeting in Palanga on June 14-15, 1999. See: „Sumažėjo dėmesys ministrų susitikimui“ [Less Attention to the Meeting of Ministers], *Lietuvos aidas*, June 15 (1999).

REGIONAL INTEGRATION IN EUROPE: ANALYZING INTRA-BALTIC ECONOMIC COOPERATION IN THE CONTEXT OF EUROPEAN INTEGRATION*

Ramūnas Vilpišauskas

In the beginning of the 1990s, Estonia, Latvia and Lithuania re-emerged as independent actors in the international system. Policy makers of these three Baltic countries were faced with a range of options in choosing their cooperation partners and forms of cooperative arrangements best suited for their particular needs and interests. The decisions had to be taken in the environment of changes in international security and the economic order as well as domestic economic and political reforms accompanied by the establishment of new rules and institutions.

The choice of foreign policy priorities was to a large extent determined by the aims of political and economic reforms (transition to the market economy and democratic governance) and perceived external threats and opportunities. Thus, membership in the European Union (as well as other international and regional organizations and regimes) soon emerged on the top of the agendas of the leaders of the three Baltic countries. Intra-Baltic relations have been relatively important even before the re-establishment of independence and to a varying degree remained so until now¹. Intra-Baltic relations have been formalized in a number of trilateral agreements, while signing bilateral agreements with the EU, implementation of pre-accession arrangements and the beginning of accession negotiations with one of the Baltic States paralleled this process and extended integration further in scope and depth.

However, factors accounting for the *choice* of general cooperative policy orientation do not necessarily provide an explanation of *dynamics* of cooperation and the particular

* This text is based on the paper originally written for the Robert Schuman Centre, European University Institute in Florence in the project "The Eastward Enlargement of the European Union Part II: The case of the Baltic States" (January-April 1999). I am grateful to the leader of this project Jan Zielonka, also to Walter Mattli, Susan S. Nello, Pekka Sutela, Judy Batt, Heather Grabbe, Jean Trestour and two anonymous reviewers for their comments and suggestions. Additional thanks for their support and comments go to Niina Pautola, Vitalis Nakrosis, Erika Wilkens, Nida Gelazis and Effi Tomaras. Finally, I benefited from the comments and information provided by the officials at the Lithuanian Ministry of Foreign Affairs. I am responsible for expressed views and errors.

forms it assumes. This paper addresses policy developments that in general terms can be defined as the impact of a large regional arrangement on small neighboring countries and their cooperative dynamics, and interaction of regional integration and sub-regional cooperation processes. In more concrete terms – to what extent can the EU’s policy account for the development of intra-Baltic economic cooperation? Does the role of the EU explain the timing and the forms of the Baltic economic agreements, the successful conclusion of some cooperation schemes, for example, free trade and the removal of non-tariff barriers, and the failure of others, namely, a customs union? Or does a satisfactory explanation of the cooperative dynamics among the Baltic States and instances of protectionism, or non-cooperation, need to include other factors, for example, sub-national interest groups or transnational actors? How do the characteristics of transition of the three countries influence the dynamics of regional cooperation? Finally, how is further integration into the EU likely to affect cooperation among the Baltic countries?

These are the main issues that are discussed in this paper. Baltic cooperation provides an interesting case study for testing the propositions of regional integration and cooperation theories, political economy approaches and explanations of transition dynamics. However, first, an overview of the literature on Baltic cooperation will be presented to provide a picture of the “state of art”, and to expose the gaps that this study aims to fill. It will be followed by the presentation of a framework of analysis to be used in this study, and the empirical part, which will test the propositions by analyzing dynamics of intra-Baltic economic cooperation since the beginning of the 1990s. The paper will conclude with the outline of possible future cooperation dynamics among the Baltic States.

Explaining Intra-Baltic Cooperation

The intra-Baltic cooperation has been increasingly attracting the attention of both local and foreign analysts, which have resulted in a number of papers dedicated to this issue. Most writings on intra-Baltic cooperation have focused on the military and security issues or geopolitics of the Baltic region². The level of intra-Baltic cooperation is seen as a function of external threat and the balance of powers in the European or Trans-Atlantic “security architecture”, the geographical position of the three countries, historical experiences and links, size of the Baltic States, or internal resources. Usually a combination of the above-mentioned factors is analyzed, and most of the analysis exhibits methodological features of the realist tradition in analyzing international relations³.

A number of writings have analyzed institutional aspects of Baltic cooperation, thereby diverging from the realist image of international relations⁴. A level of institutionalization of Baltic relations is perceived to be a function of institutional capacity and functional scope, or convergence of national interests. The role of sub-regional Baltic institutions is usually compared to the national decision-making institutions, and by implicitly considering regional institutions as factors influencing and fostering cooperation, these writings supplement those centered around the unitary state actors and balance of power in interstate system.

Finally, some analysts have discussed the dynamics of intra-Baltic economic relations⁵. This type of analysis draws on theories of regional economic integration or

concepts of international trade and factor movements in general. The unifying assumption is a causal relationship between regional economic arrangements and the economic welfare of the countries. The interest in intra-Baltic trade agreements has been related to the importance attached to international economic relations for economic reforms and growth of small and increasingly open Baltic economies. Calculations of, for example, trade creation (or diversion), though, have not been produced due to a number of reasons, including the transitional character of Baltic economies and the quality of statistical data.

This brief overview of the literature allows several observations. First, analysts attribute major importance to security factors in explaining cooperation among the Baltic countries, and especially their efforts to integrate into the EU. Their importance in explaining Baltic countries' foreign policies is not disputed here. However, while security considerations might provide a strong impetus for choosing certain cooperative options and goals, it explains only the initial decisions to cooperate but can not explain the development of cooperation, and particular forms it takes. Certainly, there are possibilities for external forces to change the perception of the security situation and to alter the cooperative dynamics. For example, a major negative reaction of Russia towards the invitation of a Baltic country to join NATO might push the Baltic States' cooperation towards a deeper level (not only in the military cooperation field but also in the economic area) or towards reinforced integration efforts into the EU. To provide a recent example, events in Russia in September 1991 and the attempted *coup d'état* have been interpreted by some as a major factor behind the EU recognition of the Baltic States. However, radical changes in the external security environment can not explain the starts and stops of intra-Baltic economic cooperation. Moreover, systemic explanations focused on security factors usually downplay the importance of domestic factors. Therefore, the importance of security motives is recognized but this factor is taken as given during the period analyzed.

Second, the emphasis on historical legacies or norms and identities has similar drawbacks. They might explain certain tendencies, commonalities or differences in actors' behavior but they do not seem to be able to account for incremental policy developments. For example, the argument of "European identity" might to a certain extent explain "back to Europe" policies of Baltic policy makers. Also, the argument of the "lack of common Baltic identity" could be used to account for divergent perceptions and foreign policies of the three states. However, such factors can not plausibly explain why the free trade area and not a customs union has been established among the Baltic States. Historical legacies and culture can rather be treated as constraints within which actors take decisions. It is not implied that explanations of policy developments in the Baltic countries based on cultural or historical factors (as well as security or geographical factors) are wrong. They are just irrelevant for explaining the dynamics of economic cooperation among the Baltic countries (as well as the dynamics of their integration into the EU).

Third, theories of economic cooperation and integration can explain and predict the possible impact of economic agreements on the welfare of countries involved or third parties. Thus, they can provide an understanding of policy makers motivations for using economic agreements for achieving their political aims. They can also explain the possible impact of the integration of markets or lack of it on domestic and other

actors. However, they do not (seek to) provide “explanations of the political choices that produce integrated areas”⁶. Their insights need to be incorporated into the wider framework that allows analysis of the development of the cooperation/integration processes, and the role of actors and institutions involved. This is discussed in the following section.

Framework for analysis

A. Conceptualizing cooperation

The issue of why nations cooperate and integrate has been discussed extensively by international relations scholars⁷. As it was illustrated above, a number of perspectives have been applied to explain intra-Baltic cooperation. This paper offers a different perspective and analyses intra-Baltic economic cooperation by employing concepts drawn from liberal explanations of international cooperation and the political economy of regional integration. This section proceeds by first defining the dependent variable of economic cooperation of the Baltic States. Afterwards the independent variables are discussed. The focus is placed on the effects of the EU policies, which, it is argued, have been a major factor behind intra-Baltic economic cooperation. However, to explain the dynamics of intra-Baltic economic cooperation, in recent years in particular, domestic factors have to be taken into account. Progress in transition during which the formation of new groups advances and institutional channels for voicing their preferences are being formed seems to allow increasingly for an articulation of market demands both for and against integration of national economies. To use the metaphor of games theory, games are played on international level among Baltic governments and Baltic governments and the EU, and domestically⁸. Finally, the definition of actors and processes is followed by a number of propositions regarding the dynamics of the intra-Baltic cooperation.

This paper adopts the definition of international cooperation suggested by Keohane, which has gained wide acceptance among scholars of international politics. Keohane maintains that cooperation “takes place when the policies actually followed by one government are regarded by its partners as facilitating realization of their own objectives, as the result of a process of policy coordination”⁹. As Milner observes this definition assumes “that an actors’ behavior is directed toward some goal(s)”¹⁰. Therefore, analysis of cooperation requires understanding of how particular objectives are formed and prioritized. Regional cooperation might facilitate achieving of goals that have their targets both in the external environment and domestic arena. Second, it implies “that actors receive gains or rewards from cooperation”¹¹. Thus, the issue is how the distribution of gains is perceived by participating actors, and how cooperative measures influence chances of achieving other objectives of governmental actors as well as the distribution of gains among domestic economic groups.

Intergovernmental cooperation varies in issue scope and form. However, economic cooperation in one particular area, for example trade matters, is likely to have political effects and facilitate achievement of other political objectives. As Feldstein has stated, “economic cooperation is part of the more important process of international

cooperation”¹². This is certainly true in the Baltic case. Economic cooperation acquires political meaning, and may also serve to achieve political objectives. Sub-regional economic cooperation is seen and supported by the EU as an important condition or supplement to the stability and security of the region. Therefore, although this paper focuses on intra-Baltic economic cooperation, its political significance, as it will be argued later, derives from the importance attached to it by Baltic States’ leaders as a means of advancing other objective – integration into the EU. Especially, since “most of the economic arguments favoring regional integration are not met by integration among the Baltic countries”¹³. Thus, the level of economic interdependence does not seem to have provided a strong case for policy coordination and market integration.

Furthermore, analysis is focused on cooperation in the area of economic exchange. The choice is based on several grounds: (1) it has probably been probably the most advanced area of intra-Baltic cooperation, in some aspects surpassing multilaterally accepted requirements for regional agreements¹⁴; (2) it is characterized by both successes and failures allowing different outcomes of cooperation dynamics to be compared; and (3) it illustrates how the domestic politics matters even when cooperation objectives are strongly motivated by the external environment. *The dependent variable is the scope of intra-Baltic cooperation in the field of economic exchange, or market integration*¹⁵. It comprises both agreements to cooperate and failures to cooperate which include unilateral, competitive or conflicting behavior lowering benefits to other actors as well as inactivity¹⁶.

Cooperation can be pursued in different forms and in different settings. It may vary from *ad hoc* measures to agreements having long-term effects, to creation of common institutions that further facilitate cooperation by reducing transaction costs and uncertainty, limiting asymmetries of information, or even acquiring an independent role in the policy-making process. In the Baltic case, several institutionalized settings – the Baltic Council of Ministers, the Baltic Assembly, and the Baltic Council – provide opportunities for regular policy coordination and negotiating of trilateral agreements. The fact that these regional institutions do not possess independent authority differentiates the Baltic cooperation from the Baltic countries’ integration into the EU, with the latter implying not only linking of economic domains and participation in common policies, but also eventually delegating authority to the supranational institutions¹⁷.

B. The impact of a regional union on neighboring countries

The observation that the EU has been having an important effect on intra-Baltic cooperation is not new¹⁸. Surprisingly, a systematic analysis of this causal effect as well as possible future developments has been absent. In other words, what is the impact of the EU on the cooperative dynamics of neighboring countries? And what insights can integration studies offer for this type of analysis?

Regional integration, and the EC/EU in particular, has been analyzed extensively by scholars of political science and economics. However, the issue of the external effects of integration is “a topic that both political scientists and economists have mostly overlooked”¹⁹. As a rule, analysis has been limited to a fixed number of participants and

their integration choices without extending theorizing to include its impact on external actors, and their responses. This applies to both “classical” perspectives on integration advanced by political scientists – neo-functionalism and intergovernmentalism²⁰. “New” political approaches to regional integration – liberal intergovernmentalism, multi-level governance or reformulated versions of neo-functionalism – have been mainly focusing on explaining advances of integration in scope and level inside the EC²¹. Although successive enlargements of the EC/EU have received considerable attention, the main issue has been, to use Gower’s expression, “the old academic chestnut” on the interrelationship of widening and deepening²². Thus, the emphasis has been on the impact of the enlargement on the status and prospects for further integration inside the EC/EU.

Differently, economic perspectives on integration have addressed its impact on external actors, mainly by employing the concepts of trade creation and trade diversion²³. In addition to traditional welfare-oriented explanations, recently other forms of “nontraditional” gains from regional trade agreements, for example, bargaining power, which link regional integration to external environment have been discussed²⁴. These recent explanations represent a part of a broader interest in regional integration and regionalism that has increased after the acceleration of integration in the EC in 1980s and a wave of new regional agreements in 1990s. While suggestions of economic theories of integration regarding possible effects of market integration are employed to explain the likely impact of this process on domestic economic groups, some arguments, for example the bargaining power argument, do not seem to apply to the Baltic case.

A recent example of an inclusive approach explicitly addressing the external effects of integration is a general explanation of regional integration suggested by Mattli²⁵. This paper adopts some of his observations, although with significant modifications. Therefore the argument is briefly presented first, followed by suggested modifications that seem to be appropriate for the Baltic case²⁶. Mattli argues that for an integration scheme to succeed, two sets of conditions need to be satisfied – demand side and supply side conditions. The demand for regional rules, regulations and policies by market players seeking to internalize externalities that arise from economic and political uncertainty is the driving force of regional integration. Furthermore, the potential gains from market exchange within a region must be significant. The second condition for integration to succeed is the willingness and ability of political leaders to accommodate demands for deeper integration. Willingness depends on the economic situation and growth prospects of the home market. Ability in turn depends on solving collective action problems, which is facilitated by an existence of “commitment institutions” and a regional leader – a dominant member state of a regional grouping – acting as a focal point of coordination and “paymaster” easing the distributional tensions. The presence of these conditions is likely to make integration efforts successful. A successful regional integration is likely to have an impact on outside countries by creating externalities such as the loss of market access and investment diversion. Outsiders, especially during economic slowdowns, seek to join the union – “the first integrative response”. However, if the union has no incentive to accept new members, they might respond by creating their own regional group – “the second integrative response”. For this project to succeed again demand and supply conditions need to be met.

This paper builds on the basic premises of the approach suggested by Mattli. It considers the conditions of governments' willingness and ability to cooperate as well as the market demands. Particular importance is attributed to the role of leadership and the "commitment institution" in solving coordination problems by providing common rules and side-payments. However, the arguments are modified and supplemented in several respects. It is argued that *the role of the leader can be played by the external regional union, which the neighboring countries aspire to join when a clear leader is lacking among the sub-regional states*. The external group – the EU in this case – provides rules for intra-Baltic cooperation thereby facilitating the choice between multiple equilibria over which members of sub-region might have diverging interests. The leadership role of the EU is backed by financial assistance. However, in both respects the role of external leader is limited. The provision and adoption of the rules for sub-regional cooperation depends on the prospects of integration of individual countries into the regional union. Thus, willingness to cooperate depends not so much (or not only) on economic gains but on the facilitation of integration into the regional union. While the financial assistance can facilitate the administrative aspect of sub-regional cooperation, it is not sufficient for side-payments for the domestic groups dissatisfied by redistribution. Furthermore, the analysis is extended to include demands against integration, not only for it as well as transition related issues such as uncertainty, lack of resources and changes in political and economic institutions which impacted on both the ability of governments to cooperate and the channeling of market demands. Finally, "the second integrative response" is seen as a complimentary rather than an alternative policy of sub-regional cooperation. The dynamics of sub-regional cooperation is directly conditioned by the prospects and prerequisites for integration into the regional union. The assumptions and propositions are presented in detail below. The starting point of the analysis is a modified "second integrative response".

To present a simplified picture, the outside countries for a number of reasons express their willingness to join the regional integration scheme. For a number of reasons, the regional union finds it too costly to accept new members but does not deny the possibility of doing so some time in the future. Meanwhile it encourages outsiders to cooperate amongst themselves and supplies the schemes of market integration as well as financial support and leadership. Thereby it acts as a push factor for outsiders' cooperation, which is also facilitated by certain conditions (the security situation, recent cooperative experiences, and common objectives, the demands of actors' benefiting from integration), and is disturbed by other factors (divergent preferences to achieving policy objectives, protectionist demands of actors standing to lose from market integration, etc.). This paper addresses the impact of (1) regional union which outsiders aspire to join and of (2) domestic actors' preferences on sub-regional cooperation. The other factors are taken as given.

The impact of a regional union on the scope of sub-regional cooperation of neighboring countries can be assessed by examining the union's policy towards individual countries and how particular decisions addressed to them as a group or individually affect sub-regional cooperation. The analysis would be incomplete, however, without examining the responses of the sub-regional group and how they translate into further supply of sub-regional cooperation or the lack of it.

This analysis establishes a clear link between sub-regional cooperation and the policies of the regional union. As it was indicated above, sub-regional cooperation is perceived by participating actors not as an alternative but as a facilitator of individual integration into the regional union. For the purposes of this analysis, *integration refers to the process of an independent state joining the regional union by way of removing barriers to free exchange and movement of factors of production (negative integration), adoption of certain common rules and policies (positive integration), delegation of authority to supranational institutions and participation in the common decision-making procedures.* Thus, unilateral adaptation rather than joint decision-making is emphasized. The focus of analysis is on sub-regional actors, and their strategies vis-à-vis the neighboring regional union. Integration refers to a gradual process evolving in stages that can be identified for analytical purposes. The integration process includes: (1) the establishment and intensification of diplomatic and economic relations, (2) a pre-accession stage when the union explicitly acknowledges the possibility of eventual membership, and supplies schemes designed to prepare applicants for integration into the common market and accession, (3) the accession negotiations during which individual applicants agree with the union on the (negotiable) conditions of membership, and further proceed with adoption of rules governing the common market and common policies, (4) the accession itself after which the new members acquire the right to participate in the decision-making procedures but may have transition periods in certain areas. The main proposition is that there is a link between integration of individual members of the sub-region into the union, and the dynamics of sub-regional cooperation. Participation in the different stages of integration implying divergent prospects of union membership is likely to act as a barrier to cooperation and encourage non-cooperative policies.

C. Cooperation Policies and Institutional Transition

The basic assumption of the analysis is that governments act as utility maximizers, and are willing to cooperate when (regional) cooperation is likely to promote the chances of achieving their objectives²⁷. For cooperation to occur governments should be both willing and able to cooperate²⁸. While willingness depends on how cooperation measures are perceived to influence achieving other objectives, other policy goals more specifically, or reelection chances more generally, their ability to cooperate depends on resources available and a leader that could serve as a focal point of coordination of rules and policies. However, governments, as well as other actors, act in concrete institutional and organizational settings and power configurations, both domestic and international, which structure their behavior. They can be constrained by resources available to them, including finances and expertise. Both of these factors have set particularly important limits on actors' behavior during the transition process. The role of governments has been highly complicated during the transition period characterized by high uncertainty, information asymmetries, a lack of expertise and other resources, or in more general terms, instability resulting from a radical change of political and economic institutions²⁹.

Faced with uncertainty and lacking resources, Baltic governments have been more likely to follow external advice and adopt existing regimes governing economic relations. Moreover, unilateral, or to use Nicolaidis' term, "anticipatory adaptation" of regimes governing economic relations of industrialized democratic countries was at the basis of transition to market

economy and democratic governance³⁰. It formed a part of the learning and imitation process of the policy makers in transition countries and expressed itself in, for example, advocating the direct import of other cooperation models or protection patterns³¹. This process of adaptation to a large extent has been taking place irrespective of external demands³². However, the external coordinator has proved to be necessary in order to overcome problems of coordination, and to agree on specific forms of sub-regional cooperation.

The EU by virtue of the importance attached to it by Baltic leaders has been playing a role of external coordinator in this process by providing rules for regional cooperation and domestic policy-making, often in close coordination with other suppliers of aid, trade or financial regimes. The role of the EU as an external coordinator helped to solve coordination problems of intra-Baltic cooperation when the three were all “vaguely and diffusely in favor [of cooperation], but their preference for forms and terms make agreement on the specific cooperative enterprises difficult”³³. Coordination problems have particularly hampered intra-Baltic economic cooperation during the first years of the decade. The prospect of EU membership, integration based on the rules supplied by the EU and the realization that sub-regional cooperation is likely to advance integration into the EU, have all played a role in designing and implementing schemes for intra-Baltic economic cooperation.

D. Motivations

The motivations of the Baltic States of the joining the EU present a mixture of ideological, historical, security and economic reasons. The officials of the three states have repeatedly stated the importance of “promotion of the economy, growth and development”, “security aspects”, “social welfare”, and “participation in common European matters”³⁴. Although the importance of security, identity, history and international status is not disputed, and they have been acting as a major initial force for the orientation of the Baltic states’ foreign policies towards the EU, the emphasis in this paper is on economic factors. The EU has been perceived as a center of economic prosperity and as a source of economic modernization for the Baltic economies. Its importance as a source of economic opportunities and resources (finance, market access, expertise, and rules) has provided a strong impetus for prioritizing the membership in the EU as the highest priority of Baltic States foreign policies. At the same time, given its more limited opportunities intra-Baltic economic cooperation has come to be seen as instrumental for advancing individual countries’ integration into the EU³⁵. Intra-Baltic cooperation for a number of reasons including history, identity, security, etc. has been on the agenda since the re-establishment of independence and entry of the Baltic States into the international system. Advances in the field of sub-regional economic cooperation have, however, been directly linked to EU policy towards Central and Eastern Europe, and the Baltic sub-region in particular, and to the utility attached by the Baltic states’ governments to the sub-regional cooperation as maximizing their chances of integration into the EU³⁶.

The EU’s policy towards the Baltic States has also been based on a mixture of motives and factors. As has been the case in EU policy towards Central and Eastern Europe in general, it has resulted from a complex interaction of EU institutions, member

states, interest groups and external actors all motivated by their own security, economic and other interests and considerations. This process has received considerable attention, and it is beyond the scope of this paper to address this issue³⁷. What is important for this analysis is not the factors behind the development of the EU's policy towards the Baltic States but its content and forms towards the Baltic States as a sub-region and individually *which have impacted on the intra-Baltic cooperation*³⁸. Thereby the paper emphasizes the importance of the EU as a regional actor represented by its institutions, particularly the Commission “who played the pivotal role as the guardian of the process of rapprochement of Western and Eastern Europe”, and in forming of EU's policy towards the Baltic States³⁹. The picture risks being incomplete without taking in account the policies of certain member states that have showed a strong interest in the matters of the Baltic countries, in particular the Nordic countries and Germany. Most of them are geographically close to the Baltic States and have particularly strong security and economic interests in intensified intra-Baltic cooperation. However, their interests have translated into the policies towards the Baltic States mainly through the bargaining processes inside the EU. As was noted, this paper leaves out the question of how EU policy towards the Baltic States has been formed and developed, and what actors and interests have shaped it.

E. Market Demands

The EU factor alone, it is argued, does not account for the starts and stops of intra-Baltic economic cooperation. Recent developments have shown that economic interest groups have an increasing influence on intra-Baltic cooperative policies, and their influence is likely to increase in the future. Market integration measures have a direct impact on economic actors' activities, with some standing to gain from the removal of barriers to exchange and the reduction of transaction costs and with others standing to lose because of likely redistribution effects. This creates incentives for economic interest groups to lobby for or against further integration. The role of economic interest groups in advancing integration in the EC/EU has been widely acknowledged⁴⁰. Importantly, as it was noted several decades ago “the list of ... actors should include not only groups which perceive themselves benefited by integration but also groups opposed to it...”⁴¹. It is often assumed that economic groups characterized by higher degree of internationalization – export oriented, participating in intra-industry trade, multinational enterprises – are more likely to support market integration measures or “resist protectionism”⁴². Enterprises using local resources and selling their products in the domestic market are more likely to call for protectionist measures under the actual or anticipated pressure of adjustment. Thus, various domestic groups are likely to “demand different policies, and a government's economic policy choices often will reflect the underlying preferences of the strongest and best-organized interests within society”⁴³.

The relative absence of the activities of economic interest groups in the context of intra-Baltic cooperation, in particular those favoring integration, and a resulting lack of their analysis, can probably largely be explained by the transition process itself and the initial non-existence of functioning markets and institutional channels of voicing their demands. At the outset of the political and economic reforms, changing rules and institutional structures have, although to a different degree in different states, deprived

economic groups of their former influence. As some have noted about the transition process in Central and Eastern Europe, “the new economic and political environment confronted all interest groups with a loss of power”⁴⁴. Moreover, in the Baltic States popular perception has largely identified the support for transition goals with the support for the re-establishment of statehood which has reinforced opportunities for “extraordinary politics”, and provided policy makers with more room for policies disadvantaging special interests⁴⁵.

These opportunities, resulting from a conjuncture of the above mentioned factors, were exploited to a different degree in the three countries depending on the structures of national economies, institutional structure of policy-making, ideological commitments and reform strategies. For example, relatively large agricultural sectors in Lithuania and Latvia have allowed agricultural interests to exert larger influence on policy-makers. The greater amount of large-scale, outdated industries in these two countries also seemed to generate stronger protectionist interests, which have been indicated as an important constraint to the adoption and implementation of economic policies⁴⁶. In contrast to Estonia and Latvia, in Lithuania possibilities to introduce legal changes to the trade regime by decree has made it easier for interest groups to influence government’s policy. Governments headed by economic technocrats have been less vulnerable to economic interest groups while governments formed as a result of “protest vote” have been more reserved towards market integration and more inclined to support large disadvantaged groups (votes) and better organized lobbies (funds).

The latter phenomena could be observed in particular after a certain stability of newly established political institutions has been achieved. New institutions “gradually produce their own social and economic basis”⁴⁷. Policy-makers learn how to take advantage of possible promises of votes or funds. Disadvantaged or newly created groups learn how to play to the new rules of the game to advance their interests by using newly established interest-inter-mediation structures, preserved old connections or voicing open protests. Although the protests often had their source in the general economic situation, resulting from a decline in production and incomes levels, they have frequently expressed themselves by targeting the liberalization of international economic transactions and specific policies of intra-Baltic market integration. The patterns of lobbying have to a large degree been dependent on the speed and openness of privatization which created opportunities for (or prevented from) influencing policy-making and implementation and receiving special privileges.

The other explanation for a relative absence of observed market demands for intra-Baltic market integration lies in the small size of the sub-regional market. The three states combined form a market of around 8 million consumers. At the start of reforms, intra-Baltic trade has made up only several percents of the total foreign trade share in each of the countries. Although the volume of intra-Baltic trade has been increasing, its share has remained comparatively small despite trilateral free trade agreements signed. Therefore, the relatively small potential for economic gains from market exchange might have reduced incentives for lobbying for further integration⁴⁸. Since such labor-, skill- and resource-intensive industries as clothing, footwear or textiles favor small and flexible units of production, possibilities for economies of scale in the region seem be limited at present⁴⁹. Recent developments in foreign direct investment in the Baltic States and

intra-Baltic investments might signal new tendencies of informal integration. Increasing involvement of foreign investors who treat the Baltic States as one market, internationalization of Baltic companies and signs of market concentration, for example, in the financial services sector, might exert indirect pressure on governments to proceed with removing non-tariff barriers and harmonizing market regulations by using EU rules as a basis. Except occasional statements, so far visible lobbying by these groups for further market integration has been absent.

Much more visible have been demands for protection which recently have led to an exchange of protectionist measures among the Baltic States assuming a pattern of tit for tat policy⁵⁰. These (non-tariff) protectionist measures were taken in response to the lobbying by local economic interest groups that experienced adjustment problems as a result of economic crisis in Russian markets. Crisis “may bring new players into the game”, or provide an opportunity for previously ignored groups to advance their own interests⁵¹. Because of their size, the Baltic States rely heavily on international economic exchanges, and in respect to Russia and the EU all three states are characterized by very small influence capability and high degree of sensitivity⁵². The economic crisis, which started in Russia in the summer of 1998, have caused a decrease in sales of Baltic exporters, and triggered their demands for protectionism. To rephrase Winters, adjustment pressure caused by the fall of demand in one market can translate into a greater pressure for protection from another⁵³. The issue has become linked to intra-Baltic economic cooperation and is managed by manipulation of non-tariff barriers, namely product standards and administrative rules, to satisfy the demands of local producers, mainly agricultural groups. These developments have cast a new light on the political economy developments of intra-Baltic economic cooperation and have shown the limits of the EU acting as an indirect coordinator and leader.

F. Propositions

To sum up the main arguments and sketch the directions for the empirical part this of analysis the following propositions are presented:

1. The scope of intra-Baltic economic cooperation has been determined by the EU and by the demands of domestic economic interests groups. Each factor can facilitate or obstruct sub-regional cooperation depending on the conditions specified.

1.1.1. The EU has acted as the supplier of sub-regional cooperation rules and as the indirect “supervisor” of sub-regional cooperation. The EU has also supplied financial assistance, although restricted to administrative aspects and pre-accession measures.

1.1.2. The EU initial strategy of parallel and uniform treatment of the Baltic States and its emphasis on sub-regional cooperation as an informal precondition for membership has gradually changed with the evolution of enlargement politics and emphasis on the individual achievements of applicant countries. The group approach towards the Baltic States facilitated intra-Baltic economic cooperation, while the differentiation proved to discourage it.

1.1.3. The issue of intra-Baltic economic cooperation has been high on the agenda of Baltic leaders since before and after the re-establishment of independence. However, after the establishment of relations with the EU it has become instrumental for advancing

integration into the EU. After the EU decision to invite Estonia to start accession negotiations, the issue has become not so much how sub-regional cooperation affects integration into the EU, but how the latter might affect the former. Lack of resources, most of which have been mobilized for EU oriented policies, has set further limits on intra-Baltic cooperation.

1.1.4. Therefore, the scope of intra-Baltic economic cooperation is influenced by how individual Baltic countries are situated in a gradual stage-by-stage process of integration into the EU. Participation in different stages might discourage further sub-regional cooperation.

1.1.5. Intra-Baltic market integration has been limited largely to negative measures. When harmonization was agreed, it has been based on references to the EU rules. Sub-regional rules, common economic policies and administrative structures have not been agreed upon because of coordination problems, high costs and unclear potential benefits.

1.2.1. The role of interest groups has increased with the advance of political and economic transition, although to a different extent in each of the three countries. Depending on the expected gains and losses resulting from market integration, some economic groups are likely to oppose sub-regional economic cooperation while others are likely to support it.

1.2.2. The enterprises using local resources and selling their goods domestically and domestically dominant (former state owned) enterprises have frequently demanded protection thereby negatively affecting intra-Baltic economic cooperation and market integration. Lack of resources for side payments to the disadvantaged groups has reduced the possibility for diminishing protectionist demands.

1.2.3. Protectionist demands are more likely to impede sub-regional cooperation when they exploit the opportunities offered by channels to the respective ministries or specialized agencies. The increasing complexity of regulation is likely to provide more opportunities for interest groups' demands to be met by governmental institutions. Adoption (or the prospect) of EU rules and policies can be used as a bargaining tool by the domestic groups.

1.2.4. The internationalization, or informal economic integration, of the intra-Baltic markets by increasing trade flows and the presence of foreign investors has exerted indirect pressure on formal cooperation. Increasing internationalization of activities is likely to stimulate demands for further abolishing non-tariff barriers to exchange and the movement of factors. However, the size of the intra-Baltic market and the characteristics of intra-Baltic trade, which limit the gains from economic cooperation, reduce incentives for strong demands.

The following sections discuss the development of intra-Baltic economic cooperation and the role of the above-identified factors. First, a brief description of intra-Baltic economic cooperation since the beginning of this decade is presented. The focus is on the trade agreements implemented as well as on those issues that Baltic governments failed to agree upon after bringing them on the agenda and specifying the deadlines, and on non-cooperative unilateral policy decisions. The next two sections examine the independent variables: the policies of the EU and the demands of economic groups. Finally, the conclusions and possible future developments are outlined.

The Dynamics of Intra-Baltic Economic Cooperation

The start of the period under analysis is the beginning of the decade when the Baltic States re-established statehood and began to conduct independent policies⁵⁴. Following the coordination of independence movements among the three countries, intra-Baltic cooperation has remained among the main priorities of their policies. Soon the first institutionalized setting for intra-Baltic cooperation was created which (as well as others that followed) was modeled on the Nordic cooperation institutions. The Baltic Assembly, made up of the representatives from the three legislative bodies of the Baltic States, was established on November 8, 1991. Six committees have been set up to discuss and suggest recommendations to the governments on the matters of common interest, including legal, social and economic affairs, environment and energy, communications, education and culture, and security and foreign affairs. The Baltic Assembly has been acting as the setting for exchange of information, discussions of the sub-regional issues, making declarations and drawing recommendations for the governments of the three countries. It meets twice a year on a rotating basis.

In September 1993, the agreement on creating the Council of Ministers was reached among the three Prime ministers, and on June 13, 1994, the Baltic Council of Ministers was established. Its tasks include taking decisions with regard to the recommendations of the Baltic Assembly, carrying out assignments in accordance with the intra-Baltic agreements concluded, and addressing matters of common interest. The Baltic Council of Ministers is chaired by the three prime ministers and conducts work on three levels: the ministers of foreign affairs, the Baltic cooperation Committee which coordinates activities of the Council between the meetings of the ministers, and the Committees of Senior Officials which cover about 20 issue areas and are permanent working bodies of the Council on a branch-ministerial level. Decisions of the Baltic Council of Ministers are made on the basis of consensus and are binding for the Baltic States except when they contradict the internal laws of each state and in such cases require approval by the state's legislative body⁵⁵. The Baltic Council established in April 1996, is a joint session of the Baltic Assembly and the Baltic Council of Ministers. The Baltic Council adopts declarations, and meets once a year. After setting up political institutions in the Baltic States and the elections of the presidents, summits of the three have also become a common practice.

In a few years, a dense network of coordination has been established among the Baltic States. Their work and impact have been highly dependent on the issue area and prospects for gains for each of the governments. Although intra-Baltic cooperative measures have been agreed and implemented in a number of areas, the discussion below is limited to policy measures related to sub-regional market integration and trade policy measures in particular⁵⁶.

The idea of an intra-Baltic free trade area has been debated since the beginning of the decade (and long before). Like a number of other suggestions for intra-Baltic economic cooperation, this concept together with references to Benelux or other models has been brought up repeatedly by policymakers and analysts of the three states, however, without coming closer to a common agreement on its substance, form and implementation⁵⁷. The economic cooperation measures have been absent during the

first years of the decade. The idea of a free trade area finally received strong political support during the meetings of Baltic heads of States in Jurmala (Latvia) in August 1993 when the draft of the free trade agreement was approved by the three and by the Prime Ministers in Tallinn in September 1993. This led to signing on September 13, 1993, of “the biggest agreement ever signed among the Baltic countries” – the intra-Baltic free trade agreement⁵⁸. Some analysts have characterized the agreement as a major “breakthrough in Baltic cooperation which, in the past, has often been nothing more than declarations with negligible practical effects”⁵⁹.

The free trade agreement signed in September 1993 excluded the agricultural goods. The agreement to abolish barriers to trade in this area has proved to be more difficult to achieve. After several rounds of intense negotiations, the agreement was finalized in June 1996 and came into force in January 1997. In November of the same year, the agreement on abolishing non-tariff barriers to trade was reached, and came into force in July 1998.

The analysis of cooperation dynamics comprises not only trilateral agreements reached but also failures to cooperate and non-cooperative decisions with regards to market integration. The failures to cooperate includes the customs union agreement that hasn't been implemented despite (and differently from other vague concepts of a “common Baltic economic area” or “common market”) numerous pledges to do so and a concrete schedule being agreed upon. The other category includes unilateral protectionist measures that favor one country's domestic interests at the expense of other countries', and violate mutual commitments. These are briefly discussed next.

The idea of creating an intra-Baltic customs union was discussed at the governmental level in Tallinn in April 1991. During the meeting of the three governments in September 1991, a statement “On Establishment of a Customs Union on the territory of Estonia, Latvia and Lithuania” was issued. This question was repeatedly discussed at the level of countries' policy-makers and senior officials during the following years⁶⁰. However, no cooperative measures were implemented in this field. The efforts were revived with the resolution on the establishment of a customs union signed by the Prime Ministers of the three countries in February 1995. The deadline of 1998 was set up for establishing the intra-Baltic customs union. Another impetus was given by signing the agreement to lift tariff measures to trade in agricultural goods. More specific steps were further elaborated in another resolution signed by the Prime ministers in February 1997. The commitment to create a customs union in 1998 was reiterated again during the signing of the agreement on abolishing non-tariff barriers in November 1997. However, the intra-Baltic customs union has not been created, and it is not likely to be in the future.

On the contrary, the autumn of 1998 saw a number of beggar-thy-neighbor measures introduced by the three countries in a series of retaliation steps. First, the possibility of reintroducing trade protection measures in the area of agricultural trade was discussed in a joint meeting of the three ministers of agriculture in September. Despite the protests of the other countries, at the end of 1998 the Latvian government presented the Parliament a proposal to introduce quotas for meat exports from Estonia and Lithuania. This was rejected in the beginning of 1999 in the face of increasing protests from Estonia and Lithuania as well as some international institutions. In October and

Table 1. Intra-Baltic Market Integration Agreements

Agreement	Signed	In force	Main provisions	References to the EU
Free trade agreement	13.09.93	01.04.94	<i>Objectives:</i> to establish a free trade area in industrial goods (HS 25-97); to promote mutual trade, productivity and economic growth; guarantee fair competition; to promote development of trade in the Baltic sea area; to encourage cooperation in other economic areas. <i>Measures:</i> the elimination of all export and import duties with several exceptions relating to export restrictions; a standstill clause on qualitative export or import restrictions; elimination of quantitative restrictions with some exceptions; non-discrimination and national status principles; special provisions relating to restructuring. <i>Rules of origin and safeguards:</i> Baltic origin cumulation; general GATT based safeguards <i>Dispute settlement mechanism:</i> Joint Committee to oversee the implementation of the agreement, settle disputes, to provide a setting for exchange of information and consultations.	The parties see the agreement as a means to reinforce participation in European economic integration (preamble)
Agreement on free trade in agricultural goods	16.06.96	01.01.97	<i>Objectives:</i> to establish a free trade area in agricultural, food and fisheries products (HS 01-24); to promote development of mutual trade and fair competition. <i>Measures:</i> the elimination of export and import duties and quantitative restrictions; a standstill clause; non-discrimination and national status principles <i>Rules of origin and safeguards:</i> Baltic origin cumulation; general GATT based safeguards <i>Dispute settlement mechanism:</i> Joint committee created under the previous agreement.	The parties declare their intention to participate in European integration processes, and the agreement is to promote this objective (preamble).
Agreement on abolishing non-tariff barriers	20.11.97	01.07.98	<i>Objectives:</i> to abolish non-tariff barriers to trade; develop a free trade area. <i>Measures:</i> the mutual recognition of sanitary, phytosanitary and technical standards applied to products and production processes (HS 01-97); harmonization in line with EU and other relevant international institutions' rules; a standstill clause; non-discrimination and national status principles; establishment of Information center <i>Rules of origin:</i> Baltic origin cumulation. <i>Dispute settlement mechanism:</i> Joint Committee to oversee the implementation of the agreement, settle disputes, to provide a setting for exchange of information and consultations.	The final objective of EU membership acknowledged; the intra-Baltic cooperation and integration into the EU should proceed in parallel (preamble). EU rules on product and process standards form a basis for mutual recognition and work of local certification agencies.

Source: Respective trilateral trade agreements

November, Lithuania and Estonia introduced protectionist measures against exports of meat products from each other's market following an exchange of allegations that these products did not conform to veterinary standards. The "pork war" was ended in December⁶¹. In the beginning of 1999, intra-Baltic free trade was again distorted by disagreements between Latvia and Lithuania concerning rules of origin and between Lithuania and the other two countries concerning the rules of customs valuations applied by Lithuania⁶². Mutual accusations of breaking the rules of free trade agreements were exchanged, and retaliatory measures threatened. Although during the meeting in Vilnius in January 1999, Prime ministers of the Baltic States agreed to remove the obstacles to trade, the tensions have continued, and the Latvian government started preparing a project to restrict the import of eggs from Lithuania⁶³. On March 17, the Latvian veterinary institution announced the restrictions on some exports from Lithuania. In a trilateral meeting several days later the implementation of protectionist measures was denied. In March, the Estonian government accused Lithuania of discriminatory rules of providing subsidies and purchasing pork. Finally, in June Latvia introduced temporary import tariffs on pork imported from Estonia and Lithuania. The latter threatened to retaliate but import tariffs remained in place. As it will be discussed later, most of the protectionist measures following the economic crisis and the resulting fall of demand in Russia have been initiated by the demands of local interest groups.

The EU and Intra-Baltic Economic Cooperation

A. The period of uncertainty

The first years of relations between the EC/EU and the Baltic countries have been marked by a group approach taken by the EC/EU towards the three. Although EC/EU conducted negotiations with each Baltic State bilaterally, general policy ranging from the establishment of diplomatic relations to the initiation of individual trade agreements had a strong group or "Baltic sub-region" emphasis. The group approach towards the Baltic States was reinforced by support of intra-Baltic cooperation measures which EU representatives have encouraged on various occasions directly and indirectly by urging the strengthening of economic cooperation among transition countries in general. The economic cooperation of the Visegrad countries, and the EU statements that economic integration among transition countries should proceed in parallel with their integration into the EU, have provided a reference model to be followed for the Baltic States' policy makers. Once the prospects of integration into the EU became more certain, and the Baltic States' leaders realized that intra-Baltic economic cooperation was likely to maximize their chances of integration into the EU, they were willing and able to proceed with sub-regional cooperation. These developments are discussed below.

The EC recognized the independence of the three Baltic States in August 27, 1991, and in April 1992 the ambassador of the EU to the Baltic States started his activities⁶⁴. In the meeting with the foreign ministers of the Baltic States at the beginning of September, EC representatives suggested including the three states into the Phare program, thereby differentiating them from the other former Soviet Union republics, as well as starting to prepare trade and cooperation agreements similar to those concluded

with CEECs. The subject of intra-Baltic cooperation, particularly in the field of external relations in the context of developing their relations with industrialized countries and the EC, was voiced during the visit of the Commission vice president Andriessen⁶⁵. In September 1991, negotiations of the “first generation” trade and cooperation agreements started. The agreements were signed in May 1992 and came into force in the first months of 1993. The agreements were supplied by the EU and their enforcement has upgraded the trading status of the Baltic States in the general “pyramid of preferences” of the EU by extending Most Favorite Nation status and Generalized System of Preferences as well as abolishing specific import restrictions previously applied to the state-trading economies (see Annex 1).

Already during the negotiations of the trade and cooperation agreements the representatives of the Baltic States raised the issue of association with the EU. Their aim was to conclude association agreements similar to the ones signed by the EU with the Visegrad countries, and thereby to be included in the group that, after a period of hesitation among the EU leaders, was recognized as a group of prospective EU members. This hope was expressed by the foreign ministers of the Baltic countries when the trade and cooperation agreements were signed in May 1992. The Estonian foreign minister, J. Manitski, called the accords “our first step back to Europe”, which he hoped would lead to full EC membership within a few years⁶⁶. The recognition that these agreements could lead to association was also included in the preambles of the agreements. The Baltic States again expressed their wish to join the EU in the conference of 64 countries on aid to the former Soviet Union in Lisbon at the end of May 1992⁶⁷. The negotiations of the Europe agreements and eventual EU membership has moved to the top of the agendas of the Baltic governments. However, the attitude of EU policy-makers was rather reserved. The emphasis of EU leaders expressed by the President of the Council, Pinheiro, during the meeting in Lisbon, and reiterated in its conclusions, was on the importance of regional cooperation among the “new independent states”⁶⁸. The question of development of the EU’s relations towards the Baltic States was not addressed. Later various proposals about possible forms of economic and political links with the Baltic States were debated, illustrating uncertainty about whether they can be included into the category of potential members⁶⁹. The prospect of the eventual membership was quite uncertain at the best.

Despite the uncertainty concerning the further development of relations with the Baltic countries, the EU assumed a leading role in supporting economic and political reforms in these countries. The technical assistance program of Phare was extended to the Baltic States. The EU Commission acted in close coordination with international financial institutions, for example making aid conditional upon the adoption of the IMF economic recovery programs. Part of Phare funds and technical assistance measures were directed towards facilitating economic liberalization and supporting economic cooperation by improving the administration of trade and supporting the development of exports. Trade liberalization and sub-regional cooperation among the transition economies was encouraged as a part of the general support for economic transformation and democratic consolidation⁷⁰.

A group approach towards the Baltic States was reinforced by the support of intra-Baltic cooperation measures which EU representatives have encouraged on various occasions. During the meeting at the beginning of July 1992, G-7 leaders urged “all CEECs to develop economic relations with each other”⁷¹. This was directed in particular towards the Visegrad countries.

In their case the link between sub-regional economic cooperation and integration into the EU has been very explicit. The Visegrad countries decided to create a free trade area only after signing the Europe agreements with the EU, and tuned sub-regional trade barriers' reductions to those with the EC⁷². Sub-regional integration among the Visegrad countries was strongly welcomed by the EC⁷³. At the same time, "the Visegrad example" provided a model that the Baltic States could follow.

The EU's policy towards the Baltic States has been conducted using other regional institutions, in particular the Council of the Baltic Sea States (CBSS). The CBSS was created in 1992 in Copenhagen, where 10 countries and the Commission of the EU were represented. It has become an important institution for the development of ties between the Baltic States and the EU, and for the EU's support of sub-regional cooperation. Its importance was underlined by the fact that it included Germany, Denmark and the future Nordic members of the EU that have become the main supporters of Baltic States' integration into the EU⁷⁴. "The Baltic Sea dimension" of EU's policy was strengthened further after Sweden and Finland became members of the EU in 1995.

The situation in the Baltic States during the first years of transition was characterized by radical political and economic institutional changes, which imposed constraints on intra-Baltic economic cooperation. As the policy makers of one Baltic State acknowledged at that time, "the tense domestic situation" rendered advancing sub-regional cooperation impossible⁷⁵. Uncertainty and a lack of resources has limited the ability of governments to implement sub-regional cooperation schemes. The work of the already established intra-Baltic institution – the Baltic Assembly – has been hampered by the lack of financial resources, while the level of expertise for designing sub-regional market integration schemes was low⁷⁶. This was a period of learning and a mixture of institutional imitation and innovation. Absence of a regional coordinator and supplier of cooperation rules made commonly acceptable agreement on the form and substance of economic cooperation more complicated, although various proposals, often based on references to the Benelux or other models, were discussed (see section IV).

The Baltic States established foreign trade regimes in 1992 and 1993, ranging from a very liberal one applied by Estonia to more protectionist ones, particularly in the trade of agricultural goods, applied by Latvia and Lithuania. The introduction of market institutions, and, for example, national currencies created the necessary basis for sub-regional economic cooperation, although different levels of progress in each of the three states has posed temporary limits. Estonian officials have referred to the slow progress of the Lithuanian side in introducing the national currency and in instituting a visa regime for CIS nationals, as an obstacle for a trilateral trade agreement⁷⁷. Willingness to proceed with trilateral economic cooperation on the Estonian side has also been temporarily decreased by the formation of a left wing government in Lithuania as a result of "a protest vote" during the elections in Autumn of 1992. Estonian right wing government officials have been quoted as referring to "the anti-business policies" of the new Lithuanian government, and therefore have been considering the conclusion of a bilateral free trade agreement with Latvia instead⁷⁸. These differences, however, proved to have only a temporary effect on intra-Baltic relations.

Prospects for intra-Baltic economic cooperation started changing in 1993, and the major push to advance it is attributed to EU policies. The first indication of changing EU policy towards the Baltic States – not without the major efforts of the Danish government – was an invitation to participate in the conference organized in Copenhagen in April 13-14, 1993. The conference gathered representatives from the EU, EFTA and CEECs to discuss matters of European integration, and the final declaration acknowledged the aim of several participating countries (meaning the Baltic States) to become the members of the EU⁷⁹. The following months were characterized by the initiatives on the part of the EU and response of the Baltic States which led to the intra-Baltic free trade agreement. Several days after the conference, the EU troika and Commissioner Van den Broek had a meeting with the Foreign ministers of the Baltic States during which issues of EU relations with the three and economic liberalization and cooperation within the Baltic region were discussed⁸⁰. The Baltic States' representatives raised the issue of establishing a free trade area with the EU. However, the response from the EU, namely Belgian Foreign minister Claes, was that the three "should first improve cooperation among themselves"⁸¹. He also indicated that the Baltic States could learn from the Benelux example.

Before going to the meeting with EU representatives, the Prime Ministers of the Baltic States met in Vilnius to discuss their relations and common position towards the EU⁸². The Baltic States leaders have met again at the beginning of June, before the EU summit in Copenhagen, and issued a joint document urging the EU to begin talks on association with the Baltic States⁸³. Although the EU Summit in June 21-22 did not recommend starting association negotiations, the decision to ask the Commission to develop proposals on free trade agreements with the Baltic States marked a step towards integration of the three into the EU. The conclusions of the Copenhagen Summit also stated that accelerated opening of EU markets to the transition countries is expected "to go hand in hand with further development of trade between those countries themselves"⁸⁴. The same attitude was again expressed during the meeting of G-7 leaders in Tokyo in July, who urged "stronger cooperation among the countries in transition themselves"⁸⁵.

These decisions have strengthened the perception of the Baltic States' governments that their major objective – integration into the EU – is likely to be facilitated by sub-regional cooperation. This was very explicitly stated by the leaders of the three countries during the meeting in Jurmala, in August 1993, when the three presidents jointly declared their intention to integrate into the EU, and that the aim to achieve Baltic integration was a step towards integrating the sub-region with the EU⁸⁶. The intra-Baltic free trade agreement was signed in September 13. It was modeled on the bilateral free trade agreements that the Baltic States concluded about a year ago with some EFTA countries. The intention to proceed further by liberalizing trade in agricultural products was indicated in the preamble of the agreement.

The conclusion of the agreement was declared to be a major step towards the integration of the three into the EU. The intra-Baltic free trade agreement was clearly perceived by the Baltic States' leaders as maximizing their chances to integrate into the EU. As Estonian President Lenart Meri remarked, "we can't reenter Europe through three doors and then get together there"⁸⁷. The instrumental value of the agreements was reaffirmed again during the meeting of the Foreign Affairs ministers of the three states in

December, following the decision of the Commission to start discussions on Baltic free trade agreements. The ministers have jointly appealed for prompt ratification of the intra-Baltic free trade agreement, and declared that this “would pave the way for more lucrative treaties with the EU in the immediate future”⁸⁸.

The intra-Baltic free trade agreement was positively evaluated by the EU Commission which was at the time preparing bilateral free trade agreements with the Baltic States. A memorandum on the free trade agreement between the EU and Latvia prepared in September stated that the intra-Baltic free trade agreement, which provided for integration among the three, would assist in their future integration into the EU⁸⁹. The preparation for talks on the Baltic States’ free trade agreements with the EU took place in the second half of 1993. At the beginning of December, the Commission presented the Council its recommendations to negotiate free trade agreements with the three “taking into account specific features” of the Baltic countries. The latter qualification probably referred to the still unclear policy concerning the possible accession of these countries. The Commission also noted that the conclusion of the free trade agreements would ensure that existing agreements between the Baltic States and Nordic countries will be compatible with EU’s *acquis* after the accession of the latter.

On February 7, 1994, the EU Council confirmed the Commission’s mandate to negotiate free trade agreements with the Baltic countries. The Council and the Commission issued a declaration, which acknowledged the importance of further strengthening integration between the Baltic States and the EU and declared that the free trade agreements would constitute an important step to this end. The declaration also stated that “the Council will take all necessary steps with the aim of negotiating and concluding Europe agreements as soon as possible in recognition of the fact that Estonia, Latvia and Lithuania are to become members of the EU through the Europe Agreements”⁹⁰. Thus, the EU explicitly acknowledged the aim of the Baltic States to become EU members. Although the Europe Agreements were to become the main instruments of integration, the strategy of integration was still uncertain.

In the following months, the bilateral negotiations of the free trade agreements between the EU and the Baltic States took place. The three agreements were signed in July 18, 1994, and came into force in January 1995. The agreements supplied by the EU and modeled on interim agreements concluded before with other CEECs have resulted in different provisions concerning the speed and scope of liberalization. Their content have been comparatively analyzed elsewhere, therefore it suffices to point out several features relevant to this analysis⁹¹. First, the agreements explicitly recognized the need for continuing intra-Baltic cooperation, taking into account that closer integration between the EU and the Baltic States, and the Baltic States themselves should proceed in parallel⁹². Second, the provisions of the agreements to a certain extent reflected differences in the economic policies in each of the Baltic States which were conditioned by domestic political economy processes (see section VI).

These developments have spilled-over into other areas of Baltic economic cooperation. The intensified intra-Baltic cooperation resulting from EU policies towards the three has expressed itself in the decision of March 1994 to extend the sub-regional free trade area to the Visegrad countries, and in the establishment of the Baltic Council of Ministers in June 1994, and a couple of months later the Secretariat of the Baltic Council of Ministers⁹³. Joint Baltic projects in infrastructure financed by the EU have been agreed.

However, earlier announced plans to extend the intra-Baltic free trade regime to agricultural goods and proceed with the establishment of an intra-Baltic customs union have been stalled. For some time, the Baltic States have been actively involved in relations with the EU, which has declared the Baltic region a “major focus” of its external policy⁹⁴. At the same time, the political economy forces have impeded further developments in intra-Baltic economic cooperation.

B. Pre-Accession and the Development of the Group Approach

In the 1994-1996 period, the EU continued its group approach in bilateral relations with the Baltic States, although it has gradually shifted its emphasis to the individual progress of each applicant in terms of future accession to the EU. The EU decided to start negotiating the Europe Agreements with the three even before the free trade agreements came into force. In August 1994, negotiations were opened simultaneously with the three countries. Although they were conducted bilaterally, the agreements were all signed on June 12, 1995. They have incorporated the free trade agreements, and added new dimensions to the Baltic States' relations with the EU including political dialogue and economic cooperation in a number of areas, and approximation of laws to the EU's acquis.

The Europe Agreements have marked a new stage of Baltic States' integration into the EU and upgraded their status to that of other associated countries⁹⁵. The agreements came into force only in February 1998, after the Baltic States' parliaments, EU member states' parliaments, and the European Parliament ratified them. However, already before their conclusion, the EU has decided that after the Europe agreements are signed, these countries could be included in the pre-accession strategy⁹⁶. The Baltic States were invited to the Cannes summit in June 1995, where the EU confirmed that the Baltic States can be included into the strategy to prepare for accession defined in Essen⁹⁷. The pre-accession strategy included such instruments of integration as Europe Agreements, Phare, the structured relationship between the CEECs and the EU, and the White paper on integration into the internal market (see Annex 1). In other words, the Baltic States were provided with the opportunity to further integrate their markets into the EU, participate in the Council meetings together with other CEECs, and to focus on adopting EU's legal rules governing the internal market. In the latter case, the Commission has suggested that each country should draw up its own timetable of legal approximation.

In parallel, the EU was using every opportunity to stress the need for advancing sub-regional cooperation. For instance, during the visit of Commission representatives to the Baltic States to discuss the Europe Agreements, they indicated that “it could only be in the Balts' interest to cooperate closely with each other”⁹⁸. The preambles of the Europe Agreements have included the recognition of “the need for continuing regional cooperation among the Baltic States”⁹⁹. Similar statements were repeated by representatives of the other EU institutions. In January 1995, a delegation from the European parliament called for greater intra-Baltic cooperation stressing the importance of free trade among the Baltic States¹⁰⁰. In May 1996, the president of the European Parliament suggested during his speech to the Estonian parliament that the Baltic countries should “cooperate more closely in order to better their chances of EU membership”¹⁰¹.

These statements represented a shift from *ad hoc* encouragement to a more coherent EU policy towards sub-regional economic cooperation in the CEECs. This policy has been most explicitly presented in the Essen summit conclusions, which stated that “being aware of the role of regional cooperation within the Union, the Heads of State or Government emphasize the importance of similar cooperation between the associated countries for the promotion of economic development...”¹⁰². This statement was included in the section on the accession preparation strategy and formed a part of it, allowing some analysts to conclude that intra-regional cooperation has come to be seen as a requirement for EU membership¹⁰³.

The EU’s policy of support for intra-Baltic economic cooperation found its expression and was constantly reaffirmed in a more general framework of EU policy towards the Baltic Sea region. As was mentioned before, in 1994 the Baltic Sea region was declared to be a major focus of its external policy. On October 24, 1994, the Council adopted the Communication on Orientation for a Union Approach towards the Baltic Sea region presented by the Commission. It acknowledged that “the forthcoming enlargement of the EU and the move towards closer relations with the countries of the Baltic create a need for an overall Union policy for that region”¹⁰⁴. The EU’s approach was based on the regional dimension of cooperation and among other things supported greater cohesion between existing regional initiatives and cooperation in trade and economic matters. It also foresaw the financing of regional projects such as infrastructure, under the Phare framework.

On May 29, 1995, the Council adopted the conclusions on EU policy towards the Baltic Sea region, and reaffirmed its policy targeted to promote “initiatives to expand trade between Baltic Sea States which are not members of the Union by providing suitable assistance, e.g. in the customs field”¹⁰⁵. The Council also asked the Commission to prepare a report on the current state of and perspectives for the cooperation in the Baltic Sea region. At the end of November, 1995, the Commission presented the report in which financial contributions from the EU and other institutions and countries provided during the first half of the decade to the Baltic Sea region were assessed and future projections presented¹⁰⁶. According to the Commission, over the period of 1990-1994 a total of 206 MECU were provided to the Baltic States in the context of national Phare programs, most of which concentrated on economic stabilization and restructuring. Multi-annual Indicative Programs for the period 1995-1999, covering an estimated total of 430 MECU, were under preparation for the three countries¹⁰⁷. These measures were expected to focus on pre-accession, medium-term restructuring, infrastructure investment and regional cooperation. The Commission concluded that “the scope for the development of such a specifically regional Union approach to the countries of the Baltic Sea region exists, based upon a deepening of the Union’s own bilateral relationships and supported by the active encouragement and support of inter-regional and sub-regional cooperation”¹⁰⁸.

In December 1995, the EU’s leaders asked the Commission to propose “a suitable regional cooperation initiative” to be presented during the conference of the Council of Baltic Sea States scheduled for May 3-4, 1996¹⁰⁹. Following this decision, the

Commission adopted a Communication on a regional cooperation initiative in the Baltic Sea region in April 10, 1996. It proposed “strengthening democracy, political stability and economic development in this region ... by taking full advantage of existing cooperation instruments”, and fostering regional cooperation¹¹⁰. This implied not only support for cooperation in the whole region but also for the sub-regional arrangements such as the intra-Baltic economic cooperation schemes. The position of the EU was then presented at the Visby meeting of the Council of the Baltic Sea States on May 3-4, 1996, which was attended by the President of the Council and the President of the Commission. The declaration adopted in Visby called for more cooperation in several areas including economic development and integration, and stressed its support for the “early realization of a free trade area between Estonia, Latvia and Lithuania”¹¹¹.

Thus, the EU has gradually developed a policy towards sub-regional cooperation, and intra-Baltic economic cooperation in particular, which consisted of (1) general support for intra-regional economic cooperation measures as an element of economic transition, (2) an emphasis on sub-regional cooperation as an element of preparation for accession, (3) the supply of rules for sub-regional cooperation based on the EU's integration record, (4) financial support for sub-regional initiatives. It should be noted that financial support was targeted towards improvement of administrative capabilities, fostering exports and, increasingly, pre-accession measures. For rather obvious reasons it was not provided for redistribution purposes and side-payments for groups facing adjustment pressure resulting from liberalization and market integration as has been practiced inside the EU. Leaving aside the issues of sufficiency, efficiency and necessity of concrete support measures, the EU's policy of support for intra-Baltic cooperation schemes backed by the supply of rules and some resources seems to have played a major role in advancing intra-Baltic economic cooperation *insofar as* it was perceived by the Baltic States' leaders as maximizing the chances of integration of their countries into the EU.

After signing the free trade agreement in 1993, plans for extending the scope of intra-Baltic market integration and common trade policies have remained in the preparatory stage for several years. Support for extending the scope of intra-Baltic economic cooperation was frequently expressed by the leaders of the three states. For example, the meeting of the three Prime ministers on February 13, 1995 set a target for intra-Baltic customs union, which was agreed to enter into force from January 1, 1998. Free trade in agricultural products was also discussed with Estonian representatives stressing the difficulty of aligning their liberal agricultural trade policy with the other two states that were more protectionist¹¹². These differences have become apparent also during the negotiations of bilateral agreements between each of the three Baltic States and the EU. As will be discussed in the next section, divergent preferences of the three governments have been largely determined by domestic political economy forces. Therefore despite constant EU support for intra-Baltic economic cooperation, the next measure extending the scope of intra-Baltic market integration was agreed only in June 1996, after the change in the government in Latvia.

The intra-Baltic agreement on free trade in agricultural goods was signed on June 16, 1996, after several months of negotiations. It came into force at the beginning of 1997. The preamble of the agreement stated the intention of the three states to participate in the

European integration process and the agreement was seen as a way towards meeting this objective. It was reported that the agreement was drafted taking into account the goal of Baltic States to join the EU¹¹³. The significance of the agreement as an instrument towards the integration of the three into the EU was stressed by the three Baltic States' presidents in Vilnius at the end of May, after the text of the agreement was finalized. The joint declaration of the three presidents stated that the creation of a free trade area for agricultural products would create "an important precondition for integration of the Baltic States into the EU internal market"¹¹⁴. The following agreement on extending the scope of intra-Baltic economic cooperation – this time in the area of non-tariff barriers – was taken after more than a year. This period was marked by changes in individual integration of the Baltic States into the EU, which impacted on further dynamics of intra-Baltic economic cooperation.

C. Differentiation and Accession Negotiations

Change in EU policy towards the Baltic States (and the applicant countries in Central and Eastern Europe in general) became apparent with the announcement of the Commission's Opinions on the applicant countries in July 1997. The group approach was abandoned in favor of an individual approach towards integration of the applicant countries into the EU. Although the proposal to start accession negotiations with some countries, and not the others has created new groups of "ins" and "pre-ins", to use the terminology of the Commission, the result in the case of the Baltic States was their differentiation. This change of EU policy has caused a change in intra-Baltic relations, although the EU continued emphasizing the importance of sub-regional cooperation. However, the potential benefits of intra-Baltic economic cooperation as a means of maximizing the chances of EU membership for some of Baltic States' governments, the Estonian in particular, decreased, and incentives for other targets of cooperative efforts were strengthened.

The signs of changing EU policy towards the prospective members appeared before the presentation of the Opinions. The Copenhagen accession criteria represented a major shift in the Union's policy of integrating candidate countries into the EU. The definition of membership criteria, however vague and broad, have for the first time indicated that every country would be assessed in terms of its development and ability to meet the criteria. At that time the concrete strategy of integration, especially in the case of the Baltic countries, was far from clear. The EU was constantly encouraging sub-regional cooperation as a way to prepare for accession (or as a sign of a clear integration strategy, depending on one's view). With the prospect of membership negotiations becoming clearer, the emphasis, however, gradually shifted from the group approach towards individual preparedness for accession. In November 1995, the Commission presented its interim report on the effects of EU enlargement on its policies where it was stressed that the countries "will accede on an individual basis in the light of their economic and political preparedness and on the basis of the Commission's opinion on each applicant"¹¹⁵. This approach was confirmed in 1995 Madrid summit of the EU, which decided that each country was to be treated separately. The Madrid Council also asked the Commission to "expedite preparation of its opinions on the applications made so that they can be forwarded to the Council as soon as possible after the conclusion of the intergovernmental conference"¹¹⁶. By that time, all three Baltic States have had

their membership applications presented to the EU¹¹⁷. Early in 1996, the Commission started collecting necessary information for preparing the Opinions, which were to assess the state of the applicant countries on the basis of the membership criteria. The Opinions were presented in July 1997, and recommended opening accession negotiations with Estonia, among other countries, but not with Latvia and Lithuania. After intense debates inside the EU during the second half of 1997, the European Council in Luxembourg confirmed the differentiation of the applicant countries, although in a somewhat “softer” form of “ins” and “pre-ins” and new multilateral arrangements including all candidates¹¹⁸. At the same time, the Council declared that “each of the applicant states will proceed at its own rate, depending on its degree of preparedness”¹¹⁹.

The ambiguity of the EU group approach during the period leading to the explicit differentiation of the Baltic States in 1997 was reflected in the attitudes of Baltic States’ policy makers in assessing to what extent “preparedness” of their countries for accession could be advanced by intra-Baltic cooperation. This was in particular evident in Estonia’s policy. As early as November 1994, the Foreign Minister of Estonia declared during the conference organized in Tallinn, that Estonia prefers admission to be decided on the basis of “individual countries rather than groups”, and “should any of the Baltic States meet the admission criteria, its admission should proceed immediately”¹²⁰. Similar statements were issued in 1995 and 1996, although usually followed by joint declarations of the Baltic States’ leaders that the accession negotiations should be started at the same time with all three Baltic countries. An example of such an ambiguous policy was the statement made by Estonian President L.Meri in March 1996, during his visit to the Commission that “each of the applicant countries must be dealt with separately, namely, on its own merits”¹²¹. This statement caused criticism from the other Baltic States, and in particular, Lithuania, and several months later the Presidents of the three countries have declared that the three countries are going to integrate into the EU together, “making the show of their common front” as some have commented¹²². In October 1996, the Estonian president reaffirmed his support for an intra-Baltic customs union during the meeting with the Latvian President in Riga¹²³. The ambiguity of Estonia’s policy towards intra-Baltic cooperation was also reflected in negotiations of the bilateral free trade agreements with the EU, which the EU and the Baltic Assembly encouraged to coordinate with the other two Baltic countries. The Estonian attitude was expressed by the statement of an official from the Ministry of Foreign Affairs who stated “had we agreed [to coordinate negotiations] it would have been like we had bombs tied to our feet, waiting until others catch up”¹²⁴. However, before the actual differentiation of the Baltic States, intra-Baltic economic cooperation was perceived in all three countries as an important instrument for individual integration into the EU, especially against the background of intensive support for sub-regional cooperation expressed by the EU. The agreement on free trade in agricultural products should be seen in this light. As Estonian Foreign Minister Kallas declared after signing the agreement, “we are going to build our relationship in such a way as to further integrate into the EU”¹²⁵.

Although the agreement on abolishing non-tariff barriers in intra-Baltic trade was signed in November 1997, i.e. after the announcement of the Opinions, its conclusion can also be largely attributed to the “effect of the EU”. The agreement illustrates both the potential scope of intra-Baltic economic cooperation and its future limits taking into

account individual integration of these countries into the EU. The preamble of the agreement explicitly stated that the final objective of the parties to the agreement is EU membership. Thus, the agreement was instrumental to their integration into the EU. Moreover, EU rules were taken as a reference for the provisions of the agreement thereby illustrating most clearly the role of the EU in solving the coordination problem of choosing the appropriate framework for cooperation. Besides, the costs of economic cooperation measures were minimized as each of the Baltic States was in the process of approximating domestic legislation, including norms governing veterinary and technical product standards, as a part of their integration into the EU internal market.

Coordination problems also explain the failure to advance positive intra-Baltic market integration beyond the scope of integration into the EU, namely the failure to implement the intra-Baltic customs union in 1998. *The divergent trade regimes of the three countries, estimated costs related to their alignment, unclear potential benefits as well as the method of sharing the customs duties among the three, proved to be obstacles that policy makers of the three countries have been unable to overcome in the absence of a leader who could supply the rules and side-payments for disadvantaged.* The role of the EU in the areas of positive integration extending beyond the scope of integrating candidate countries into the EU is limited. Any proposed economic arrangements among the Baltic States exceeding the scope of their integration into the EU have rather unclear prospects, particularly after one country has started accession negotiations. Differentiation of the Baltic States has further reduced the incentives for intra-Baltic economic cooperation, as policy-makers of these states are provided with new opportunities (or constraints) for achieving their main objectives.

To sum up the analysis presented above and discuss possible future developments of intra-Baltic economic cooperation, the linkages between EU policy and intra-Baltic economic agreements are suggested in the following table. The scheme is based on the categorization of integration stages presented in the theoretical section.

Several remarks need to be made concerning these linkages between EU policy and intra-Baltic economic cooperation. Although it is possible to attribute changes in EU policy to concrete decisions or agreements – signing the Europe Agreements or actual opening of the accession negotiations – the categorization of stages masks the fact that policy changes occur gradually, and cause responses from outsiders sometimes during the preparatory stages. Another feature of this scheme is the emphasis on adaptive policy of the Baltic States based on responses to the developments of EU policy. The EU acts as a policy-maker while Baltic States' governments respond by assessing opportunities and constraints for integration into the Union. In the area of intra-Baltic economic cooperation, policy makers of the Baltic States cooperate when it is likely to increase their chances of membership, which in turn is facilitated by being a part of the same group in respect to the EU.

Current differentiation of the Baltic States by the EU is likely to reduce possibilities and incentives for increasing the scope of intra-Baltic economic cooperation. The issue is perceived not so much, or not only, of how the development of intra-Baltic economic cooperation can facilitate their integration into the EU. Rather, the question currently is being phrased differently – how differentiation is likely affect the intra-Baltic economic agreements implemented so far. This change of position was rather clearly illustrated by the declaration made by Estonian

Table 2. Linkages between EU Policy and Intra-Baltic Economic Cooperation

EU policy towards Baltic States	Policy characteristics	Baltic States' integration into the EU	Intra-Baltic economic cooperation
Establishment of diplomatic and economic relations; search for policy options (1991-1995)	Group approach; <i>ad hoc</i> support for sub-regional cooperation	Negative market integration (trade and cooperation agreements; free trade agreements) supported by financial assistance (Phare)	Agreement on free trade in industrial goods
Pre-accession (1995-1998)	Group approach with increasing emphasis on individual developments; strengthened support for sub-regional cooperation	Negative market integration supplemented by unilateral aligning of regulatory policies (EU-rose agreements, White book), political dialogue and continued financial assistance	Agreement in free trade in agricultural products; agreement on abolishing non-tariff barriers
Accession negotiations (1998-present)	Differentiation; some support for sub-regional cooperation	Positive integration complemented by continued financial assistance; opening of the accession negotiations with Estonia	Failure to implement customs union; possible agreements on free movement of production factors
Membership and transition periods (200? - ...)	Initial differentiation; formation of issue sub-groups	Positive integration; delegation of authority, participation in decision-making	Possible coalitions inside the EU on certain policy issues (regional policy, etc.)

Source: compiled by the author

Foreign minister T. Ilves at the beginning of April, 1998, upon the opening of accession negotiations with the EU. He stated that “we shall seek to ensure that the existing political, cultural and economic relations with our neighboring countries are preserved”¹²⁶. The future status of Estonia’s trade regime with the other two Baltic States was to become one of the first negotiation subjects at the beginning of 1999. It is likely that the current market integration measures will be secured, although the prospects for further intra-Baltic economic cooperation are uncertain. Still, the possibility of extending it to include the areas, which are harmonized on the basis of EU rules, remains.

After the official decision to differentiate between the Baltic States in terms of their accession-status and abandon the group approach, the EU continued its support for intra-Baltic economic cooperation, although it seems the emphasis shifted to avoiding negative consequences of differentiation for sub-regional relations. It was reiterated during the meeting of the CBSS in Riga in January 1998 and during the meetings of Association Councils that took place after the Europe agreements came into force in February 1998 which all “welcomed the Free Trade Agreements” that came into force between the Baltic States¹²⁷. In July 1998, Commissioner van den Broek visited Latvia and Lithuania and during his talks with policy-makers of the two countries encouraged them to intensify regional cooperation¹²⁸.

The Baltic States’ leaders continued occasionally to declare their solidarity, although the differentiation impacted on the intra-Baltic economic cooperation. Before the Luxembourg Summit, the three presidents agreed on a joint declaration stressing the importance of “full-fledged participation of the Baltic States on equal footing in the European Union enlargement process”¹²⁹. The joint position towards integration into the EU was abandoned after the Luxembourg Summit as were the plans for the intra-Baltic customs union, although the latter issue was brought up in May 1998 by Latvian Minister of Agriculture who motivated it by a need to protect the intra-Baltic market¹³⁰. The political tensions resulting from differentiation found expression at the end of April 1998 when the Estonian president was quoted saying in his interview to a Polish newspaper that “Estonia can introduce a visa regime to Lithuanians and Latvians if the European Union requires it”¹³¹. “Baltic unity” was reaffirmed in May 1998 in the joint statement of the three presidents, who also encouraged “the establishment of a more unified economic area, particularly in the fields of transportation, border crossing and the free movement of people, services and capital”¹³². Although the plans for the trilateral agreements on free trade in services and labor were discussed during the routine meetings of the Baltic Council, no decisions have been taken so far and do not seem to be very likely in the near future.

Differentiation has created incentives for new cooperative dynamics among sub-groups formed by members participating in the same stage of integration. The meeting of the five prospective “ins” in Prague before the Luxembourg summit to discuss their integration strategies, and in February 1999 to jointly urge the EU to speed up internal reforms and alter its export policies with regard to CEECs signals new cooperative efforts¹³³. Another sign of a new cooperation dynamics is an increasing number of bilateral meetings between Latvian and Lithuanian authorities in 1998 and 1999. However, it is very unlikely that cooperation inside the new groups of “ins” and “pre-

ins” will be extended beyond coordination of their policies towards the EU. Possible changes in group structure reflecting divergent integration rates of individual candidates, limited benefits that could be derived from stronger economic coordination and concentration of resources on accession-related measures all reduce the incentives and opportunities for extending the scope of sub-regional cooperation.

The scope of intra-Baltic economic cooperation also depends on the domestic political economy dynamics in these countries. Difficulties in reaching an agreement on intra-Baltic free trade in agricultural goods and failures to “lock-in” the liberalization of trade that appeared in the end of 1998 and 1999 can be attributed to demands for protection voiced by domestic economic groups. Demands for market integration have been less visible, and so far their impact on intra-Baltic economic cooperation has been negligible. These factors are discussed next.

Interest Groups and Intra-Baltic Economic Cooperation

A. Demands for Protection

Radical changes in political and economic institutions in the Baltic States have, to a different degree, deprived former economic groups of their influence, while stabilization has gradually produced conditions for emerging new organized groups. This section does not seek to analyze the patterns of organized economic groups’ development and activities in the Baltic States. Such task is beyond the scope of this paper, and it is highly complicated by the non-transparent nature of lobbying processes. Rather, it focuses on identifying certain plausible conditions for the divergent demands of economic groups in general and, in particular, those related to intra-Baltic market integration, and its likely future dynamics. First, conditions that seem to have influenced the survival or emergence of new groups are discussed. Then the emergence of demands for protection in as much as they had an impact on intra-Baltic economic cooperation is addressed, followed by a discussion of demands for market integration, or rather the lack of them.

The degree to which the divergent demands of the economic groups have been transmitted to governments and to which governments have been receptive to them has depended on a number of factors, including the structures of national economies, institutional structure of policy-making, ideological commitments and reform strategies. In Latvia and Lithuania, demands for protection as a result of the large agricultural sector, slower privatization involving foreign businesses and more gradual economic reforms, in particular those voiced by agricultural groups or still state-owned enterprises have been stronger than in Estonia. In Latvia and Lithuania, a large share of employment in agricultural sector has made their demands more likely to be satisfied by political leaders concerned about voting effects (see Annex 2). As a result of successive technocratic right wing governments that have been in power in Estonia the demands for protection, which were voiced by agricultural groups, have to a large extent been disregarded. The left wing government formed in Lithuania as a result of “a protest vote” in 1992, has been more responsive to demands for protection from the groups with which old connections were preserved. The right to introduce changes to the trade regime by

government decree has further increased the opportunities for demands of economic groups to be satisfied in Lithuania. Gradually, new sectorial organizations for channeling demands have been formed, and, for example, such groups as the Association of Sugar Producers in Lithuania have been rather successful in receiving high protection from competing imported goods. In some cases, organized economic groups have officially supported certain political parties and have had their representatives in the government, as it has been the case in Latvia and Lithuania.

New political institutions have been established at the beginning of the decade in all three countries. Creating new economic institutions governing market relations has been a more lengthy process. The main market institutions, and the foreign trade regime in particular, were created in 1992-1993. The three countries have tariffed most trade protection instruments, with some quantitative restrictions remaining in Latvia and Lithuania. Although foreign trade regimes have been relatively liberal in each of the three states, particularly in Estonia which from the beginning of reforms was applying zero tariffs to trade, some economic groups have succeeded in preserving tariff barriers or reintroducing them during the course of reforms. For example, in June 1993, the Lithuanian government raised import duties stating that the protection of agricultural workers was one of the objectives of its policy. In contrast, the Estonian government ignored the demands for protection for a long time, even when these were supported by its ministry. As the representatives of the Ministry of Agriculture complained in 1994 if "no measures are introduced then it is likely that Estonian agriculture will not exist in ten years"¹³⁴. Trade policy and responsiveness to demands for protection in Latvia during the period prior to the first measures of intra-Baltic economic cooperation were closer to that of Lithuania. Agricultural interests were particularly strongly represented in the government by the coalition partner, the Farmers Union.

Thus, the intra-Baltic free trade agreement signed in 1993 did not cover trade in agricultural products mainly because the Latvian government was responsive to the demands of agricultural groups, and intended to keep them protected from imports originating in the other two Baltic States. As the representative of the Latvian Ministry of Agriculture declared after the intra-Baltic agreement on free trade in industrial goods came into force, "agriculture is very important for Latvian people, we have to defend our farmers"¹³⁵. Soon after, the Latvian parliament voted to increase the import tariffs further for a number of agricultural products including livestock, pork, beef, lamb, butter, cheese, and eggs, although not without some disagreements with other cabinet members. As in the case of Lithuania, the need to satisfy protectionist demands was based on reference to industrial countries. An "explanation" provided at the time by the representative of the Latvian government was that "these tariffs exist throughout Europe"¹³⁶.

Notably, differences in liberalization schedules agreed on in the bilateral agreements between the EU and each of the Baltic States have been attributed by some to the demands of domestic groups¹³⁷. Conventional import tariffs were raised successively by Latvian and Lithuanian governments, especially on imports of agricultural goods, and on some imported goods that were in competition with similar goods produced locally¹³⁸. In general, import tariffs applied by Latvia and Lithuania have been fluctuating, indicating possible responses to protectionist demands. In Lithuania, for example, import duties were changed over 10 times between 1993 and 1994¹³⁹. In both Latvia and Lithuania, market

price support measures and trade barriers to imports of agricultural products increased in 1995-1996, although some barriers were reduced following pressure from the IMF and the WTO (to the latter the Baltic States were seeking to be accepted). In 1997, average import tariffs for agricultural products equaled about 40% in Latvia and about 30% in Lithuania, although conventional import tariffs for industrial goods were much lower¹⁴⁰. High dispersion of import tariff rates with tariffs for some agricultural products, particularly for sugar and dairy products, higher than the average as well as income support measures linked closely to specific products and inputs rather than income groups, indicated likely impact of organized economic groups on economic policy in these countries¹⁴¹. Although with the appreciation of Estonian currency, demands for protection of agriculture gradually moved to the center of political debates in Estonia, the government formed after 1995 elections remained unresponsive to protectionist demands. The possibility of introducing some trade barriers was considered by the Estonian government in 1997 and particularly in 1998 under the pressure of local producers and referring to the future accession to the EU¹⁴².

The differences in political economy dynamics and the resulting foreign trade regimes of each Baltic State were commented upon by the international economic institutions. IMF representatives, for example, were reported in 1995 to characterize Estonia's trade regime as "one of the most liberal trading systems in the world", while Lithuania's trading system was declared to be "almost as open" although its "agricultural sector had been pressing for protectionism"¹⁴³. At the same time, Latvia's liberalization was described as "less sweeping because the country's powerful agricultural sector has been able to exert considerable pressure for protectionism"¹⁴⁴.

The dynamics of economic interest groups' demands explains the timing of the intra-Baltic free trade agreement in agricultural products. This agreement was foreseen in the free trade agreement signed in 1993. However (and despite EU support), it took several years to agree on it. The agreement to liberalize trade in agricultural products was reached and signed shortly after in May 1996 when the new Latvian Prime Minister Skele fired the Minister of Agriculture who was advocating higher protection for farmers. Skele himself came from the food processing industry, which stood to gain from cheaper imports of raw agricultural products. The agreement was seen as the most beneficial for Estonian producers who could access new markets in the other two states and Lithuanian producers who could increase their sales in Latvian market¹⁴⁵. Latvian farmers were the most concerned about the increase of competition as a result of intra-Baltic liberalization, although the food processing industry was expected to gain. The agreement resulted in 'locking-in' free trade for about one year and a half, until the economic crisis in Russia increased the pressure of adjustment faced by agricultural exporters.

The liberalization of the agricultural and food markets in the Baltic States has increased pressure on the governments to consider abolishing non-tariff barriers which distort competition in the three countries. The demands of economic interest groups also partially contributed to reaching the intra-Baltic agreement on abolishing non-tariff barriers¹⁴⁶. The motivation of domestic farmers and producers was to prevent cheaper imports originating in the third countries. However, soon after the agreement came into force, a number of beggar-thy-neighbor protectionist policies were introduced or threatened to by each of the

governments. Most of these measures originated in the protectionist demands of domestic economic groups and resulted in non-cooperative bilateral or trilateral policies.

The economic crisis in Russia, which started in summer 1998, forced producers in the Baltic States to face increasing adjustment pressures. After an initial decline following the reorientation of trade flows to Western Europe, the share of Russia (and CIS) remained significant for the Baltic States, especially for Lithuania where it constituted about 20% of foreign trade turnover (see Annex 2). A large share of exports to Russia from the Baltic States consisted of raw and processed agricultural products as well as locally processed or re-exported industrial goods, the demand for which declined after the start of economic crisis. Some domestic groups responded to adjustment pressures by demands for protection of domestic markets oversupplied by competing products from neighboring countries, while some, not directly impacted by the crisis, tried to take advantage of the situation and use the opportunity for getting protectionist measures to cover imports of competing products. The latter could be said about well-organized sugar producers and producers of fertilizers in Lithuania – the Lithuanian government decided to increase conventional import tariffs for these products among others in October 1998 despite inter-ministerial disagreements¹⁴⁷.

Demands for protection voiced by local producers spilled-over into the area of intra-Baltic economic relations. The possibility of reintroducing trade protection measures in the area of agricultural trade was discussed in a joint meeting of the three ministers of agriculture in September. The Latvian side informed about the possibility of introducing protection measures against exports of meat products and eggs from Estonia and dairy products from Lithuania¹⁴⁸. The need for the intended measures was grounded in the necessity to protect Latvian farmers and producers. Despite the protests of the other partners, at the end of 1998 the Latvian government presented the Parliament with the proposal to introduce quotas for meat exports from Estonia and Lithuania in response to demands from local producers. In the beginning of 1999, the Latvian parliament rejected the proposal to introduce quotas on intra-Baltic trade in selected agricultural goods.

In October and November 1998, Lithuania and Estonia introduced protectionist measures against exports of meat products from each other's market following an exchange of allegations that these products did not conform to veterinary standards. First, the Lithuanian State Veterinary Service accused an Estonian meat company of importing meat from the US and Canada which was unacceptable by EU standards. The Estonian veterinary institution retaliated half a month later by claiming that Lithuanian pork was of unacceptable standards because of injections that were intended to prevent swine disease. The Lithuanian side responded by declaring that Estonian pork contained an objectionable level of lead¹⁴⁹. This time the Estonian side used the EU standard as a reference, which was not seen as safe enough by Lithuanian veterinary service. These disputes took place despite the agreement to respect the decisions of the veterinary institution of one country in the other two. The "pork war" was ended in December.

In the beginning of 1999, intra-Baltic free trade was again distorted by disagreements among Latvia and Lithuania concerning the rules of origin and between Lithuania and the other two countries concerning the threshold prices applied by Lithuania¹⁵⁰. From January 1, 1999, the Latvian authorities refused to recognize product certificates issued in Lithuania for re-exported goods, distorting trade flows between Latvia and Lithuania.

Mutual accusations of breaking the rules of the free trade agreement were exchanged, and retaliatory measures were threatened. The Lithuanian Ministry of Foreign Affairs officials accused Latvia of violating the free trade agreement while Latvian Ministry of Economy officials responded by stating that their decisions comply with the new rules of origin initiated by the EU Commission. The disagreement focused on when the new rules were supposed to be enforced. During the meeting in Vilnius in January 1999, Prime ministers of the Baltic States agreed to remove the obstacles to trade. Notably, for the first time demands for anti-dumping policies with regard to bilateral exports were raised by some domestic producers in Latvia and Lithuania. In February 1999, the Latvian government responding to demands of domestic producers started preparing a project to restrict the import of eggs from Lithuania, based on non-compliance to veterinary standards¹⁵¹. On March 17, the Latvian veterinary institution announced the enforcement of restrictions on some exports from Lithuania. In a trilateral meeting several days later the implementation of protectionist measures was denied. In March, the Estonian government accused Lithuania of discriminatory rules of providing subsidies and purchasing pork. Finally, in June, after a strong pressure of Latvian farmers Latvia introduced temporary import tariffs on pork imported from Estonia and Lithuania. The latter threatened to retaliate but import tariffs remained in place.

These protectionist retaliatory policies could be explained by the lack of confidence in partner countries' practices and institutions, lack of information and diverging domestic policies¹⁵². However, taking into account a set of coordinating trilateral institutions and the market situation in the Baltic States, it seems more likely that these measures represented responses to demands of domestic economic groups¹⁵³. The extension of market integration by way of mutual recognition of standards provided opportunities for manipulation of the recognition issue depending on domestic demands. The standards could be manipulated even when they were based on the EU norms. Regulatory institutions became a new target of demands for protection, and in some cases non-cooperative measures were prevented only after taking the issue to the top political level. At the same time, budgetary limits for side-payments to the groups facing adjustment pressures made the reintroduction of import protection measures a more feasible instrument of responding to domestic demands. It is likely, that by introducing new standards and norms as part of the EU acquis approximation, the increasing regulatory role of state and complexity of regulation will provide more targets for domestic groups' demands and more opportunities for demands to be met. It is also likely that references to the EU Common agricultural policy, despite its uncertain future shape when adopted by the acceding states, are increasingly going to be used as a bargaining tool by domestic interest groups and by governments vis-à-vis other governments.

B. Demands for Market Integration

Business demands for market integration among the Baltic States have been less visible so far. The non-existence of functioning market institutions at the outset of the reforms provides an important explanation for the lack of organized support for liberalization

of the market exchange. While demands for protection have often been channeled by often using old connections or open protests and the power of numbers, there has been little organized resistance to protectionist measures or lobbying for the further removal of barriers to exchange. Support from food processing firms in the three countries has been expressed for the conclusion of an intra-Baltic agreement on free trade in agricultural products. It seems like market pressures have also contributed to the abolition of non-tariff barriers to intra-Baltic trade, although their impact on the scope and timing of the agreement is difficult to estimate. Still, in the absence of a strong external motivation, the governments, in Latvia and Lithuania in particular, have been more receptive to demands for protection, which have proved to be stronger and better organized.

The absence of market demands for integration has also been related to an initially low level of business internationalization and the small size of the intra-Baltic market. It should be noted, however, that the level of internationalization of the Baltic economies has been rapidly increasing. International market transactions were liberalized around 1993 and as a result, in the following years the share of foreign trade in GDP of each country reached around 100% illustrating high openness of these economies. In parallel, domestic laws governing foreign direct investment (FDI) have been adopted, although its share until recently has been low in comparison to other CEECs. FDI regimes differ in each of the three states. In Estonia, the relatively liberal regime of FDI and privatization opportunities allowed larger inflows of foreign capital. In Latvia and Lithuania, FDI has significantly increased during recent years, mainly as a result of a large-scale infrastructure privatization. In 1998, the net FDI was expected to reach 200 million USD in Estonia, 344 million USD in Latvia and 800 million USD in Lithuania¹⁵⁴. These facts, however, reveal little without considering the size and nature of economic relations between the Baltic States.

The combined size of the Baltic States market is around 8 million people. Although the GDP per capita has increased significantly during the decade, it is still significantly below the level of the EU average (see Annex 2). The share of the intra-Baltic market could be well illustrated by a comment of a Western businessman was reported to have noted that the combined incomes of Estonians, Latvians and Lithuanians did not reach the incomes of workers in the Empire State Building in New York¹⁵⁵. The limited potential for intra-Baltic trade growth has been also indicated by the gravity models according to which intra-Baltic trade flows exceeded their potential¹⁵⁶. Potential for trade growth with EU countries was estimated to be significantly higher than for intra-Baltic trade. Intra-Baltic trade flows have been increasing in both absolute and relative terms, although mainly reflecting general trends of growth (see Annex 2). Furthermore, a low level of intra-industry trade has limited the opportunities for economies of scale. It has been noted that such labor-, skill- and resource-intensive industries as clothing, footwear or textiles favor small and flexible units of production, so possibilities for economies of scale in the region seemed to be limited¹⁵⁷. The gains from economies of scale are restricted by the relatively large share of trade in agricultural goods. Similarities in production structures are likely to constrain potential for complementarities in trade¹⁵⁸. However, increasing imports of updated technology and growing FDI might create new opportunities for gains and alter specialization patterns in the long run.

Thus, the gains from active lobbying for intra-Baltic market integration have so far seemed to be low, especially taking into account transition-related problems which businesses had to deal with in each of the countries. The issue of customs administration has been an exception frequently provoking strong criticisms of businesses in the three countries. The problems related to the functioning of the customs systems were acknowledged by the governments, although their upgrading was undertaken mainly with the technical and financial assistance of the EU. The EU also played a role in encouraging the setting up of intra-Baltic business organizations, which could press for removal of obstacles to market exchanges. Proposals for setting up intra-Baltic business organizations such as a Baltic Chamber were voiced during the meetings organized by the EU, the OECD or the CBSS which also provided opportunities for the exchange of information among business and governments of the sub-region¹⁵⁹. However, for a number of reasons, including the absence of a single institutional target for demands and relatively small gains from organized lobbying efforts, joint business actions have not been visible.

Although possible gains from intra-Baltic market integration are limited, market strategies employed by foreign investors and domestic companies have contributed to the informal integration of the three economies. There has been an increasing tendency for some multinational corporations to establish operations in one of the three Baltic States as a base from which they serve all the Baltic market. For instance, Coca-Cola has its bottling factory in Estonia, Kellogg has headquarters in Latvia and McDonald's Restaurants have headquarters in Lithuania. Examples in the service sector are the establishment of the French bank Societe Generale in Riga, and opening of an office of German Norddeutsche Landesbank in Vilnius. As was observed, these are just a few examples of what is a much wider phenomenon of international companies that establish themselves in one of the three states and serve the regional market¹⁶⁰. They illustrate how international companies treat the intra-Baltic sub-region, and the degree, to which international investment in this region might be tied to intra-regional trade and supplement it. Still, it should be noted that the dominant motivation of foreign investors to locate in the Baltic States is related to opportunities offered by the Eastern markets which can be served from the Baltic countries.

Another recent phenomenon illustrating the emergence of a regional approach towards the Baltic States in business is the growth of intra-regional investment. For example, in October 1998, Estonian investments in Lithuania equaled about 40 million USD, while Latvian investments in Lithuania made up about 9 million USD¹⁶¹. One of the first examples was the Estonian Hansa Bank that expanded its activities in financial services in the other two Baltic States. As some observers have noted, Estonian enterprises have started turning into "Baltic trans-nationals" at a fast rate by relying on subcontracting and the establishment or purchase of a company in the other Baltic States¹⁶². A similar trend was demonstrated by other business activities. The Vilnius Bank from Lithuania, after buying the Latvian financial firm Latvijas KIF Grupa, has started activities in the Latvian securities market. The strategic cooperation agreement signed by the three major Baltic banks – Estonian Uhispank, Latvian Unibanka and Lithuanian Vilnius bank – in March, 1998, seem to provide an example of the possible creation of a joint cross-border banking unit that would be operating in all three Baltic states in providing cross-

border customer service, joint investment and development projects, and inter-bank services. It should be noted that inflows of FDI into the Baltic States, from Scandinavian countries in particular, have contributed to emergence of Baltic alliances link by the ties of ownership. There is also a tendency towards closer cooperation and participation in the insurance, leasing and brokerage services. For example, the representatives of the three stock exchanges have been discussing the idea of a joint Baltic stock exchange, although the Lithuanian side has been reluctant to advance this project, suggesting that gains from the intra-Baltic stock exchange would not exceed significantly the costs of its establishment¹⁶³.

These processes could lead to increased business concentration due to increased competition and might create pressure for the harmonization of the business environments in the three countries leading to spill-over effects in promoting the creation of the intra-Baltic common market. Coordinated policies in such areas as transport might be further developed in order to exploit the transit position of the sub-region and facilitate large flows of transit trade. However, the potential impact of informal integration in generating demands for common intra-Baltic policies and positive integration is likely to be limited. It is more likely that policies governing market relations will be aligned by autonomously harmonizing them with EU *acquis*, and not by intra-Baltic economic cooperation.

Conclusions

This paper has argued that the scope and timing of intra-Baltic economic cooperation can be explained by “the EU effect” and demands of economic interest groups. The analysis provided seems to support the argument. First, the role of the EU as a supplier of rules and supporter of sub-regional cooperation as an informal precondition for integration into the EU has been crucial in advancing intra-Baltic market integration schemes. However, integration into the EU has been given higher priority by Baltic States’ policy-makers than intra-Baltic cooperation. Therefore their willingness to pursue sub-regional economic cooperation has depended on its instrumental utility in advancing integration of their countries into the EU. The instrumental value of intra-Baltic economic cooperation was higher when the three countries were at the same stage of integration into the EU, while it has decreased after the policy of differentiation of the applicant states was adopted by the EU.

It seems unlikely that intra-Baltic economic cooperation will extend to other areas of market integration. It is very likely that during the European Summit in Helsinki at the end of 1999, both Latvia and Lithuania will be invited to start accession negotiations with the EU. This will again raise the issue of differentiation. However, it seems that the divergent dynamics of membership negotiations can act as the main constraint on further intra-Baltic cooperation (especially if Latvia and Lithuania are invited to start the actual negotiations at different points in time). It is still unclear what effects the possible accession of one country is likely to have on sub-regional economic cooperation. The impact to a large extent will also be determined by the outcome of membership negotiations. The economic and political impact of enlargement in stages on sub-regional economic cooperation is difficult to estimate. Possible trade and investment diversion resulting from differentiation might reduce the market pressure for sub-regional integration and strengthen

demands for protection. However, the negative economic effects are likely to be insignificant, taking into account the continuing integration of the three into the EU. The other issue is to what extent the sub-regional approach can be maintained when the Baltic States become EU members. The dynamics of intra-Baltic relations does not seem to provide evidence for the bargaining power argument. The bargaining positions in the Council might be coordinated depending on the policy area. However, the willingness to coordinate positions on economic policy issues is going to a large extent to be determined by domestic political economy forces.

The demands of domestic economic interest groups have exerted considerable influence on the dynamics of intra-Baltic economic cooperation. The demands for protection, voiced by agricultural groups in particular, account for stops in intra-Baltic market integration and recent retaliatory policies. The governments in Lithuania and Latvia have been more receptive to demands for protection than to complaints voiced by the groups facing losses from the protectionist policies. The demands for market integration have been much less visible due to institutional changes and transition-related domestic problems in the three countries as well as limited potential gains from intra-Baltic market integration. The informal integration of the three economies has shown some signs of generating pressure for extending the scope of economic cooperation. However, its impact on policy making is unlikely to be significant, and the aligning of regulations will tend to take place on the basis of the unilateral adoption of the EU acquis rather than result from intra-Baltic cooperation.

The recent instances of protectionism and non-cooperative policies provide some grounds for future projections. Faced with adjustment pressures, disadvantaged economic groups are likely to strengthen their demands for protection. The governments constrained by budgetary limits are likely to be more responsive to their demands. The extension of market regulation and its increasing complexity provides more opportunities for protectionist measures to be introduced. The rules of the EU might be used as a bargaining tool by economic groups, especially as the integration into the EU of each of the states progresses. The progress of agricultural policy and budgetary reforms in the EU might further set an example that could be referred to by domestic groups in the Baltic States and by the governments *vis-à-vis* each other.

Annex 1.

Table 1. The Main Bilateral Economic Agreements between the Baltic States and the European Union

Agreement	Signed	In force	Main provisions
Trade and Cooperation Agreements	11.05.92	01.02.93 (for Latvia, Lithuania) 01.03.93 (for Estonia)	Most favorite nation status, non-discrimination; extension of EU generalized system of preferences; economic cooperation in some areas
Agreements on Trade and Trade related matters	18.07.94	01.01.95	Liberalization of trade based on GATT principles; free trade in industrial goods (CN 25-97); 4 years transition period of gradual liberalization given to Latvia, 6 years transition period of gradual liberalization given to Lithuania; standard protection clauses; Joint committees to oversee the implementation of the agreements
Association (Europe) Agreements	12.06.95	01.02.98	Objectives of Estonia, Latvia and Lithuania to become EU members acknowledged; the provisions of free trade agreement incorporated; political dialogue; economic cooperation in areas such as competition policy (EU rules), movement of services, capital and labor, establishment, protection of intellectual property rights, consumer protection, approximation of laws, cooperation in other areas such as industrial policy, science and technology, energy, environment, etc.; Association Council to supervise the implementation of the agreement and Association Committee

Source: respective bilateral agreements

Table 2. Instruments of Baltic States' Integration into the European Union

Instrument	Main features
Pre-accession strategy	
(1) Europe agreements	See table 1.
(2) Phare program	Technical assistance for transition and pre-accession measures in applicant countries.
(3) White paper on preparation of the associated CEECs for integration into the Internal Market of the Union	Identifies key measures in each sector of the Internal Market and suggests a sequence in which the approximation of legislation with EU acquis should be undertaken.
Accession partnerships	Define country specific need in order to support the applicant country in its preparation for the membership. Measures are based on the needs identified in the Opinions and aim to meet accession (Copenhagen) criteria. Provide financial assistance needed for further implementation of priority measures.
National Programs for the Adoption of the Acquis	Define actions needed to reach objectives set out in the Accession partnership. Structurally are based on the Opinions and Progress Reports.
Screening	Analytical examination of the acquis.
Twinning	Aims at reinforcing institutional and administrative capacity. Consists of technical assistance, training programs, exchange of experts, participation of applicant countries' officials in the EU programs.
Accession negotiations	Aim at agreement between the EU and a candidate country on terms of accession. Currently are taking place between the EU and Estonia.

Annex 2.

Table 1. Gross Domestic Product by Economic Activity in 1998, %

	Estonia	Latvia	Lithuania
Agriculture, hunting and forestry	4.6	4.5	11.7
Fishing	0.4	0.2	0.0
Mining and quarrying	1.4	0.2	0.5
Manufacturing	14.2	20.2	20.5
Electricity, gas and water supply	5.5	3.9	4.2
Construction	4.7	5.2	7.7
Trade	15.6	17.5	16.5
Hotels and restaurants	1.1	1.0	1.8
Transportation, storage and communications	14.2	14.2	9.6
Financial mediation	4.7	3.2	2.4
Real estate, renting and other commercial activities	12.6	5.9	7.2
State governance, national defence and mandatory social security	4.7	10.0	5.9
Education	5.6	6.6	5.5
Health and social care	4.0	3.4	3.6
Other communal, social and personal services	6.7	4.0	3.0

Source: Statistical Office of Estonia, Latvian Statistical Office, Lithuanian Department of Statistics

Table 2. Employed Persons by Economic Activity, 1998, May, %

	Estonia*	Latvia	Lithuania
Agriculture, hunting and forestry and fishing	9.5	18.7	19.3
Manufacturing, mining and quarrying	23.0	19.2	19.5
Electricity, gas and water supply	2.7	2.4	3.1
Construction	7.5	5.6	6.9
Trade and different repair works	14.0	14.6	14.7
Transport and communications	9.3	7.9	6.7
Other services	34.1	31.7	29.8

* 1998, 2nd quarter

Source: Statistical Office of Estonia, Latvian Statistical Office, Lithuanian Department of Statistics

Table 3. Selected Macroeconomic Indicators, 1998

	Estonia	Latvia	Lithuania
GDP per capita in current prices, US \$,	3591	2611	2887
GDP per capita in PPS expressed as % of the EU15 average	37	27	30
Foreign debt as a share of projected GDP, %	4.2	6.1	15.7
State budget deficit as % of GDP	0.3	0.2	1.2
State debt as % of GDP	55.0	9.9	22.4
Export of goods and services as % of GDP	61.9	27.8	34.7
Direct foreign investment, mil. US \$ (cumulative)	1811	1488	1625
EU share in direct foreign investment, %	75.5	40.1	60
Current account deficit, %	8.6	11.1	12.1

Source: Statistical Office of Estonia, Latvian Statistical Office, Lithuanian Department of Statistics

Table 4. Export structure by trade partners in 1998, %

	Estonia	Latvia	Lithuania
ES	54.8	56.6	37.4
CIS	20.9	19.0	36.2
Baltic countries	12.4	11.9	13.9
Other	11.6	12.5	12.5

Source: Statistical Office of Estonia, Latvian Statistical Office, Lithuanian Department of Statistics

Table 5. Import structure by trade partners in 1998, %

	Estonia	Latvia	Lithuania
ES	60.1	55.3	47.3
CIS	14.2	16.0	26.0
Baltic countries	6.1	12.9	3.3
Other	19.6	11.5	23.4

Source: Statistical Office of Estonia, Latvian Statistical Office, Lithuanian Department of Statistics

NOTES AND REFERENCES

¹ Intra-Baltic, or sub-regional cooperation in this paper refers to cooperation among Estonia, Latvia, and Lithuania.

² See, for example, Ž. Ozolina, *The Geopolitical Peculiarities of the Baltic States: Latvian Perspective*, presentation for the conference "Baltic States: Cooperation and Search for the New Approaches" (Vilnius, April 24, 1998), *The Baltic States: Security and Defence After Independence*, ed. P. van Ham, Chaillot Papers no. 19 (Paris: Institute for Security Studies, 1995); D. Bleiere, "Integration of the Baltic States in the European Union: The Latvian Perspective", in *Small States in a Turbulent Environment: the Baltic Perspective*, eds. A. Lejins, Ž. Ozolina (Riga: Latvian Institute of International Affairs, 1997), pp. 60-112; A. Lejins, "The Quest for Baltic Unity: Chimera or Reality?", in *Small States in a Turbulent Environment: the Baltic Perspective*, eds. A. Lejins, Ž. Ozolina (Riga: Latvian Institute of International Affairs, 1997), pp. 145-183; A. Stranga, "The Baltic States in the European Security Architecture", in *Small States in a Turbulent Environment: the Baltic Perspective*, eds. A. Lejins, Ž. Ozolina (Riga: Latvian Institute of International Affairs, 1997), pp. 11-59; H. Rebas, "Baltic Cooperation – Problem or Opportunity?", *Perspectives (Review of Central European Affairs)*, no. 9 (Winter 1997/1998), pp. 67-76; P. Van Ham, "The Baltic States and Europe", in *The Baltic States in World Politics*, eds. B. Hansen, B. Heurlin (Richmon: Curzon Press, 1998), pp. 24-45; K. Kreslins, "A Baltic Military Alliance: An Opinion on the Military Integration of the Baltic States", in *The Baltic States at Historical Crossroads*, ed. T. Jundzis (Riga: Academy of Sciences of Latvia, 1998), pp. 377-390; Č. Laurinavičius, E. Motieka, *Geopolitical Peculiarities of the Baltic States*, presentation for the conference "Baltic States: Cooperation and Search for the New Approaches" (Vilnius, April 24, 1998); V. Made, *Estonian Geostrategic Perspectives*, presentation for the conference "Baltic States: Cooperation and Search for the New Approaches" (Vilnius, April 24, 1998). The majority of references provided in this paper are writings published in English with some sources (mainly periodicals) in Lithuanian.

³ One particularity common to the majority of writings on inter-Baltic relations is explicit or implicit emphasis on “regional identity” or “regional awareness” of the Baltic countries resulting from cultural, historical or linguistic characteristics. While many scholars display this constructivist tendency, it is often mixed with rationalist arguments and recommendations. Another frequent feature is a normative tone implying desirability of cooperation. This paper presents a positive political economy analysis.

⁴ See, for example, M. Jurkynas, *Baltic System of Cooperation: Internal Resources*, presentation for the conference “Baltic States: Cooperation and Search for the New Approaches” (Vilnius, April 24, 1998); J. Kapustans, *Inter-Baltic Cooperation and Common Institutions: the Latvian Perspective*, presentation for the conference “Baltic States: Cooperation and Search for the New Approaches” (Vilnius, April 24, 1998).

⁵ See B. Lesser, T. Muravskaya, E. Shumilo, *Baltic Regional Economic Integration: Past Trends and Future Prospects*, paper for the workshop “Cross-border Trade and Its Finance in Baltics” (Riga, June 5-6, 1997), *Regional Integration and Transition Economies. The Case of Baltic Rim* (Paris: OECD, 1996); N. Pautola, “Intra-baltic Trade and Baltic Integration”, *Review of Economies in Transition*, no. 3 (1996), pp. 12-13; P. Sorsa, *Regional Integration and Baltic Trade and Investment Performance*, IMF Working Paper WP/97/167 (Washington, D.C.: International Monetary Fund, 1997); R. Vilpišauskas, *Baltic States’ Economic Relations in the Context of European Integration*, presentation for the conference “Baltic States: Cooperation and Search for the New Approaches (Vilnius, April 24, 1998), R. Vilpišauskas, “Lithuania’s Membership in the European Union: Possible Effects on Lithuania’s Trade Policy”, *Lithuanian Foreign Policy Review* 1, no. 1 (1998), pp. 63-85..

⁶ W. Mattli, *The Logic of Regional Integration. Europe and Beyond* (Cambridge: Cambridge University Press, 1999), p. 19.

⁷ Interestingly, this issue used to be approached in the reverse form in the Baltic States – “why don’t we cooperate?” While this tendency could be explained by the coordinated position in regard to relations with Russia during the years of independence movements, the present state of affairs renders such phrasing of the question increasingly irrelevant. However, it does mean that Baltic cooperation has not originated from ‘the state of non-cooperation’ but has its origins in recent coordination practices. This experience is likely to act as a facilitating factor.

⁸ The assumption is that domestic politics matters even when actors respond to external effects, and that both international and domestic levels of analysis can be combined into coherent analysis. See *Double-Edged Diplomacy. International Bargaining and Domestic Politics*, eds. P. B. Evans, H. K. Jacobson, R. D. Putnam (Berkeley: University of California Press, 1993).

⁹ R. O. Keohane, *After Hegemony. Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984), pp. 51-52.

¹⁰ H. Milner, *Interests, Institutions, and Information* (Princeton: Princeton University Press, 1997), p. 7.

¹¹ Ibid.

¹² *International Economic Cooperation*, ed. M. Feldstein (Chicago: University of Chicago Press, NBER, 1988), p. 9.

¹³ Sorsa, *Regional Integration*, p. 16.

¹⁴ The main requirements for regional agreements set by the GATT include reduction of trade between the constituent territories within a reasonable period of time and no increase of barriers to third countries. Trilateral agreements signed among the Baltic states have not foreseen any transitional periods, eventually trade liberalization was extended to trade in agricultural goods which is usually exempted from similar agreements.

¹⁵ There is a widely accepted differentiation between “negative” or “shallow” integration and “positive” or “deep” integration. The former refers to removal of tariff barriers to exchanges at the border, while the latter refers to harmonization of rules and conduct of common policies, or removal of behind the border barriers. See M. Kahler, *International Institutions and the Political Economy of Integration* (Washington, D.C.: The Brookings Institution, 1995), J. Pinder, “Positive Integration and Negative Integration. Some Problems of Economic Union in the EEC”, *The World Today* XXIV, no. 3 (1968), pp. 88-110; W. Wallace, *Regional Integration: The West European Experience* (Washington, D.C.: The Brookings Institution, 1994).

¹⁶ Milner, *Interests*, p. 8. In the case of the Baltic States, the issue has often been framed in terms of cooperation versus competition, leading some to conclude that “we are economic competitors” (Made, *Estonian Geostrategic Perspectives*, p. 38.) In many cases, Baltic policy-makers as well as analysts tend to extend the model of competing firms to the level of the three countries, mix the notions of firms’ competition with states’ competition for status and prestige, and locational competition for FDI - issues which could be an interesting matter of a separate analysis.

¹⁷ The differentiation between the terms “cooperation” and “integration” in this paper refers mainly to the level of institutionalization, thereby distinguishing between trilateral Baltic states relations and their individual policies towards the EU aimed at eventual membership.

¹⁸ For example, Lainela and Sutela have suggested, that “the Baltic free trade agreement of September 1993 is largely due to outside European pressures”, L. Lainela, B. Sutela, *The Baltic Economies* (Helsinki: The Bank of Finland, 1994), p.11.

¹⁹ Mattli, *The Logic of Regional Integration*, p. 59.

²⁰ Although in his reformulation of “pretheory” of regional integration Haas has discussed the possible impact of “external world” on the dynamics of regional groupings, this factor was not conceptualized. See E. B. Haas: “The Study of Regional Integration: Reflections on the Joy and Anquish of Pretheorising”, in *Regional Integration. Theory and Research*, eds. L. Lindberg, S. A. Scheingold (Cambridge: Harvard University Press, 1971), pp. 3-42.

²¹ Though there are exceptions. For example, Friis and Murphy address the external role of the EU using the multi-level governance approach. See L. Friis, A. Murphy, *EU Governance and Central and Eastern Europe – Where Are the Boundaries?*, The European Policy Process Occasional Paper No. 35 (University of Essex, 1997). One of recent examples of applying “classical” political integration perspectives to EU enlargement is in P. Balazs, “Strategies for the Eastern Enlargement of the EU: an Integration Theory Approach”, in *The State of the European Union*, vol. 4, eds. P.-H. Laurent, M. Maresceau (Boulder: Lynne Rienner Publishers, 1998).

²² J. Gower, “EU Policy to Central and Eastern Europe”, in *Back to Europe: Central and Eastern Europe and the European Union*, ed. K. Henderson (London: UCL Press, 1999), p. 8.

²³ See J. Viner, *The Customs Union Issue* (New York: Carnegie Endowment for International Peace, 1950). The concepts of trade diversion and trade creation have remained popular and are used to estimate the possible welfare effects of economic integration. For a general theory of economic integration see B. Balassa, *The Theory of Economic Integration* (London: George Allen & Unwin Ltd., 1961).

²⁴ See, for example, R. Fernandez, J. Portes, “Returns to Regionalism: An Analysis of Nontraditional Gains from Regional Trade Agreements”, *The World Bank Economic Review* 12, no. 2 (1998), pp. 197-220, and W. J. Ethier, “The New Regionalism”, *The Economic Journal* 108, no. 449 (1998), pp. 1149-1161, on the new regionalism. For an analysis of recent regional trade agreements centered around the EU and “me-too” effects, see J. Pelkmans, P. Brenton, *Free Trade with the EU: Driving Forces and the Effects of “Me-Too*, CEPS Working Paper no. 110 (Brussels, 1997). The external impact of regional economic integration has been addressed by R. Baldwin, “A Domino Theory of Regionalism”, in *Expanding Membership of the European Union*, eds. R. Baldwin, P. Haaparanta, J. Kiander (Cambridge: Cambridge University Press, 1995), pp. 25-48, in the framework of “domino effect” applied to the study of EFTA countries’ response to deepening of integration in the EU. Later Baldwin in R. Baldwin, “The Causes of Regionalism”, *The World Economy* 20, no. 7 (1997), pp. 865-888, has extended his “domino” explanation of regionalism to the other regional schemes.

²⁵ See Mattli, *The Logic of Regional Integration*. For other recent political economy approaches to studies of regional integration and regionalism see *The Political Economy of Regionalism*, eds. E. D. Mansfield, H. V. Milner (New York: Columbia University Press, 1997).

²⁶ The presentation is based on Mattli, *The Logic of Regional Integration*, pp. 41-67.

²⁷ This assumption of rational actors can be criticized in general, and specifically as applied to the transition countries. For a reflectivist (“sociological institutionalist”) critique of rationalist premises applied to the EU enlargement see F. Schimmelfenning, *The Eastern Enlargement of the European Union: A Case for Sociological Institutionalism*, paper presented at a joint conference of the Austrian, German and Swiss Political Science Associations in Vienna (1998). More specific disagreements as applied to the analysis of transition economies can be distinguished. For example, policy makers characterized as “technopols” might be motivated by concerns for “general good” and think that “there are more important things in life than remaining in office” thereby disregarding the re-election consequences of their policy that are assumed to be the main concern of policy-makers in times of “normal” politics (*The Political Economy of Policy Reform*, ed. J. Williamson (Washington, D.C.: Institute for International Economics, 1994), p. 22). Certain other constraints on actors’ behavior are discussed in the text. Still, “by starting with the assumption of ... rational motivation we may obtain predictions that serve as a useful benchmark by which to assess the extent and impact of other actions” (Hardin cited in Mattli, *The Logic of Regional Integration*, pp. 16-17).

²⁸ Mattli, *The Logic of Regional Integration*, p. 42.

²⁹ As one transition expert has maintained, “[T]he essence of both political and economic transition is a change in a country’s institutional system” (L. Balcerowicz, “The Interplay between Economic and Political Transition”, in *Lessons from the Economic Transition. Central and Eastern Europe in the 1990s*, ed. S. Zecchini (Dordrecht: Kluwer Academic Publishers, 1997), p. 153).

³⁰ K. Nicolaidis, “East European Trade in the Aftermath of 1989: Did International Institutions Matter?”, *After the Cold War: International Institutions and State Strategies in Europe, 1989-1991*, eds. R. O. Keohane, J. S. Nye, S. Hoffman (Cambridge: Harvard University Press, 1993).

³¹ Nordic regional cooperation institutions or the Benelux model have been often referred to as the ones to be followed by the Baltic States.

³² And has often resulted in a mixture of “positive reference models” (C. Offe, “Designing Institutions in East European Transitions, in *The Theory of Institutional Design*, ed. R. E. Goodin (Cambridge: Cambridge University Press, 1996), pp. 212-213), both from the external environment and from the past. For example, inter-war cooperative experiences have often been referred to in the discussion on the models of intra-Baltic cooperation.

³³ K. Jurgaitienė, O. Waever, “Lithuania”, in *European Integration and National Adaptation*, eds. H. Mouritzen, O. Waever, H. Wiberg (New York: Nova Science Publishers, 1996), p. 215.

³⁴ From the presentations of officials from the respective Ministries of Foreign Affairs in the conference “The Baltic Dimension of European Integration” in Riga, August 24-25, 1996.

³⁵ The same argument could equally, or even more strongly, be applied in case of security motivations. EU membership is perceived by the Baltic States to give better chances for providing the public good of security than intra-Baltic cooperation.

³⁶ In this respect, strong parallels can be found in the case Visegrad countries and creation of the CEFTA in particular. However, there seem to be important differences among the Baltic States and CEFTA countries in both the level of institutionalization of sub-regional cooperation and the scope of sub-regional market integration. The comparative analysis of these two sub-regions and their dynamics could be an interesting issue in itself.

³⁷ For critical analysis of EU’s policy towards Central and Eastern Europe see H. Kramer, *International Institutions and the Political Economy of Integration* (Washington, D.C.: The Brookings Institutions, 1993), U. Sedelmeier, H. Wallace, “Policies towards Central and Eastern Europe”, in *Policy Making in the European Union*, eds. H. Wallace, W. Wallace (Oxford: Oxford University Press, 1996), pp. 353-385, *Paradoxes of European Foreign Policy*, ed. J. Zielonka (Hague: Kluwer Law International, 1998), Gower, “EU Policy”; for insiders’ views see G. Avery, F. Cameron, *The Enlargement of the European Union* (Sheffield: Sheffield Academic Press, 1998), A. Mayhew, *Recreating Europe. The European Union’s Policy towards Central and Eastern Europe* (Cambridge: Cambridge University Press, 1998).

³⁸ Motives for the EU to promote sub-regional cooperation among applicant countries have been summarized by A. Inotai, *Correlations between European Integration and Sub-Regional Cooperation. Theoretical Background, Experience and Policy Impacts*, Working Paper no. 84 (Budapest: Hungarian Academy of Sciences, 1997), pp. 14-15), and include expectations that sub-regional cooperation would serve as a training ground and learning process for EU membership, geopolitical and security interests and interests in easier market access for its goods and capital.

³⁹ S. Arnswald, “The Politics of Integrating the Baltic States into the EU – Phases and Instruments”, in *The European Union and the Baltic States*, eds. M. Jopp, S. Arnswald (Helsinki: Ulkopoliittinen instituutti, 1998), p. 22.

⁴⁰ The pro-integrationist role of economic interest groups have been given central role in the neo-functional account of the early EC integration. For recent explanations of EC/EU integration dynamics emphasizing the role of economic interest groups see Mattli, *The Logic of Regional Integration*, W. Sandholtz, J. Zysman, “1992: Recasting the European Bargain”, *World Politics* XLII, no. 1 (1989), pp. 95-128, *European Integration and Supranational Governance*, eds. W. Sandholtz, A. Stone Sweet (Oxford: Oxford University Press, 1998). Of course, the main difference in the Baltic case is the absence of a supra-national institution towards which transnational groups direct their demands.

⁴¹ J. S. Nye, “Comparing Common Markets: A Revised Neo-Functionalism Model”, in *Regional Integration. Theory and Practice*, eds. L. Lindberg, S. A. Scheingold (Cambridge: Harvard University Press, 1971), p. 197.

⁴² H. Milner, *Resisting Protectionism. Global Industries and the Politics of International Trade* (Princeton: Princeton University Press, 1988). It should be noted, however, that foreign investors in certain cases are

likely to demand protection, as has been observed in some CEECs. See A. L. Winters, "Trade Policy Institutions in Central and Eastern Europe: Objectives and Outcomes", in *Foundations of an Open Economy. Trade Laws and Institutions for Eastern Europe*, ed. A. L. Winters (London: CEPR, 1995), pp. 1-18.

⁴³ Mansfield, Milner, *The Political Economy of Regionalism*, p. 12.

⁴⁴ P. Bofinger, *The Political Economy of the Eastern Enlargement of the EU*, working paper no. 1234 (London: CEPR, 1995), p. 21. This observation seems to be in line with Olson's argument that radical changes in societies destroy rent-seeking organizations for collective action. Interestingly, applying his theory to the transition countries Olson himself has used his argument in a different manner stating that "since the enterprises and industries are not destroyed by the transition to democracy, but are, on the contrary, given a new freedom to lobby for their sectional interest, this problem is magnified during the transition" (M. Olson, "The Varieties of Eurosclerosis: the Rise and Decline of Nations Since 1982", in *Economic Growth in Europe Since 1945*, eds. N. Crafts, G. Toniolo (New York: Cambridge University Press, 1996), p. 77.) The issue seems to be whether the conjuncture was critical enough to completely destroy channels of influence established during the previous regimes.

⁴⁵ O. Norgaard, *The Baltic States after Independence* (Cheltenham: Edward Elgar, 1996).

⁴⁶ *Ibid.*, p. 162.

⁴⁷ *Ibid.*, p. 3.

⁴⁸ Mattli, *The Logic of Regional Integration*, p. 42. This argument also works for the supply side – governments might be less willing to advance market integration if it does not promise to improve significantly economic welfare. Intra-Baltic market integration developments illustrate, however, that it is not a necessary condition and other factors might be at work.

⁴⁹ Pautola, "Intra-Baltic Trade", p. 15.

⁵⁰ In game theory terms, tit for tat is the policy of cooperating first and then doing whatever the other player did on the previous move (see R. Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984)).

⁵¹ S. S. Nello, *Applying the New Political Economy Approach to Agricultural Policy Formation in the European Union*, RSC WP No. 97/21 (Florence: EUI, 1997), p.17.

⁵² On discussion of these concepts see N. Peterson, "National Strategies in the Integration Dilemma: An Adaptation Approach", *Journal of Common Market Studies* 36, no. 1 (1998), pp. 33-54.

⁵³ Winters, "Trade Policy Institutions", p. 2.

⁵⁴ The three countries declared independence in 1990: Lithuania on March 11, Estonia on March 30, Latvia on July 28.

⁵⁵ A. Lejins, "The Quest for Baltic unity", pp. 162-163.

⁵⁶ Environmental protection, transportation, and defense are examples of the areas where a number of common policy measures has been agreed upon. They all are characterized by negative or positive externalities which cooperative measures are targeted to reduce or increase. The most conflictual area has proved to be border issues: it took several years of protracted negotiations between Estonia and Latvia to settle border dispute with the help of an external mediator, and the border between Latvia and Lithuania is still about to be settled. In both cases, the issue at stake is natural resources – fishing in the first, and oil in the second case.

⁵⁷ For example, the three states have signed the Agreement of Economic Cooperation in April 1990, and reached the agreement on establishing a customs union in September 1991. There have also been suggestions to establish a Baltic Investment Bank and a Baltic financial fund, coordinate monetary policy or even establish a currency union. None of these have been implemented. See A. Gricius, "The Baltic Countries: Partners, Competitors or Going Their Own Way?", in *The Foreign Policies of the Baltic Countries: Basic Issues*, eds. P. Joenniemi, J. Prikulis (Riga: Center of Baltic-Nordic History and Political Studies, 1994), pp. 26-32.

⁵⁸ Quotation from the speech of Latvian Prime Minister, cited in Gricius, "The Baltic Countries", p. 39.

⁵⁹ *Ibid.*

⁶⁰ For example, there were four meetings of Baltic States' customs officials. *Ibid.*, p. 35.

⁶¹ "Baltics want end to pork war", *The Baltic Times*, December 3-9 (1998), p. 14.

⁶² *Lietuvos Rytas*, January 28 (1998), www.lrytas.lt/19990128/eko28ati.htm.

⁶³ *Lietuvos Rytas*, February 25 (1999), www.lrytas.lt/19990225/eko25lvb.htm.

⁶⁴ J. Prikulis, "The European Policies of the Baltic Countries", in *The Foreign Policies of the Baltic Countries*, eds. P. Joenniemi, J. Prikulis (Riga: Center of Baltic-Nordic History and Political Studies, 1994), p. 93.

⁶⁵ *Bulletin of the EC*, no. 9 (1991), p. 44.

- ⁶⁶ “Baltics sign trade deals with EC”, *The Baltic Independent*, May 15-21 (1992), p. 4.
- ⁶⁷ “Balts want triangular trade”, *The Baltic Independent*, May 29 - June 4 (1992), p.1.
- ⁶⁸ *Bulletin of the EC*, no. 5 (1992), p. 80.
- ⁶⁹ As it was observed about the EC/EU’s response to the developments in the CEECs, the resulting policy constituted ‘a curious mix of tradition and innovation’ (Sedelmeier, Wallace, “Policies Towards”, p. 355), and ‘more a conglomeration of discrete activities than the result of a well-developed coherent strategy’ (Kramer, *International Institutions*, p. 221).
- ⁷⁰ Although some observers have concluded that the emphasis on sub-regional cooperation reflected a lack of a clear strategy on the part of the EU with which to respond to the urgent needs of the region (see Inotai, *Correlations*, p. 15).
- ⁷¹ *Bulletin of the EC*, no. 7/8 (1992), p. 142.
- ⁷² H. W. Hoen, *The Transformation of Economic Systems in Central Europe* (Cheltenham: Edward Elgar, 1998), p. 39.
- ⁷³ *Bulletin of the EC*, no. 10 (1992), p. 128.
- ⁷⁴ Already during the founding meeting of the CBSS German Foreign minister H.D. Genscher declared that the Baltic states “must be offered association accords with the EU similar to those signed with Poland, Czechoslovakia and Hungary” (“Baltic region forms council to build democracy and speed growth”, *The Baltic Independent*, March 13-19 (1992), p. 5).
- ⁷⁵ “New strains on Baltic unity”, *The Baltic Independent*, June 5-11 (1992), p. 1.
- ⁷⁶ Notably, Nordic diplomats have been reported to have expressed dissatisfaction with the level of preparation on the Baltic States part during the signing of Nordic and Baltic States cooperation agreement 1992 (“New strains on Baltic unity”, p. 1).
- ⁷⁷ “Lithuania seeks to join Baltic trade deal”, *The Baltic Independent*, August 20-26 (1993), p. 1
- ⁷⁸ Estonia has even been voicing doubts about the necessity of the Baltic Assembly (“Trade row highlights north-south gap”, *The Baltic Independent*, April 2-8 (1992), p. 1; Jurgaitienė, Waever, “Lithuania”, p. 213).
- ⁷⁹ R. Martikonis, *Penkeri Lietuvos ir Europos Sąjungos santykių metai* (Draft, 1997), p. 8.
- ⁸⁰ *Bulletin of the EC*, no. 4 (1993), p. 54.
- ⁸¹ Cited in Arnsward, “The Politics of Integrating”, p. 50.
- ⁸² “Politics or Economics”, *The Baltic Review* 2, no. 2 (1993), p. 9.
- ⁸³ Prikulis, “The European Policies”, p. 106.
- ⁸⁴ *Bulletin of the EC*, no. 6 (1993), p. 13.
- ⁸⁵ *Bulletin of the EC*, no. 7/8 (1993), p. 130.
- ⁸⁶ Prikulis, “The European Policies”, p. 106.
- ⁸⁷ “Baltic leaders give a new lease of life to co-operation”, *The Baltic Independent*, September 3-9 (1993), p. 1.
- ⁸⁸ “Foreign ministers rebuke Russia on “peacekeeping forays”, *The Baltic Independent*, December 10-16 (1993), p. 1.
- ⁸⁹ Prikulis, “The European Policies”, p. 107.
- ⁹⁰ *Bulletin of the EU*, no. 1/2 (1994), p. 73.
- ⁹¹ For example, Estonia has committed itself to free trade without a transitional period, Latvia has negotiated 4 years and Lithuania – 6 years transitional periods to gradually remove trade restrictions. For a legal analysis of these agreements see S. Peers, “The Queue for Accession Lengthens”, *European Law Review* 20, no. 3 (1995), pp. 323-329, for an economic analysis, see Sorsa, *Regional Integration*.
- ⁹² Preamble of the free trade agreement between the EU and Lithuania.
- ⁹³ As the Prime minister of Estonia has noted during the opening of the Secretariat, “as we all move towards the EU we have to prove our capacity to integrate between ourselves” (“New Baltic structure opens in Riga”, *The Baltic Independent*, September 16-22 (1994), p. 1).
- ⁹⁴ EU Commissioner Brittan quoted in “Summit pledges European ties”, *The Baltic Independent*, May 27 – June 2 (1994), p. 2.
- ⁹⁵ Lithuania’s Prime minister Šleževičius has been quoted as saying that “Europe agreement, no doubt, is the most significant Lithuanian international agreement this century” (“Baltic states re-enter Europe”, *The Baltic Independent*, June 16-22 (1995), p. 1).
- ⁹⁶ See the Conclusions of the Essen summit (*Bulletin of the EU*, no. 12 (1994)).
- ⁹⁷ See the Conclusions of the Cannes summit (*Bulletin of the EU*, no. 6 (1995)).

- 98 “Way cleared for Baltic negotiations with EU”, *The Baltic Independent*, August 5-11 (1994), p. 2.
- 99 Preamble to the Europe agreement between the EU and Lithuania.
- 100 “Euro-MPs call for Baltic integration”, *The Baltic Independent*, January 13-19 (1995), p. 4.
- 101 This referred in particular to the border disputes among the Baltic States (“Haench: settle quarrels, then think about EU”, *The Baltic Independent*, May 9-15 (1996), p. 4.).
- 102 *Bulletin of the EU*, no. 12 (1994), p. 13.
- 103 M. Maresceau, “On Association, Partnership, Pre-Accession and Accession”, in *Enlarging the European Union. Relations Between the EU and Central and Eastern Europe*, ed. M. Maresceau (London: Longman, 1997), p. 9. Although the importance attached by the EU to the intra-regional cooperation was largely motivated by security reasons, economic cooperation was seen as an important part of it.
- 104 *Bulletin of the EU*, no. 10 (1994), pp. 53-54. The communication was adopted the same day when the Commission has recommended the Council to authorize negotiations of the Europe agreements with the Baltic States.
- 105 *Bulletin of the EU*, no. 5 (1995), p. 66.
- 106 See Commission of the EC, *Report on the Current State and Perspectives for Cooperation in the Baltic Sea Region* (Brussels, COM (95), 609 final, 1995).
- 107 *Ibid.*, pp. 3-4. Statistics of financial support provided to each of the Baltic States bilaterally by EU members and Nordic countries illustrated quite clearly the priorities of different countries.
- 108 *Ibid.*, p. 1.
- 109 *Bulletin of the EU*, no. 12 (1995), p. 96.
- 110 *Bulletin of the EU*, no. 4 (1996), p. 69.
- 111 “The Visby Summit: Baltic Europe and EU”, *The Baltic Review* 10, (1996), p. 3.
- 112 “Despite customs plans, tone of PM summit is subdued”, *The Baltic Independent*, February 17-23 (1995), p. 1.
- 113 *Together in Europe*, no. 90, (June 1, 1996), p. 3.
- 114 Cited in *Agence Europe*, (Brussels, 30.05.1996).
- 115 *Bulletin of the EU*, no. 11 (1995), p. 69.
- 116 *Bulletin of the EU*, no. 12 (1995), p. 18.
- 117 Latvia applied on October 10, 1995, Estonia – on November 24, 1995, Lithuania – on December 8, 1995. In general the timing was related to the forthcoming EU summit in Madrid, although in case of Latvia domestic situation also has played a role.
- 118 For reactions of the member states and applicant countries to the Commission’s Opinions see Avery, Cameron, *The Enlargement*, pp. 121-139. For reaction of the Baltic States in particular see contributions to *The European Union and the Baltic States*, eds. M. Jopp, S. Arnswald (Helsinki: Ulkopoliittinen instituutti, 1998).
- 119 Cited in Avery, Cameron, *The Enlargement*, p. 135.
- 120 “The Baltic States and EU integration”, *The Baltic Review* 6, (Winter, 1995), p. 12.
- 121 *Agence Europe*, (Brussels, 27.03.1996).
- 122 “Baltic Presidents: We Go West Together”, *The Baltic Times*, May 30-June 5 (1996), p. 1.
- 123 “President Meri Makes State Visit to Latvia”, *Estonian Review*, October 21-27 (1996), p. 3.
- 124 “Estonia Skips EU Transition Period”, *The Baltic Independent*, March 3-9 (1995), p.1
- 125 “Estonia, Latvia Talk Security”, *The Baltic Times*, July 18-24 (1996), p. 2.
- 126 *Agence Europe*, (Brussels, 01.04.1998).
- 127 *DG1 news site*, http://www.europa.eu.int/comm/dg1a/daily/02_98/pres_98_48.htm.
- 128 *DG1 news site*, http://www.europa.eu.int/comm/dg1a/daily/02_98/pres_98_671.htm.
- 129 “Presidential Hat Trick Promises Baltic Unity”, *The Baltic Times*, November 13-19 (1997), p. 2.
- 130 “Atgimsta Baltiūkso idėja”, *Verslo žinios*, May 8 (1998), p. 2.
- 131 “Meri’s EU Aspirations and Lithuania”, *The Baltic Times*, May 7-13 (1998), p. 1.
- 132 “Baltic Unity Remains Undivided”, *The Baltic Times*, May 14-20 (1998), p. 8.
- 133 *Lietuvos Rytas*, February 12 (1999), <http://www.lrytas.lt/19990212/eko12pva.htm>.
- 134 “Agricultural Demands Whittled Away by EU”, *The Baltic Independent*, April 22-28 (1994), p. B2.
- 135 “Baltic Free Trade Deal Takes Place”, *The Baltic Independent*, April 8-14 (1994), p. 1.
- 136 “Farmers Push for Higher Import Tariffs”, *The Baltic Independent*, June 17-23 (1994), p. B1.
- 137 Jurgaitienė, Waever, “Lithuania”, p. 221. The authors explained the transition period of six years

given to Lithuania not only by the reasoning provided by Lithuanian negotiators that transition period was needed to protect Lithuanian agriculture, but also by “the powerful lobby of the formerly privileged industries”.

¹³⁸ “New Customs Duties”, *The Baltic Independent*, August 4-10 (1995), p. 5.

¹³⁹ OECD, *Regional Integration and Transition Economies* (Paris: OECD, 1996), p. 34.

¹⁴⁰ OECD, *Agricultural Policies in the Baltic Countries: Proceedings of the Parnu Seminar* (Paris: OECD, CCNM/AGR/PP, 1998), p. 19.

¹⁴¹ See Ibid.

¹⁴² „Estija keičia kursą“, *Verslo žinios*, November 4 (1998), p. 8.

¹⁴³ “Baltics Benefit from Quick Reform, IMF Says”, *The Baltic Independent*, January 13-19 (1995), p. B3.

¹⁴⁴ Ibid.

¹⁴⁵ “Long Awaited Baltic Free Trade Agreement Signed”, *The Baltic Review* 10, (Summer 1996), p. 8.

¹⁴⁶ Interview with the official from the Lithuanian Ministry of Foreign Affairs, March 1999.

¹⁴⁷ *Lietuvos Rytas*, October 15 (1998), <http://www.lrytas.lt/19981015/eko15pva.htm>.

¹⁴⁸ „Dėl latvių ketinimų diskutuos“, *Verslo žinios*, September 25 (1998), p. 5.

¹⁴⁹ “Baltics Want End to Pork War”, *The Baltic Times*, December 3-9 (1998), pp. 11,14.

¹⁵⁰ *Lietuvos Rytas*, January 28 (1998), <http://www.lrytas.lt/19990128/eko28ati.htm>.

¹⁵¹ *Lietuvos Rytas*, February 25 (1999), <http://www.lrytas.lt/19990225/eko25lvb.htm>.

¹⁵² “Crisis Highlights Faults in Free Trade Agreement”, *The Baltic Times*, December 3-9 (1998), p. 11.

¹⁵³ In February 1999, in response to demands of farmers (and against the protests of food producers) Lithuanian government negotiated with the Commission an increase in barriers to raw agricultural imports from the EU.

¹⁵⁴ European Bank for Reconstruction and Development, *Transition Report 1998* (London: EBRD, 1998), pp. 214-221.

¹⁵⁵ “Foreign Investment Key to Baltic Success”, *The Baltic Times*, December 3-9 (1998), p. 13. Although the relevance of such a comparison is doubtful, it well illustrates the attitude of large foreign investors towards opportunities provided by intra-Baltic market.

¹⁵⁶ H. Hernesniemi, *Barriers to Economic Cooperation of Baltic Rim Countries*, Discussion Paper no. 555 (Helsinki: the Research Institute of the Finnish Economy, 1996), pp. 6-8. Its should be noted that intra-Baltic trade potential could have been underestimated due to a large share of shadow economy and rapid growth of incomes.

¹⁵⁷ Pautola, “Intra-Baltic Trade”, p. 15.

¹⁵⁸ Sorsa, *Regional Integration*, p. 16.

¹⁵⁹ The first round-table was organized by the EU in May 1994 in Riga and brought together EU industrial representatives, members of the Commission, Baltic States governmental officials and business. Its purpose was “to unite industrialists and public authorities of all three Baltic republics”, as the Commissioner Mr. Bangemann said. (<http://www.europa.eu.int/rapid>, DN:IP/94/406).

¹⁶⁰ Lesser, Muravskaya, Shumilo, *Baltic Regional Economic Integration*, p. 20.

¹⁶¹ Interview with official from the Lithuanian Ministry of Foreign Affairs, March 1999.

¹⁶² “Moving Towards a Common Economic Space”, *The Baltic Review*, Spring/Summer (1997), p. 10.

¹⁶³ “Baltijos šalių biržos nori jungtis”, *Verslo žinios*, October 28 (1998), p. 3.

BIBLIOGRAPHY

- Arnswald, S. (1998) *The Politics of Integrating the Baltic States into the EU – Phases and Instruments*, in Jopp, M. Arnswald, S. (eds.) (1998) *The European Union and the Baltic States*, Helsinki: Ulkopoliittinen instituutti, p. 19-100.
- Axelrod, R. (1984) *The evolution of cooperation*, New York: Basic Books, Inc. Publishers.
- Avery, G., Cameron, F. (1998) *The Enlargement of the European Union*, Sheffield: Sheffield Academic Press.
- Balassa, B. (1961) *The theory of economic integration*, London: George Allen & Unwin Ltd.
- Balazs, P. (1998) *Strategies for the Eastern Enlargement of the EU: an Integration Theory Approach*, in Laurent, P.-H., Maresceau, M. (eds.) *The State of the European Union. Vol. 4. Deepening and Widening*, Boulder: Lynne Rienner Publishers, p. 67-86.
- Balcerowicz, L. (1997) *The interplay between economic and political transition*, in Zecchini, S. (ed.) (1997) *Lessons from the Economic Transition. Central and Eastern Europe in the 1990s*, Dordrecht: Kluwer Academic Publishers.
- Baldwin, R., Haaparanta, P., Kiander, J. (eds.) (1995) *Expanding membership of the European Union*, Cambridge: Cambridge University Press.
- Baldwin, R. (1997) *The Causes of regionalism*, *The World Economy*, vol. 20, no. 7, p. 865-888.
- Baldwin, R. *A domino theory of regionalism*, in Baldwin, R., Haaparanta, P., Kiander, J. (eds.) (1995) *Expanding membership of the European Union*, Cambridge: Cambridge University Press, p. 25-48.
- Bleiere, D. (1997) *Integration of the Baltic states in the European Union: The Latvian Perspective*, in Lejiņš, A., Ozolina, Ž. (1997) *Small States in a Turbulent Environment: the Baltic Perspective*, Riga: Latvian Institute of International Affairs, p. 60-112.
- Bleiere, D. (1998) *Cooperation between the Baltic States and the Central European Countries. Problems and Prospects*, in Jundzis, T. (ed.) *The Baltic States at Historical Crossroads*, Riga: Academy of Sciences of Latvia, p. 128-150.
- Central Statistical Bureau of Latvia (1998) *Monthly bulletin of Latvian statistics*, no. 12, Riga.
- Christiansen, T. (1995) *The Challenges of Region Building: EU Relations with the Baltic Sea Region*, Essex: University of Essex, Occasional Papers in European Studies, no. 16.
- Commission of the EC (1995) *Report on the current state and perspectives for cooperation in the Baltic Sea Region*, Brussels, COM (95) 609 final, 29.11.1995.
- Crafts, N., Toniolo, G. (eds.) (1996) *Economic growth in Europe since 1945*, New York: Cambridge University Press.
- Deksnis, E. B. (1998) *Baltic Accession to the European Union: Challenge and Opportunity*, in Jundzis, T. (ed.) *The Baltic States at Historical Crossroads*, Riga: Academy of Sciences of Latvia, p. 79-106.
- Department of Statistics to the Government of Lithuania (1998) *Economic and social development in Lithuania*, no. 12, Vilnius.
- European Bank for Reconstruction and Development (1998) *Transition Report 1998*. London: EBRD.
- Ethier, W. J. (1998) *The New Regionalism*, *The Economic Journal*, vol. 108, no. 449, (July), p. 1149-1161.
- Evans, P. B., Jacobson, H. K., Putnam, R. D. (eds.) (1993) *Double-Edged Diplomacy. International Bargaining and Domestic Politics*, Berkeley: University of California Press.
- Feldstein, M. (ed.) (1988) *International Economic Cooperation*, Chicago: University of Chicago Press, NBER.
- Fernandez, R., Portes, J. (1998) *Returns to Regionalism: An Analysis of Nontraditional Gains from Regional Trade Agreements*, *The World Bank Economic Review*, vol. 12, no. 2, p. 197-220.
- Friis, L., Murphy, A. (1997) *EU governance and Central and Eastern Europe – Where are the Boundaries?* University of Essex, *The European Policy Process Occasional Paper No. 35*.
- Girnius, K. (1998) *The Race is on*, *Transitions*, vol. 5, no. 4, April 1998, p. 48-51.
- Goodin, R. E. (ed.) (1996) *The Theory of Institutional Design*, Cambridge: Cambridge University Press.
- Gower, J. (1993). *EC relations with Central and Eastern Europe*, in Lodge J. (ed.) *The European Community and the Challenge of the Future*, London: Pinter Publishers.

- Gower, J. (1999) EU policy to central and eastern Europe, in Henderson, K. (ed.) (1999) *Back to Europe: Central and Eastern Europe and the European Union*, London: UCL Press, p. 3-17.
- Gricius, A. (1994) The Baltic Countries: Partners, Competitors or going their own way? in Joenniemi, P., Prikulis, J. (eds.) *The Foreign Policies of the Baltic countries: Basic Issues*, Riga: Center of Baltic-Nordic History and Political Studies, p. 23-48.
- Haas, E. B. (1964) *Beyond the Nation-State. Functionalism and International Organization*, Stanford: Stanford University Press.
- Haas, E. B. (1971) p. The study of regional integration: reflections on the joy and anguish of pretheorising, in Lindberg, L., Scheingold, S. A. (eds.) *Regional Integration. Theory and Research*, Cambridge: Harvard University Press, p. 3-42.
- Hansen, B., Heurlin, B. (1998) *The Baltic states in World Politics*, Richmond: Curzon Press.
- Henderson, K. (ed.) (1999) *Back to Europe: Central and Eastern Europe and the European Union*, London: UCL Press.
- Herd, G. P. (1999) The Baltic states and EU enlargement, in Henderson, K. (ed.) *Back to Europe: Central and Eastern Europe and the European Union*, London: UCL Press, p. 259-273.
- Hernesniemi, H. (1996) *Barriers to Economic Cooperation of Baltic Rim Countries*, Helsinki: The Research Institute of the Finish Economy, Discussion paper No. 555, 10.04.96.
- Hoer, H. W. (1998) *The Transformation of Economic Systems in Central Europe*, Cheltenham: Edward Elgar.
- Inotai, A. (1997) *Correlations between European Integration and Sub-Regional Cooperation. Theoretical background, experience and policy impacts*. Budapest: Hungarian Academy of Sciences, Working Paper No. 84.
- International Monetary Fund (1996) *Lithuania – Recent Economic Developments*, IMF Staff Country Report, No. 96/72, August, 1996.
- Joenniemi, P., Prikulis, J. (eds.) (1994) *The Foreign Policies of the Baltic countries: Basic Issues*, Riga: Centre of Baltic-Nordic History and Political Studies.
- Jopp, M., Arnswald, S. (eds.) (1998) *The European Union and the Baltic States*, Helsinki: Ulkopoliittinen instituutti.
- Jundzis, T. (ed.) (1998) *The Baltic States at Historical Crossroads*. Riga: Academy of Sciences of Latvia.
- Jurgaitiene, K., Waever, O. (1996) *Lithuania*, in Mouritzen, H., Waever, O., Wiberg, H. (eds.) *European Integration and National Adaptations*, New York: Nova Science Publishers.
- Jurkynas, M. (1998) *Baltic System of Cooperation: Internal Resources*, presentation for the conference *Baltic states: cooperation and search for the new approaches*, Vilnius, April 24, 1998.
- Kahler, M. (1995) *International Institutions and the Political Economy of Integration*, Washington, D. C.: The Brookings Institution.
- Kaitila, V., Widgren, M. (1999) *Revealed Comparative Advantage in Trade between the European Union and the Baltic States*, Florence: EUI, draft paper.
- Kapustans, J. (1998) *Inter-Baltic Cooperation and Common Institutions: the Latvian Perspective*, presentation for the conference *Baltic states: cooperation and search for the new approaches*, Vilnius, April 24, 1998.
- Keohane, R. O. (1984) *After hegemony. Cooperation and discord in the world political economy*. Princeton: Princeton University Press.
- Keohane, R. O., Nye, J. S., Hoffman, S. (eds.) (1993) *After the Cold War. International Institutions and State Strategies in Europe, 1989-1991*, Cambridge: Harvard University Press.
- Kramer, H. (1993). The EC's Responce to the 'New Eastern Europe', *Journal of Common Market Studies*, Vol. 31, No. 2, p. 213-44.
- Kreslins, K. (1998) *A Baltic military alliance: an opinion on the military integration of the Baltic States*, in Jundzis, T. (ed.) *The Baltic States at Historical Crossroads*. Riga: Academy of Sciences of Latvia, p. 377-390.
- Laaser, C.-F. (1998) *Trans-European Networks and the Development of Transport in the Eastern Baltic Sea Region*, Kiel: The Kiel Institute of World Economics, Kiel Working paper no. 881, October 1998.
- Laurent, P.-H., Maresceau, M. (eds.) (1998) *The State of the European Union. Vol. 4. Deepening and Widening*. Boulder: Lynne Rienner Publishers.

Laurinavicius, C., Motieka, E. (1998) Geopolitical peculiarities of the Baltic states, presentation for the conference Baltic states: cooperation and search for the new approaches, Vilnius, April 24, 1998.

Lejins, A., Ozolina, Z. (1997) Small States in a Turbulent Environment: the Baltic Perspective, Riga: Latvian Institute of International Affairs.

Lejins, A. (1997) The quest for Baltic unity: chimera or reality? in Lejins, A., Ozolina, Z. (1997) Small States in a Turbulent Environment: the Baltic Perspective, Riga: Latvian Institute of International Affairs, p. 145-183.

Lesser, B., Muravskaya, T., Shumilo, E. (1997) Baltic regional economic integration: past trends and future prospects. Paper for the Workshop Cross-border trade and its finance in the Baltics, June 5-6, 1997, Riga.

Lindberg, L., Scheingold, S. A. (eds.) (1971) Regional Integration. Theory and Research, Cambridge: Harvard University Press.

Lodge J. (ed.) (1993) The European Community and the Challenge of the Future, London: Pinter Publishers.

Made, V. (1998) Estonian Geostrategic Perspectives, presentation for the conference Baltic states: cooperation and search for the new approaches, Vilnius, April 24, 1998.

Mansfield, E. D., Milner, H. V. (eds.) (1997) The Political Economy of Regionalism, New York: Columbia University Press.

Maresceau, M., Montaguti, E. (1995). 'The relations between the European Union and Central and Eastern Europe: a legal appraisal'. *Common Market Law Review*, Vol. 32. pp. 1327-1367.

Maresceau, M. (ed.) (1997) Enlarging the European Union. Relations between the EU and Central and Eastern Europe. London: Longman.

Maresceau, M. (1997) On association, partnership, pre-accession and accession, in Maresceau, M. (ed.) (1997) Enlarging the European Union. Relations between the EU and Central and Eastern Europe. London: Longman, p. 3-22.

Martikonis, R. (1997) Penkeri Lietuvos ir Europos Sąjungos santykiu metai, draft paper.

Mattli, W. (1999) The Logic of Regional Integration. Europe and Beyond. Cambridge: Cambridge University Press, forthcoming.

Mayhew, A. (1998) Recreating Europe. The European Union's Policy towards Central and Eastern Europe, Cambridge: Cambridge University Press.

Milner, H. (1988) Resisting protectionism. Global industries and the Politics of International Trade, Princeton: Princeton University Press.

Milner, H. (1997) Interests, Institutions, and Information, Princeton: Princeton University Press.

Mouritzen, H., Waever, O., Wiberg, H. (eds.) (1996) European Integration and National Adaptations, New York: Nova Science Publishers.

Mucins, R. (1998) Baltic co-operation – prospects and agenda, presentation for the conference Baltic states: cooperation and search for the new approaches, Vilnius, April 24, 1998.

Nello, S. S. (1997) Applying the New Political Economy Approach to Agricultural Policy Formation in the European Union, Florence: EUI, RSC WP No. 97/21.

Nello, S. S., Smith, K. E. (1997) The Consequences of Eastern Enlargement of the European Union in Stages. Florence: European University Institute. RSC Working Paper No. 97/51.

Nicolaidis, K. (1993) East European Trade in the Aftermath of 1989: Did International Institutions Matter? in Keohane, R. O., Nye, J. S., Hoffman, S. (eds.) After the Cold War. International Institutions and State Strategies in Europe, 1989-1991, Cambridge: Harvard University Press.

Norgaard, O. (1996) The Baltic States after Independence, Cheltenham: Edward Elgar.

Nye, J. S. (1971) Comparing Common Markets: A Revised Neo-Functionalist Model, in Lindberg, L., Scheingold, S. A. (eds.) Regional Integration. Theory and Research, Cambridge: Harvard University Press.

OECD (1996) Regional Integration and Transition Economies. The Case of Baltic Rim, Paris: OECD.

OECD (1998) Agricultural policies in the Baltic countries: proceedings of the Parnu seminar Seminar 1997, Paris: OECD, CCNM/AGR/PP (98)28.

Offe, C. (1996) Designing Institutions in East European Transitions, in Goodin, R. E. (ed.) (1996) The Theory of Institutional Design, Cambridge: Cambridge University Press, p. 199-226.

Olson, M. (1996) The varieties of Eurosclerosis: the rise and decline of nations since 1982, in Crafts, N., Toniolo, G. (eds.) Economic growth in Europe since 1945, New York: Cambridge University Press, p. 73-94.

Ozolīna, Z. (1998) *The Geopolitical Peculiarities of the Baltic states: Latvian perspective*, presentation for the conference *Baltic states: cooperation and search for the new approaches*, Vilnius, April 24, 1998.

Paleckis, J. V. (1998) *Aspects of foreign policy orientation in the Baltic States: Experience of Lithuania*, in Jundzis, T. (ed.) *The Baltic States at Historical Crossroads*. Riga: Academy of Sciences of Latvia, p. 107-127

Pautola, N. (1996) *Intra-Baltic Trade and Baltic integration in Review of Economies in Transition*, Helsinki: Bank of Finland, no. 3, 26.04.96, p. 12-13.

Pautola, N. (1999) *Preferential trading areas: the specific aspects of the integration of the Baltic States into the EU*, Florence: EUI, draft paper.

Peers, S. (1995) *The queue for accession lengthens*, *European Law Review*, vol. 20, no. 3, p. 323-329.

Pelkmans, J., Brenton, P. (1997) *Free Trade with the EU: Driving forces and the Effects of "Me-Too"*, Brussels, CEPS Working Paper No. 110, July 1997.

Petersen, N. (1998) *National Strategies in the Integration Dilemma: An Adaptation Approach*, *Journal of Common Market Studies*, vol. 36, no. 1, March 1998, p. 33-54.

Pinder, J. (1968) *Positive integration and negative integration. Some problems of economic union in the EEC*, *The World Today*, vol. XXIV, no. 3, March 1968, p. 88-110.

Prikulis, J. (1998) *The European Policies of the Baltic Countries*, in Joenniemi, P., Prikulis, J. (eds.) (1994) *The Foreign Policies of the Baltic countries: Basic Issues*, Riga: Center of Baltic-Nordic History and Political Studies, p. 87-114.

Rebas, H. (1997/1998) *Baltic cooperation – problem or opportunity?*, *Perspectives (Review of Central European Affairs)*, No. 9, Winter 97/98, p. 67-76.

Sandholtz, W., Stone Sweet, A. (eds.) (1998) *European Integration and Supranational Governance*, Oxford: Oxford University Press.

Schimmelfenning, F. (1998) *The Eastern Enlargement of the European Union: A Case for Sociological Institutionalism*, paper presented at a joint conference of the Austrian, German and Swiss political science associations in Vienna, June 1998.

Sedelmeier, U., Wallace, H. (1996) *Policies towards Central and Eastern Europe*, in Wallace, H., Wallace, W. (eds.) (1996) *Policy-Making in the European Union*, Oxford: Oxford University Press, p. 353-385.

Seliger, B. (1998) *Integration of the Baltic States in the European Union in the light of the theory of Institutional Competition, Communist Economies & Economic Transformation*, vol. 10, no. 1, 1998, p. 95-109.

Sorsa, P. (1997) *Regional Integration and Baltic Trade and Investment Performance*, Washington, D. C.: International Monetary Fund, IMF working paper WP/97/167.

Statistical Office of Estonia (1998) *Estonian statistics monthly*, no. 12, Tallinn.

Stranga, A. (1997) *The Baltic states in the European security architecture*, in Lejinš, A., Ozolīna, Ž. (1997) *Small States in a Turbulent Environment: the Baltic Perspective*, Riga: Latvian Institute of International Affairs, p. 11-59.

The Baltic Dimension of European Integration, material from the conference organized by the Institute for East West Studies, Latvian Institute of International Affairs and Danish Embassy, Riga, 24-25 August 1996.

Van Ham, P. (ed.) (1995) *The Baltic States: security and defence after independence*, Paris: Institute for Security Studies, Chaillot Papers, no. 19.

Van Ham, P. (1998) *The Baltic States and Europe*, in Hansen, B., Heurlin, B. *The Baltic states in World Politics*, Richmond: Curzon Press, p. 24-45.

Van Ham, P. (1998) *The Baltic States and Zwischeneuropa: 'Geography is Destiny'?* *International Relations*, vol. Xiv, no. 2, August 1998, p. 47-59.

Vilpišauskas, R. (1998) *Baltic states' economic relations in the context of European integration*, presentation for the conference *Baltic states: cooperation and search for the new approaches*, Vilnius, April 24, 1998.

Vilpišauskas, R. (1998) *Lithuania's membership in the European Union: possible effects on Lithuania's external trade policy*, *Lithuanian Foreign Policy Review*, vol. 1, no. 1., p. 63-85.

Viner, J. (1950) *The Customs Union Issue*, New York: Carnegie Endowment for International Peace.

Wallace, W. (1994) *Regional Integration: The West European Experience*, Washington, D. C.: The Brookings Institution.

Wallace, H., Wallace, W. (eds.) (1996) *Policy-Making in the European Union*, Oxford: Oxford University Press.

Williamson, J. (ed.) (1994) *The Political Economy of Policy Reform*, Washington, D. C.: Institute for International Economics.

Winters, A. L. (1995) (ed.) *Foundations of an Open Economy. Trade Laws and Institutions for Eastern Europe*, London: CEPR.

Winters, A. L. (1995) *Trade Policy Institutions in Central and Eastern Europe: Objectives and Outcomes*, in Winters, A. L. (1995) (ed.) *Foundations of an Open Economy. Trade Laws and Institutions for Eastern Europe*, London: CEPR, p. 1-18.

Winters, A. L. (1996) *Regionalism versus Multilateralism*, London: Centre for Economic Policy Research, Discussion Paper No. 1525, (November).

Zecchini, S. (ed.) (1997) *Lessons from the Economic Transition. Central and Eastern Europe in the 1990s*. Dordrecht: Kluwer Academic Publishers.

Zielinska-Glebocka, A. (1994) *European Architecture and Regional Cooperation among the Baltic Area countries*, Gdansk: University of Gdansk, Working paper No. 2/1994.

Zielonka, J. (ed.) (1998) *Paradoxes of European Foreign Policy*, Hague: Kluwer Law International.

Zielonka, J. (1998) *Policies without Strategy: the EU's Record in Eastern Europe*, in Zielonka, J. (ed.) (1998) *Paradoxes of European Foreign Policy*, Hague: Kluwer Law International, p. 131-145.

THE SIGNIFICANCE OF POLITICAL CONVICTION

Alvydas Jokubaitis

The article tries to justify the view that the comprehension of individual political conviction had become one of the most difficult tasks for Western philosophical thinking tradition. It wants to prove that at this time the two existing different traditions of comprehending the significance of individual political conviction have essential deficiencies. The purpose of the article is to offer a conception of the significance of political conviction that would allow one to escape from the onesidedness of these two oppositional philosophical positions. This is attempted with the help of the so-called republican tradition of political thinking, stressing the significance of civilian consciousness, political culture, and active participation in political life.

One of the paradoxes of current Western liberal democratic societies is that the recognition of individual rights and freedoms fits in with the appearance of ever new social forces subordinated to the functioning of political freedom. Disregarding the developed respect for human rights, new forces neutralizing the political activism of citizens and their ability to use the freedom that is granted to them are being formed. Several centuries ago Jean Jacques Rousseau remarked that the by nature free man is always met with chains. Today we can rephrase his famous expression in a different way: "Man has the right to express his thoughts freely, but the great lack of independence in his thinking is met everywhere."

More than one contemporary philosopher and sociologist has noticed that modern Western civilization is spreading in the direction of not only guaranteeing greater individual freedom, but also creating new subordinate social forces. Specialists of the social and political sciences in the past two centuries offered a multitude of conceptions explaining the loss of individual personal freedom, even a short presentation of which would take up much space. The majority of sociologists writing after Max Weber admitted that the functioning of the current bureaucratic authorities created a qualitative new situation when citizens relishing in their own pleasures of life do not want to participate in political rule.

The bureaucratic elite today offers new methods for satisfying personal and social needs, while common citizens fall ever further away from active participation in political life. The convictions of people not participating in political discussions have already turned today to what could be better called the impressions and moods created by the

mass media and not supportable political convictions. The institution of public opinion, which succeeds in functioning even after the total diminishing of the political activism of the citizens begins to play a particular role. People who have never participated actively in political life and are influenced only by the understanding of political affairs formed by the media begin to speak about their political convictions.¹

Political decisions in Western societies today are breaking away ever more from the everyday experience of people and fall into the hands of experts utilizing special information. The voice of the latter becomes much more important than the moral, religious, and political beliefs of the common citizen. The citizens change from active participants in political life to passive users of the decisions by experts. The real significance of political convictions – with the assistance of public discussions to have an influence on the understanding of political matters and the functioning of institutions – has declined.

These and many other indicators show that the modernization of Western social life also has its dark side – the politically free individual becomes a victim of his own exaggerated individualism. Participation in the legitimization process of political authority is becoming to be based on formal voting in elections, while the political parties increasingly become organizations whose only purpose is to gain office. One does not have to agree with the authors who claim that the current Western social welfare state only serves to strengthen the forms of dependency of new citizens, but it would be hard to deny that certain aspects of Western social life create new threats to the freedom and autonomy of the individual. One of these threats, the devaluation of the significance of the political conviction of the individual, is tied to the strengthening of a certain method of political thinking.

The withering away of the significance of citizens' political convictions is exhibited in two basic forms. The first, which can conditionally be called practical, is tied to the bureaucratization, centralization, the manipulation of public opinion, and the lobbyist fight for influence in the institutions of political power in Western social life. Meanwhile, the second of these forms, which can conditionally be called theoretical, is manifested through certain methods of political thinking, in one way or another promoting references to the disappearance of convictions of common citizens. Political science in the West today operates numerous categories devaluating the significance of individual political conviction. Political science specialists today are most interested in matters overcoming the convictions of common citizens, public opinion, the economic and political process, the functioning of the party system, or the structural problems of the restructuring of social life. The convictions of common citizens are usually treated as some sort of minor matter of political life.

It is not necessary to guarantee the political life of a liberal-democratic society that its citizens be original thinkers. For such a society to function it is sufficient that these citizens treat their views and convictions as part of their own personal choice. Political practice can survive without that which is most important in political theory, claims of some kind of newness or originality of some view point. It is for that reason that from the most ancient times there exists a certain tension between politics and theory. Theoreticians by their very nature are called to hurl a challenge to the long-standing understanding of political matters.

Left wing philosophers, in one way or another affected by Marxism, are traditionally more inclined to talk about the manipulation of people's convictions. Meanwhile, liberals are less sensitive to this topic. They understand the danger of manipulating convictions, but their thinking is more characteristic of some kind of onesidedness, not allowing an understanding of the real nature of this phenomenon. One of the best proofs of this matter is the reaction of John Stuart Mill to Alex de Tocqueville's book *Democracy in America*.

In his work de Tocqueville noticed that the accent on moral and political individualism which the liberals love to stress is accompanied by great conformity in the convictions of people. "All American minds – in his opinion – had been fashioned after the same model, exactly do they follow along the same paths."² Mill reacted to these observations of his colleagues with the radical individualism of his work *On Liberty*. "Whatever crushes individuality is despotism,"³ according to one of his most famous theses. Such a reaction shows that he also did not understand the essence of de Tocqueville's sociological observation. The French author was talking about the reasons why the social convictions of the people become uniform. While Mill turned that into philosophical reasonings about individualism, genius, and "the spirit of gaining perfection." He totally did not want to look deeper into the new sociological actions eliminating the independence of a person's thinking.

More than one scholar has noticed the paradoxicality of the person's liberal conception. Having certain political rights and freedoms, the liberal person can do without any moral, cultural or political convictions. The mere mention of John Rawls' idea of "original position" is sufficient to prove this. Rawls derives all the basic principles of his theory of justice from a certain purely hypothetical situation, not allowing for even the smallest mention about the political, moral, or religious convictions of common citizens. The majority of the other most famous contemporary creators of the political philosophy of liberalism think in the same way. They all give preference to some philosophical principle and not the convictions of common citizens.

Hannah Arendt has noticed that reflection on the specific characteristics of political actions thus remained an impossible task for traditional Western political thinking: "Our tradition of political thought began when Plato discovered that it is somehow inherent in the philosophical experience to turn away from the common world of human affairs; it ended when nothing was left of this experience but the opposition of thinking and acting, which, depriving thought of reality and action of sense, makes both meaningless."⁴ Because human action and conviction are two indivisible aspects of the same thing, so extending the idea of Arendt, one could say that Western philosophical thought has not resolved the task of reflecting on the significance of individual political conviction.

The history of downplaying the significance of the political convictions of citizens can be begun with Plato, who was one of the first to mention that the convictions of people in the everyday world are only a subjective opinion, in essence separated from the real - objective and eternal knowledge of human matters. Namely, Plato was the first one to make extraordinarily important the role of the philosophical principle. The conviction that principles are "the power which produces states or individuals."⁵ The

true politician, in his opinion, can not be led by some incidental, depending on changing circumstances understanding of political matters, but is required to strive for the understanding of higher philosophical truths corresponding to the perspective of eternity.

Aristotle essentially changed the manner of his great predecessor's political thinking. If it were not for some recidivisms in Platonic philosophical thinking, this thinker still in the time of the Greeks would have overcome the tradition of raising the metaphysical principle against the convictions of common citizens. According to one of the most famous theses of his political philosophy, language makes people political animals, and that means the ability to have convictions. Aristotle quite clearly recognized that the political community of people arises from the mutual understanding of citizens and not from the knowledge of some kind of eternal philosophical truths. He understood politics as the quite common activity of people, tied with the management of the affairs of the polis, and was not inclined to talk about any kind of philosophical principles, capable of changing the ability of politicians to react with ever new words and actions to the challenge of changing circumstances.

However, in Aristotle's works there is not even the slightest hint that political institutions must also necessarily change when the political convictions of people change. He speaks more eagerly about the opposite matter – the dependence of the political convictions of citizens on the political regime. The Platonic assumption about the priority of form over matter rules his political thinking. The latter in this case corresponds to the political convictions of common citizens, while the former to the political regime. The political thinking of Aristotle is not yet touched by the historical understanding of the political convictions of people. In his works there is not a single example, pointing out that people's convictions have any kind of influence on the character of political institutions. Even when he admits that in politics everything can be interpreted as “being otherwise”, i.e. everything can change depending on circumstances and the understanding of citizens, he continues to give precedence to the regime and not political convictions. Namely, that is why Thomas Aquinas was able to reconcile his ideas about the significance of changing circumstances in politics with the assertion *lex aeterna* and *lex naturalis* which has not only a metaphysical, but also a theological significance. The possibility of such reconcilliation was hiding in the very works of Aristotle.

Niccolo Machiavelli threw the first serious blow against the tradition of political thinking fostered by Plato, Aristotle, and Thomas Aquinas. With the appearance of his works a new way of treating political convictions became more clear. Philosophers of antiquity and the middle ages thought that political life had to be formed according to standards of some kind of higher rationalism independent from the people. Meanwhile, Machiavelli looked at all of this through the eyes of a pragmatic and among the many methods helping to maintain the political rule discovered the manipulation of people's convictions.

He was inclined to recognize as many orders of political life as there are rulers capable of manipulating people and their convictions. All of his political thinking can be brought to a quite elementary observation that “fortune is the arbiter of half the things we do, leaving the other half or so to be controlled by ourselves.”⁷ Namely, he was inclined to tie this second part of human actions with politics, which he understood as manipulation of everything that it was possible to manipulate – fear, cruelty, promised

word, faith, and beliefs. Machiavelli does not recognize any argument which could be made against his offered manipulation of people's convictions. He fears only one thing – mistakes of a technical nature in the process of manipulation. Moreover, just as Aristotle, he does not understand the historicism of human convictions. In spite of the many references to historical persons and events, his famous suggestions to the ruler were written as if from the position of eternity as if the nature of politics would never change.

A particular role in understanding the significance of individual political conviction in history falls to Thomas Hobbes. This author was the first to understand clearly the difference between private and social convictions. One could bravely assert that he was the first one to disclose the specific characteristics of social conviction. He tied the essence of this conviction with the ability of citizens to overcome some of their personal aspirations. Political conviction, in his opinion, is based on the ability of citizens to look at their actions from some kind of more universal perspective, creating general rules of behavior.

However, even understanding in part the significance of individual political conviction, Hobbes had almost no interest in the real feelings and thoughts of the people of the world. His famous Leviathan can function independently from the mutual understanding of people, i.e. as the most accurate mechanism. Hobbes is inclined to treat the political convictions of citizens as a secondary matter. These convictions in his thinking function without any more concrete content, more like some kind of philosophical principle. The purpose of Hobbes' theoretical searchings was to find some kind of eternal or universal foundations for political life, and not to study deeper the frequently changing ideas and feelings of common citizens.

A similar way of treating political convictions is also characteristic for John Locke. The creator of current liberalism did a lot strengthen the convictions of tolerance and respect for people. However, despite this he was more interested in the citizens' rights to have convictions and not the very convictions. His political philosophy is formulated in such paradoxical, theoretical language that having the right to have convictions, the citizen of his imagined society can have no views. In his political tracts Locke writes about the significance of "natural law," almost not mentioning any kind of more concrete forms of people's political convictions.

It is irrelevant on what later liberals base their opinions – natural rights, utility, freedom, or some other principles – they usually were apt to treat the convictions of people they met in real political life in Locke's style, as some second rate matter. The first exception to this was Mill.

This author was one of the first to raise the question of the independence, originality and even eccentricity of citizens' convictions. He was the first to grasp the very problem of the independence and originality of human convictions. In his work *On Liberty* he defined the individual as a source of unlimited creativity and originality. His individualism was so deep that he most probably would have not understood the popular philosophical question today about who rules whom – people convictions or convictions people? He did not have the slightest doubt that individuals are the real masters of their convictions.

One of the greatest benefits of Mill was that he was the first to speak out about the significance of erroneous political conviction: "If we were never to act on our opinions,

because those opinions may be wrong, we should leave all our interests uncared for, and all our duties unperformed.”⁸ Politics in his opinion is based not on knowing the absolutely correct position, but on balancing different political convictions, proving their superiority. This opinion of Mill towards politics sounded like a real challenge to the whole tradition of Western philosophical thinking. From the time of Plato political philosophers searched for objective, independent from the understanding of separate individuals principles of political life. Mill, meanwhile, transferred the center of weight to subjective convictions. He was inclined to recognize only one way of acquiring political convictions – discussion. All other ways of acquiring political opinions seemed to him to be not reconcilable with the nature of man, his ability to motivate his actions in a rational manner.

The French era of Enlightenment became an important period for understanding the significance of citizens’ political convictions. According to Jean Antoine de Condorcet, “In political science there are those truths which [...] can be useful only when they are universally known and accepted.”⁹ The Enlightenment advocates sought to spread certain ideas and in this way help change political reality. They were among the first to comprehend that political rule is indistinguishable from the domination of certain ideas in men’s minds and gained fame as extraordinary exposers of the manipulation of the political convictions of people. Moreover, they also had the same pretensions to be the rulers of men’s minds. In addition to the famous speculation about man’s ability to be ruled by his mind, the Enlightenment advocates discovered many new strategies for manipulating people’s convictions. The writing of encyclopedias and the propagation of scientific data were only the most innocent of the methods they discovered to change human understanding. Quite quickly various forms of political coercion were also entered in the arsenal of these methods. The Enlightenment advocates explained their ideas of restructuring political life according to all the canons of Platonic thinking – as being derived from the natural order of the world. The political convictions of common citizens that contradicted their philosophical projects were treated as most elementary disrespect for the mind of man and deviations from the objective norms of morality.

The works of Edmund Burke became one of the most valuable periods for understanding the significance of political conviction. The author of *Reflections on the Revolution in France* found the missing link in the political thoughts of Hobbes and Locke – the historical and cultural experience of political communities. Historically the appearance of changing political communities in essence changed the attitude to the convictions of common citizens. An intermediary link – the long standing traditions of cultural and political life – appeared between the individual and the state. Above them there remained no higher philosophical tribunal, capable of annulling the everyday understanding of political matters by its decisions.

Passing to the historical perspectives of explaining political phenomena, a serious blow was thrown against the appeals of philosophers to permanent metaphysical principles. Burke made the existence of the latter dependent on the historically changing circumstances and traditions of political life. If the Platonic tradition of political thinking treated metaphysical principles as being given before everyday experience, then Burke offered an opposing perspective for looking – he began to explain political principles as the generalizations and abbreviations of experience formed during a long time. He

looked at politics as a kind of historical achievement, supported by many not fully realized circumstances, habits, and established traditions of activities, and constantly tried to stress that the knowledge of abstract philosophical principles is not the most important matter in politics. Political institutions arise from people's manners, habits, and traditions of practical activities and not from some kind of knowledge of metaphysical principles. Both the long established norms of political life and the self-expression of separate individuals are supported by the same basis of social practice and traditions.

Making important everyday political life became an action directed against the appeals of philosophers to eternal and unchanging principles. A certain regularity became clear: when more respect was shown to everyday affairs respect for the feelings, beliefs, and habits of common citizens increased at the same time. In this respect one can totally agree with Friedrich Nietzsche who frequently talked about how philosophers most of all lack a feeling of history. Accepting the historical perspective of treating political phenomena, the authority of metaphysical principles declined noticeably and the significance of the political convictions of common citizens grew. Politics became dependent on the ideas and actions of common people. Human mutual understanding and the long established forms of cultural life became more important than any kind of speculative discoveries of the philosophical mind.

At the beginning of the 19th century was born a new, formulated by Immanuel Kant and Georg Hegel, method of understanding the significance of political convictions, which can be briefly described as "processual". The influence of this way of political thought very quickly became greater than the significance of the historical and hermeneutic perspectives of political thought opened by Burke. Kant was one of the first to speak out about the higher significance of political processes, not understood by ordinary citizens. In spite of his huge respect for the autonomy of the individual (which today has already made him one of the most influential liberals), Kant talked about the separation of the true meaning of human actions and beliefs from understanding the everyday world: "Individual men and even nations little imagine that, while they are pursuing their own ends, each in his own way and often in opposition to others, they are unwittingly guided in their advance along a course intended by nature."¹⁰ This means that even individuals defending their autonomy very fiercely can not fully understand the true incentives of their actions.

What Kant called "a goal of nature", Hegel termed "cunning of reason." The terminological differences in this case do not play an important role. Both philosophers were talking about the same thing – the convictions of individuals are always separated from the true intentions of the historical process. That is people interpret their actions in one way, but looking at them from a higher perspective it becomes clear that their actions had a totally different meaning which they did not fully understand and know. In other words, the meaning of political actions and what social activists say about them differ. The true carrier of meaning is not the distinct individuals, but the historical, cultural, or civilized process spreading behind their shoulders.

The contributions of Hegel to the understanding of the historicism of political phenomena are great. However, he also contributed to the same extent to the devaluation of the significance of individual political convictions. If the philosophers of earlier times

eliminated the significance of individual political conviction by making absolute the metaphysical principle, then Hegel did the same by making the process more important. The true source of political changes became an independently spreading process, which used the actions and thoughts of separate individuals to realize its higher goals.

Hegel also contributed a great deal to opening the way for what is now frequently called “postmodernism.” In spite of numerous differences, it and the godfather of postmodernism, Nietzsche, are united by the same respect for the process. Nietzsche also liked very much to talk about the actions eliminating the independence of individual thought. Namely, he (according to all the canons of Hegelian thought) was one of the first to propose that the individual be treated as a predicate, and not a subject. In his own words: “moral judgement is never to be taken literally: as such it never contains anything but nonsense.”¹¹ This means that one can look at the individual as a creation of a certain larger than him social, cultural, or political totality. If Mill and his disciples tried to combine everything into the ability of the individual to form his convictions independently, then Nietzsche advanced in the opposite direction, he tried to explain the convictions of the individual and his actions as a certain derivative of certain historical, cultural, or civilizational processes.

Hegel's reflections on the process had really important consequences for Western political thought. This is first tied with the increase of distrust in the convictions of common citizens. One of the most impressive examples of processual thought became the Marxist ideology theory, demonstrating particular distrust for the political convictions of common citizens. Friedrich Engels said: “Ideology is a process accomplished by the so-called thinker consciously, it is true, but with a false consciousness. The real motive forces impelling him remain unknown to him; otherwise it simply would not be an ideological process.”¹² The Marxists openly treated the political convictions of common citizens as a kind of distorted understanding of reality.

The majority of the contemporary forms of diminishing the significance of individual political conviction usually only repeat the arguments of Marx and Hegel. Contemporary social sciences and humanities progressed forward relying on the Hegelian idea about the difference between human convictions and process. The psychological, sociological, or political discoveries, whose authors would find some deeper significances, only accessible to the eyes of educated specialist, attracted the attention of the public the most.

The strategy of looking for hidden or unseen reasons for human actions became especially attached to the sciences of psychology and sociology. Psychologists, who became the unsurpassable implementers of the “art of distrust,” achieved particularly impressive results in this field. Sigmund Freud and his followers understood almost literally the old idea that convictions rule people and not the reverse. It was known from ancient times that politicians hide the true intentions of their actions or do not understand them fully. Contemporary psychologists gave a new significance to this long known truth; they began to say that politicians are ruled by forces more powerful than themselves, which are determined by their personalities or even the spiritual nature of the whole society. Contemporary society, in the opinion of Erich Fromm, offers not only new forms of individual freedom, but also new ways to escape from them.¹³ This means that citizens who are totally not independently thinking, but under the influence on some kind of unseen social and spiritual factor can also talk about liberty.

Hegel's idea of "the cunning of reason" made a particular contribution to strengthening the status of the science of sociology. Sociologists made a path for themselves by demasking various collective illusions. The strategy fostered by Hegel (also in part by Plato), not to trust matters spoken by the people of the everyday world and to seek deeper reasons behind them, was being used. Emile Durkheim's famous discovery of independent social facts was born together with the requirement to go beyond the individual intentions of social agents. The holistic perspective pertaining to the explanation to social phenomena, as proposed by him, repeated to a great extent the fundamental principles of Hegel's philosophy of law. Both authors said the same thing – in society independent forces, going beyond the convictions and intentions of separate citizens play a role. The tenet of sociologists to look with skepticism at the individual motives of social workers became another additional factor, contributing to the promotion of distrust in the convictions of common citizens.¹⁴ After the authority of sociological experiments increased, the institutions of political authority ever more often decided to base their actions on the decisions of experts and not the convictions of common citizens.

Contemporary understanding of the significance of political conviction varies between two extremes, Mill's exaggerated individualism (explained in his work *On Liberty*) and Hegel's processual thinking. The contemporary followers of Mill are convinced that the individual has to be treated as the final source of social norms. Meanwhile, the proponents of Hegel (and also of Nietzsche) think that the true generating source of social significance is some kind of force – system, discourse, structure or some kind of process higher than the individual. The thinkers in this group are inclined to treat the political convictions of the distinct individual as a certain effect of socialization which can not be explained from the positions of individualism.

Such a serious contradiction between Mill and the contemporary followers of Hegel and Nietzsche can only be resolved in one way by recognizing the significance of cultural traditions. Tradition is the intermediary link which permits an explanation for both the individual ability to change one's convictions and the existence of political institutions. Looking from the perspective of political thinking grasped by Burke, one can state that Mill and his followers erred in thinking that tradition is only a hinderance to the spread of individualism. Meanwhile, the thinking of the majority of the contemporary followers of Hegel and Nietzsche is based on the false assumption that the functioning of the significances of political life is totally separated from the understanding of separate individuals. The latter view leads to an unjustified devaluation of the significance of individual political actions and convictions. Contemporary followers of Hegel and Nietzsche usually forget that the different political convictions of people are not only merely elements of some kind of purely linguistic game, but arise from different political regimes, realizing different conceptions of man and his freedom. People by their understanding and actions create and maintain certain forms of political life, providing the fundamental parameters of individualism and community solidarity.

A mutual relation exists between political structures and the convictions of individual citizens. Political structures not only condition the actions of men, but are also variable due to human understanding. For this reason even the most unoriginal and least independent convictions of citizens have to be treated as one of the most

important factors of political life. Individuals by their convictions maintain the existence of certain political institutions and these institutions are also structures enabling certain individual actions. In politics it is always possible to find many matters which do not rely on the convictions of distinct individuals. However, this does not mean that political institutions can live independently from what common citizens think about them. Individuals are not only passive creations of the understanding of political matters surrounding them. By their actions and convictions they can change the nature of political institutions.

Reflection on the significance of the political convictions of common citizens became one of the most difficult exercises of Western philosophical thinking. From Greek times philosophers of politics always searched for something more than the convictions of common citizens – irresistible principles, metaphysical foundations or the eternal standards of human rationality. Martin Heidegger has said that Western philosophical thinking forgot being and instead thought about entities. One can also say the same about the understanding of the significance of individual political conviction. Western political thinking forgot the convictions of common citizens and in place of them thought about metaphysical principles. There was a search for immutable foundations of political life which appeared more important and reliable than the ability of the people of the everyday world to understand one another and to create and maintain certain traditions of political life.

There is no doubt that with political convictions one can make manipulations even in the most liberal societies. However, this manipulation always has considerably fewer possibilities in societies whose citizens participate actively in the affairs of political rule. That is individual political convictions acquire their true meaning only in those political cultures which are based on the active participation of citizens in managing their political affairs. Active participation in political life is the only really effective method against the wide scale manipulations of the convictions of people. Only those societies whose citizens have not only heard certain words shaping political discourse, but also by their daily actions contribute to the maintenance of a certain political order which they perceive as a continuation of their convictions can oppose this. This means that the comprehension of the significance of a political conviction is indivisible from the tradition of republican political thought, stressing active participation in managing political affairs. Only by maintaining this tradition of political thinking can one avoid the two previously mentioned extremes, exaggerated individualism and the so-called deconstruction of subject.

Translated by Saulius Girmius

NOTES AND REFERENCES

¹ See J. Habermas, *Strukturwandel der Öffentlichkeit* (Darmstadt und Neuwied: Hermann Luchterland Verlag, 1962); Habermas, *Legitimationsprobleme in Spätkapitalismus* (Frankfurt am Main: Suhrkamp, 1973); Habermas, *Theorie des Kommunikativen Handelns*, 2 Bde (Frankfurt am Main: Suhrkamp, 1987).

² A. de Tocqueville, *Democracy in America*, trans. G. Lawrence (Perennial Library, 1988), p. 258.

³ J. S. Mill, *On Liberty and Other Essays*, ed. and introd. J. Gray (Oxford, New York: Oxford University Press, 1991), p. 71.

⁴ H. Arendt, *Between Past and Future* (Penguin Books, 1993), p. 25.

⁵ *The Republic of Plato*, trans., introd. and notes F. M. Cornford (Oxford, UK: Oxford University Press, 1945), p. 141.

⁶ Aristotle, *Nicomachean Ethics*, trans. T. Irwin (Hachett Publishing Company, 1985), p. 153.

⁷ N. Machiavelli, *The Prince*, trans. and introd. G. Bull (Penguin Books, 1988), p. 130.

⁸ Mill, *On Liberty*, p. 23.

⁹ J. A. de Condorcet, *Essquisse d'un tableau historique de progres de l'esprit humain* (Paris, 1975), p. 352.

¹⁰ I. Kant, *Political Writings*, trans. H.B.Nisbet, ed., introd. and notes H. Reiss (Cambridge, UK: Cambridge University Press, 1992), p. 41.

¹¹ F. Nietzsche, *Twilight of the Idols and The Anti-Christ*, trans. R.J.Hollingdale (Penguin Books, 1968), p. 55.

¹² *The Marx-Engels Reader*, ed. R.C.Tucker (New York: W.W.Norton & Company, 1978), p. 766.

¹³ Erich Fromm asks: "What then is the meaning of freedom for modern man? He has become free from the external bonds that would prevent him from doing and thinking as he sees fit. He would be free to act according to his own will, if he knew what he wanted, thought, and felt. But he does not know. He conforms to anonymous authorities and adopts a self which is not his." E. Fromm, *Escape from Freedom* (Avon Books, 1965), p. 281.

¹⁴ See J. Dunn "Social Theory, Social Understanding, and Political Action", in *Rethinking Modern Political Theory* (Cambridge, UK: Cambridge University Press, 1986), pp. 119-138.

LITHUANIA'S ADMINISTRATIVE AND POLITICAL ADAPTATION TO THE EUROPEAN UNION

Vitalis Nakrošis

The growing influence of the European Union (subsequently EU) on the internal policies and institutional changes of its member states encouraged studies on adaptation to the EU. Although these studies use different theoretical foundations, they are united by a similar research question, which in one way or another is tied with the adaptation of EU member states to the EU.¹ In analyzing adaptation to the EU, the other countries of Western Europe which for certain reasons did not become EU member-states were not forgotten.² However, the adaptation of the Central and Eastern Europe countries (subsequently CEEC) to the EU for various reasons remains little researched. This article will present the theoretical basis for adaptation to the EU, suitable for analyzing states in the transition period, and also review the institutional environment of Lithuania's administrative and political adaptation to the EU as well as its effect on the implementation of institutional and public policy changes.

The definition of adaptation to the EU determines the selection of an independent variable. Adaptation to the EU can be described as the gradual process of Lithuania's internal policies, institutional structure, and administrative style converging with the domestic policies of EU member states and the EU institutions themselves. Such a definition of adaptation demands an analysis of the consequences of Lithuania's adaptation to the EU. However, such an analysis has very many restrictions. First of all, even though the process of Lithuania's entry into the EU has gained acceleration, the consequences of adaptation to the EU in many fields of the *acquis* are still uncertain.

Second, the analysis of the consequences of Lithuania's adaptation to the EU has to be based on different case studies, analyzing the consequences of Lithuania's adaptation process in the different fields of the *acquis*. Even if the consequences of Lithuania's adaptation to the EU were clear, their analysis at a macro level would be complicated by the absence of micro level studies analyzing Lithuania's adaptation in different fields of the *acquis*. However, such studies do not exist now with the exception of few studies analyzing Lithuania's adaptation in the field of coordinating EU affairs.³

Another deficiency of convergence-based approach to adaptation is placing too great importance on formal institutional changes. One extreme of such analysis is the descriptive mention of the creation of new institutions. Such narrow analysis of adaptation is very erroneous because it can not explain the characteristics of adaptation to the EU and ignores the general agreement of public administration scholars that the most appropriate unit for analysis within the public administration must not be the single organisation, but rather organisational networks.⁴

Four, in analyzing the consequences of adaptation to the EU, it is very complicated to present the conceptualization and operationalization of independent and dependent variables. This is a task requiring many analytical efforts. For example, it is necessary to distinguish EU influence from other outside influences or to conceptualize the styles of the domestic policy of Lithuania and the EU member states to which it is compared. Finally, it is unlikely that during the process of adaptation to the EU transition states would achieve convergency with the EU member states sufficiently rapidly. Although one can expect that sufficiently fast convergence is possible in formal institutional structures and functions, the rapid convergence of embedded and change-averse informal decision-making procedures is hardly possible.

Thus, it is the process rather than the consequences of Lithuania's adaptation to the EU that is the subject of this analysis. Lithuania's adaptation is understood as a series of institutional and public policy changes, which implement EU requirements and expectations as well as shape Lithuania's administrative capabilities to apply EU law and participate in the EU political process. A similar framework of research was applied in analyzing Lithuania's administrative capabilities to manage the dynamics of EU affairs.⁵ At the present time, the process-orientated rather than consequence-orientated approach to analyzing adaptation is more favourable as it allows one to avoid the previously mentioned shortcomings and better explain the phenomenon of adaptation to the EU. It is also superior in terms of forming normative recommendations for a more effective, consistent, and efficient adaptation process, thus implementing the normative function of public administration.

The research analyzes the process of adaptation to the EU at the administrative-political level. Although adaptation also occurs at other levels, the changes occurring at the administrative-political level are the most important for Lithuania's accession to the EU and for the development of adequate administrative capabilities. In addition to the institutional and internal policy changes occurring at this level, the process of adaptation at this level features changes in the behavior of administrative and political officials. The research does not directly analyze political actors acting at other levels (for example, of political parties, local governments, interest groups and society in general) or their influence on changes in institutions and public policy.

The main object of research is administrative adaptation to the EU. It encompasses the adaptation of administrative institutions, of standard operating procedures as well as of administrative officials (career and temporary officials). Because not only administrative officials, but also politicians work at the administrative-political level, the article also analyzes the adaptation to the EU of political institutions and politicians. Because the research analyzes only the adaptation of political institutions acting at the

administrative-political level, only cabinet members, the political officials in the Government Chancellery and the staff of the Prime Minister, deputy ministers, the heads of government organizations, and other political appointees are analyzed. The sum of these officials is called the political executive.

The research is based on the assumptions and hypotheses of different theories of public administration. The selection of such a theoretical basis can be justified because when the discipline of public administration is in essence more normative than theoretical and there is no universal theory of public administration, the analysis of the acute questions of public administration has to rely on the assumptions and hypotheses of different theories of public administration.⁶ This article mostly uses the assumptions and hypotheses of the new institutionalist approach, of the public choice school as well as of public policy analysis.

Because the research analyzes Lithuania's adaptation through the dynamics of institutional and public policy changes, it needs to present three fundamental hypotheses of the process of institutional and public policy changes.⁷ According to the first interpretation, the fundamental force driving institutional and public policy changes is *functional efficiency*. This interpretation assumes that while the adaptation to variable opportunities and requirements is occurring, the process of discussing alternative institutional and public policy changes arises in whose aftermath the most efficient decision is chosen. Although this hypothesis should be the fundamental *normative* postulate for persons implementing the institutional and public policy changes, it lacks a serious empirical foundation. The functional efficiency thesis does not take into consideration the importance of historical tradition and outside influences as well as the desire of officials to use the occurring institutional and public policy changes for their own personal interests. Even more, because of the limited capabilities of human thinking, the biased nature of political analysis, the limited competition of ideas, and the meager political participation often not even consciously unproductive and ineffective decisions are made.⁸

The second explanation of institutional and public policy changes directs its main attention to the factors of *historical continuity and dynamics*. The main argument of this viewpoint is that the formed in the course of history and deeply embedded standard operating procedures impart path-dependency on the process of change. Institutional and public policy changes are slow and unproductive due to the on-going struggle between historical tradition and new possibilities and requirements. Because of the greater compatibility of the assumptions of this interpretation with empirical reality and the importance of Soviet tradition to the transformation processes in the CEES, this research broadly uses the assumptions of this interpretation. However, one should not forget its deficiencies. For example, this interpretation does not evaluate sufficiently the potential of outside pressure and of the "top-down" decisions to overcome the restrictions created by factors of historical tradition.

The third interpretation of institutional and public policy changes directs its main attention to the *political agency* aspect. The assumption is made that the aims and interests of the officials participating in the political process, political power, and conflict resolution and consensus seeking procedures determine the dynamics of change. Functional efficiency is rarely the result of the interaction of officials because while conflict resolution

and consensus seeking processes are occurring, functional efficiency is often sacrificed in the name of compromise and functional efficiency is only a secondary element motivating the behavior of officials. The main deficiency of this interpretation is its narrowness. But this is easily overcome by integrating the assumptions of this approach into the historical models of institutional and public policy change.

Looking at the advantages and deficiencies of the three mentioned interpretations as well as the question of the research, this research selected three main groups of explanatory variables: (i) *EU requirements and expectations*, (ii) *Lithuania's administrative and institutional tradition*, as well as (iii) *the administrative and political players*. The starting point of the analysis is the requirements and expectations for the accession into the EU. The main difference between EU requirements and expectations is the official listing of the requirements in various documents of EU institutions. The research goes beyond the general argument that the EU influences institutional and public policy changes and aims to analyze the concrete forms of EU requirements and expectations as well as to present the conceptualization of EU influence on institutional and public policy changes. The EU influence is analyzed separating the two main instruments of influence: EU financial assistance and the power of the EU to influence the agenda of the Lithuanian Government.

The main group of explanatory variables is Lithuania's administrative and institutional tradition. This tradition was formed during the transitional period as a consequence of the interaction of the on-going institutional and public policy changes with elements of the Soviet administrative legacy. The research does not seek to present a comprehensive description of Lithuania's administrative and institutional traditions or the heritage of Lithuania's administrative system. However, the research seeks to conceptualize and determine how this tradition influences through institutional and public policy changes the on-going adaptation to the EU.

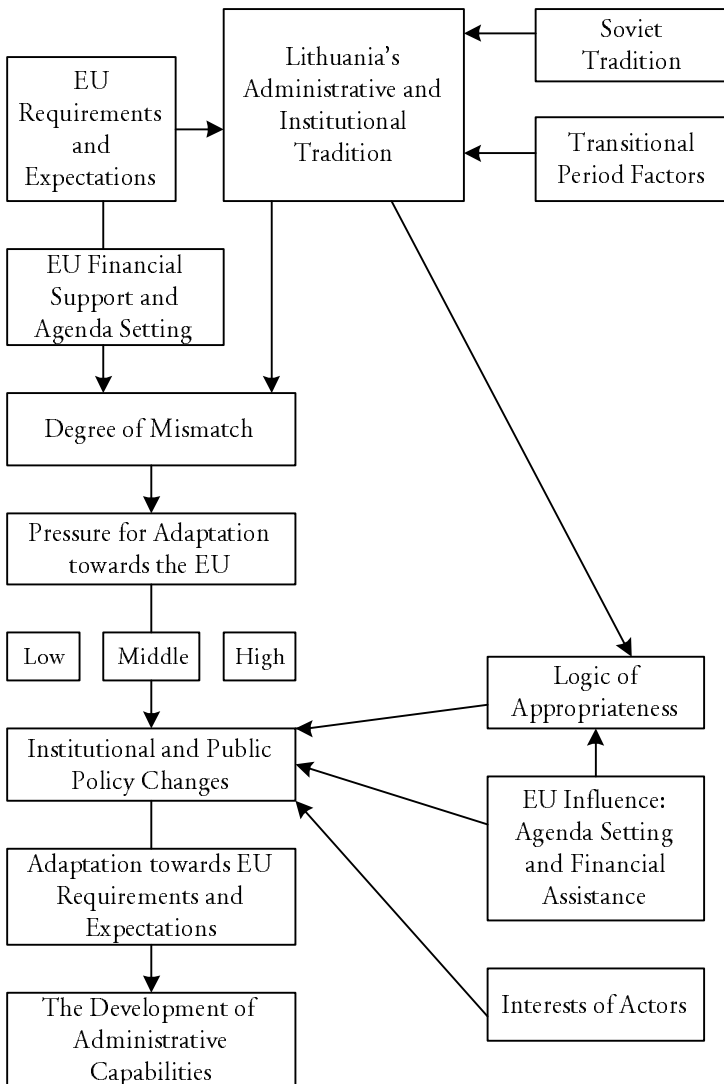
Lithuania's administrative and institutional tradition affects the form of institutional and public policy changes occurring in the process of adaptation to the EU through two main means: "pressure for adaptation" and "logic of appropriateness." However, there is also a feedback when the implementation of institutional and public policy changes affect administrative and institutional tradition.⁹

The influence of administrative and institutional tradition on the formation and implementation of institutional or public policy changes is also shaped by the logic of appropriateness and standard operating procedures. Standard operating procedures are defined as the totality of written and unwritten rules, which "do not include cultural and social norms, but include the rules of a political nature for which formal or informal agreement are reached."¹⁰

EU requirements and expectations are carried out in compliance with the mentioned standard operation procedures. In analyzing the implementation possibilities of separate EU requirements or expectations, actors apply written or unwritten procedures which influence the dynamics and form of institutional or public policy changes. Using the terms of new institutionalization in deciding the implementation of individual requirements and expectations, actors are confronted with the logic of appropriateness or standard operation procedures applicable in a particular case. This logic of appropriateness restricts the behavior of individual officials by setting the boundaries of suitable or acceptable behavior.¹¹

The logic of appropriateness is an important part of the institutional environment. Influencing the behavior of actors, different standard operating procedures can limit or encourage certain institutional and public policy changes, influence their dynamics and form. Moreover, standard operating procedures also indirectly affect the articulation of the preferences of actors because while institutional and public policy changes are occurring, actors rely on the logic of appropriateness to determine their behavior strategy. Actors usually refuse to seek goals which contradict the logic of appropriateness because their

Diagram No. 1 Main Forces Influencing Adaptation to the EU



implementation can meet strong opposition. One can assume that the process of adaptation to the EU will be faster in those areas where EU requirements and expectations feature greater compliance with Lithuania's logic of appropriateness. In this way the possibilities of administrative and political actors to maximize their interests in the implementation of institutional or public policy changes will depend on the match between proposed institutional or public policy changes and the logic of appropriateness.

The pressure of adaptation is analyzed distinguishing three main levels of pressure: low, medium, and high.¹² The pressure of adaptation is *high* when EU requirements and expectations are broad, require great financial resources, and contradict the essential elements of administrative and institutional tradition as well as the logic of appropriateness. The pressure of adaptation is *medium* when EU requirements and expectations are of medium range, not requiring great financial resources and are adaptable with the essential elements of administrative and institutional tradition as well as the logic of appropriateness. The pressure of adaptation is *low* when the range of EU requirements and expectations are small, their implementation does not require great financial resources and they meet the essential elements of administrative and institutional tradition as well as the logic of appropriateness.

The analysis of empirical data in different areas of the *acquis* has to show which adaptation process characteristics will dominate when there is high pressure of adaptation in different areas of the *acquis*. One can conceptualize the characteristics of the adaptation process according to three main dimensions: the time dimension (rapid and slow changes), consistency dimension (consistent and inconsistent changes), volume dimension (broad and narrow volume changes). By changing dimensions and the level of adaptation pressure, one can form hypotheses for further analysis. For example, one can analyze the hypothesis that when the adaptation pressure is high the formation and implementation of institutional or public policy changes will be rapid, consistent, and of a broad volume because both the EU (using the means of financial support and agenda setting) and the Lithuanian Government will try to reduce the degree of divergence between EU requirements and expectations and Lithuania's administrative and institutional tradition. However, another alternative and extreme hypothesis would claim that when there is high pressure of adaptation the formation and implementation of institutional and public policy changes will be slow, inconsistent, and of a narrow volume because restrictions of financial and human resources will appear.

According to the latter hypothesis, one would expect that only symbolic decisions would be reached and that EU requirements and expectations would not really be implemented. One expression of a symbolic policy is the acceptance of decisions which seek to satisfy EU institutions or the consultants from PHARE states working in Lithuania without making any essential institutional or public policy changes. Another symbolic expression of policy appears when the problems of non-convergence are attempted to be resolved by creating new institutions or bureaus as well as accepting new legal acts, but not resolving the essence of the problems. The result of such symbolic policies is often "cosmetic" institutional or public policy changes, and not a decision on the essence of the problem. In certain cases symbolic policies can comply well with some aspects of Lithuania's administrative and institutional heritage, for

example, the legalistic nature of administration as well as the formal implementation of decisions when the implementation of a demand is formally accepted even though it was not really implemented.¹³

However, in analyzing Lithuania's adaptation to the EU one must take into consideration that the pressure of adaptation can not determine the results of adaptation to EU requirements and expectations because these results are influenced by suitability logic as well as the coordination of the administrative and political interests of the officials with the proposed changes. One should not expect that Lithuania's adaptation to the EU will be determined solely by EU requirements and expectations as well as the institutional and public policy changes of Lithuania's administrative and institutional traditions occurring during the interaction period. It is administrative, political, and other actors that discuss, accept and implement institutional and public policy changes. The behavior of actors analyzing, accepting, and implementing the changes connected with entry into the EU depend on their interests, the methods for gathering preferences, and the relative power of the actors although it is at the same time also restricted by the logic of appropriateness. Actors can interpret EU requirements and expectations connecting them not only with the logic of appropriateness, but also with their own interests.

An analysis of the group of officials requires a conceptualization of the behavior of the officials. The research is based on the theories of public choice and analyzes the role of the officials in adapting to the EU according to the motivation of their behavior and outside restrictions. In speaking about the assumptions of the behavior of *administrative* officials, this article mostly relies on the traditional assumption of the public choice school that the main motivational assumption of the behavior of officials is the maximization of their personal benefits. State officials can best realize this motivation of behavior when outside restrictions limit their behavior only a little.

The budget maximization model interpreted this assumption by presenting the argument that officials implement this motivational assumption of behavior by maximizing their bureau budget.¹⁴ In a different way than the budget maximization model, the bureau formation model asserts that because of existing outside restrictions officials are more inclined to maximize their personal welfare not only by maximizing the budget of their bureau, but also by making their bureaus as attractive as possible.¹⁵ When institutional reforms are taking place bureaucrats try to convert their bureaus into collegiate (rather than hierarchical) institutions established in the capital (rather than in the periphery) responsible for policy-making (rather than implementation).

Conceptualizing the behavior of *political* officials is more complicated. The theories of public choice make the assumption that the main motivation of political officials is the fulfillment of voters' interests in order to retain their political posts. In speaking about the fulfillment of voters' interests, the assumed behavior is more applicable to parliament politicians rather than representatives of the political executive. Moreover, if during the transition period there is an unstable political executive and weakly developed channels for representing social interests, one can argue that the representatives of the political executive are more interested in maximizing their own welfare than in representing the interests of the voters. Therefore, such research makes the assumption

that the main assumption of the behavior of politicians is the maximization of personal welfare, which frequently assumes the form of retaining political posts.

Finally, because political and administrative accommodation is analyzed together, it is important to present the assumptions of the mutual relations of administrative and political officials. Seeking to present a conceptualization of the relation of these officials, this article relies on the principal-agent model of the public choice school.¹⁶ The principal-agent model relies on two main assumptions analyzing the relationship between officials and politicians. First, because of the different interests of officials and politicians a conflict of interests is characteristic of their mutual relations. Relying on the previously presented information because the assumptions on the behavior of administrative and political officials are partially the same, one can expect that in transition period countries there would be a higher degree of accommodation between administrative and political officials than would be expected by proponents of the public choice school. Another assumption of the principal-agent model is the information asymmetry between administrative officials and politicians, which arises from the direct participation of officials in providing public services, their specialized knowledge and experience as well as the greater stability of their administration compared with the political executive. This asymmetry of information becomes one of the main sources of the power of officials, which, if the suitable need arises, is used against the political executive.

The Methods of EU Pressure: Agenda-Setting and Financial Assistance

EU institutions influence Lithuania's adaptation to the EU by setting the agenda of the Lithuanian government. Together with EU financial assistance the agenda setting are the main instruments, which the EU uses to influence Lithuania's institutional and public policy changes.¹⁷ The agenda setting influences the dynamics and forms of institutional and public policy changes, whose implementation is necessary to achieve Lithuania's adaptation to the EU.

The main agenda-setting instruments employed by the EU are the EU membership criteria formed at the Copenhagen and Madrid summit meetings, the short and middle-term Accession Partnership priorities, Lithuania's commitments according to the European Treaty, the Opinions/Regular Reports from the European Commission about Lithuania's progress in joining the EU, screening, and the future accession negotiations. In addition to the EU requirements there also exist EU expectations which include the need to have "methods of coordination and planning, balanced administrative-political relations, continuity, respect for formal rules and commitments <...>, effective methods of supervision and control and <...> transparency."¹⁸ One can also hold the implementation of the *acquis* regulations as part of the Lithuanian Government agenda. The *acquis* at this time consists of more than 20,000 regulations and 2,000 directives. Eighty percent of legal acts applicable in the EU member-states are of European origin. Moreover, the candidate states confront the problem of "moving target": the object to which they should adjust is changing and expanding, especially in such areas of the *acquis* as finance, agriculture, and structural funds.

The European Commission is the main EU institution involved in setting the agenda of the Lithuanian government. Although the European Commission does not enjoy the agenda-setting monopoly, its possibilities in this matter are greatest due to such factors as its responsibility for EU enlargement, its expertise and experience in the field of EU regulation, its financial resources, the lack of administrative capabilities in Lithuania's administration, etc. It is accepted that due to the wide scope of EU membership criteria and Accession Partnership the influence of the European Commission on the internal political processes in CEES is greater than in the EU member-states.¹⁹

The possibilities of the Lithuanian central government, employing about 11,000 officials, to transform the requirements of such a range of legal acts into national law and to put them into practice in a relatively short time period (from 1995 when the implementation of the rules of the White Book realistically began) are very limited. Accordingly, the existing mismatch between the implementation of EU requirements and expectations and Lithuania's administrative capacities to realize them through institutional and public policy changes in part determined the overload of the Government's agenda.²⁰ The agenda overload is different in the separate fields of the *acquis*: it is most apparent in the field of agriculture where accession to the EU demands probably the greatest range of institutional and public policy changes.²¹

The dynamics of including different EU requirements and expectations in the Lithuanian Government agenda can help explain the dynamics of Lithuania's adaptation to EU requirements and expectations. It is evident that in view of the mentioned mismatch and change implementation limits the dynamics of implementing different EU requirements depend on the powers of forming the EU agenda. The sooner one or another EU requirement and expectation is included in the Government's agenda, the faster it is carried out. Lithuania's relative backwardness in the field of regional policy and cohesion is partially connected with the fact that this field of the *acquis* was not included in the contents of the White Book and, therefore, was not part of the Government's agenda for 1995. The process of Lithuania's adaptation to EU requirements and expectations began only in the summer of 1997 when the European Commission's opinion on Lithuania's progress in joining the EU, which mentioned the inadequate efforts of the Lithuanian Government in this field, was begun to be discussed.²²

The EU influences the formation of the Government's agenda at several levels. The agenda setting at the *macro* level appears as the Lithuanian Government carried out the EU membership criteria of the Copenhagen and Madrid summits and the less detailed priorities of Accession Partnership. Frequently at this level, EU influence on the dynamics and form of the institutional and public policy changes is not large because the Lithuanian Government implements the mentioned requirements without feeling direct EU pressure, but only recognizing the importance of EU membership. Therefore, the implementation of institutional and public policy changes is determined by internal rather than external actions.

At the *micro* level the influence of the on-going agenda setting on the formation and implementation of institutional and public policy changes is different. At this level Lithuanian institutions are confronted with the detailed priorities of the Accession

Partnership and other EU requirements and expectations. Because these requirements are included in the Lithuanian government agenda not only because of the importance of EU membership but also due to various forms of EU pressure, the on-going agenda setting at this level is indirectly affects the dynamics and form of institutional and public policy changes. In the absence of direct EU pressure, the separate EU requirements and expectations would be carried out later or the form of their implementation would be different. Such formation of the agenda occurs when the European Commission identifies the concrete problem of not meeting EU requirements (usually in its Opinion/Regular Report) and points out methods to banish the mismatch (usually in its opinion/regular report as well as the Accession Partnership). It is worth noting that as the EU enlargement process becomes swifter the range of the on-going agenda setting at the micro level grows.

A detailed written account of the dynamics of the powers of forming the EU agenda is provided in another study which shows the ever increasing influence of the EU on the agenda of the Lithuanian Government.²³ The 1997 Opinion of the European Commission as well as its Regular Reports in 1998 and 1999 especially strengthened the EU's powers of agenda setting as well as its influence on the dynamics and form of Lithuanian institutional and public policy changes. After the appearance of the 1997 Opinion and the Regular Report of 1998 on Lithuania's progress entering the EU, the Lithuanian Government prepared and approved an action plan devoted to solving the problems outlined by the European Commission.²⁴

The appearance of the Accession Partnership, its ties with EU financial assistance and the application of the conditionality principle strengthened even more the influence of the EU on the formation of the Lithuanian Government agenda. The EU influence was expressed not only by the mention in the Accession Partnership of the specific commitments of Lithuania in joining the EU,²⁵ but also in providing financial assistance for implementing certain priorities of the Accession Partnership. This increased the probability of implementing the necessary institutional and public policy changes and changed the dynamics of their implementation. It was noted that the priorities of Accession Partnership were given a "semi-legal or at least a very formal character."²⁶

EU Financial Assistance and Policy Learning

The influence of EU financial assistance on Lithuania's adaptation to the EU is analyzed drawing upon the assumption that EU financial support influences the adaptation of Lithuania's actors. As is shown in the first diagram, through EU financial assistance instruments Lithuania's administrative and political actors are informed about EU requirements and expectations and assisted how to identify the existing mismatch between EU requirements and expectations and Lithuania's administrative and institutional traditions and finally to formulate the need of the institutional and public policy changes necessary to banish this mismatch. One can assume that the administrative and political actors who are involved in EU financial assistance projects are better able to understand the importance of the needed changes and the possible forms of their implementation.

This research can not answer the question how during the implementation of EU financial assistance projects the adaptation to the EU by administrative and political actors as well as the process of diminishing the degree of mismatch of the necessary

institutional and public policy changes took place because that would require a detailed analysis of different fields of the *acquis*. The influence of EU financial assistance on Lithuania's adaptation is analyzed examining how changing EU financial support structure affected actors' learning and adaptation. The research examines the hypothesis that as the EU financial assistance structure changed, the decreasing influence of institutional restrictions encouraged the intensification of the learning process at Lithuania's administrative-political level, and the most intensive learning process created more favorable conditions for the institutional and public policy changes, which are needed to formulate and implement Lithuania's adaptation to the EU.

The influence of EU financial assistance is analyzed examining the development of PHARE, the main program of EU financial assistance. Because the PHARE program finances the implementation of several programs, the research investigates only the development of the National PHARE program. One can justify this diminishing of the analyzed object because the National PHARE program is the longest lasting and widest financial range program, one of whose most important purposes is promoting the development of institutions that enable the Lithuanian government to implement the commitments for joining the EU and being an EU member.

The evolution of the PHARE program shows the frequently growing influence of teaching administrative and political officials and of the adaptation to the EU process. First, the growing influence of the PHARE program on the learning process can be connected to the growing stability of Lithuania's administrative-political level. At the beginning of the transition period the effectiveness of the PHARE program and the continuity of the results were restricted by the limited capabilities of the applicant countries to assimilate the PHARE assistance due to their weak and little converged with the EU administrations as well as the lack of experience managing foreign assistance programs.²⁷

It was noticed that "the regular changes in the personnel of officials and ministers working with PHARE often created a lack of institutional memory."²⁸ Even the institutions especially created to direct PHARE projects, the Project Management Units, encountered significant problems in hiring personnel,²⁹ as well as with great changes in personnel and the unclear determination of functions.³⁰ Moreover, at the beginning of the transitional period the administrations of the applicant countries did not have sufficient experience in managing the foreign financial assistance and this limited their abilities to determine adequate objectives for PHARE projects and to prepare high quality applications for PHARE projects.³¹

The growing influence of EU financial assistance on the learning process is also connected with the change in the orientation of the PHARE National program. Until 1997 the PHARE program was demand-oriented, and the ties of the projects with the priorities for entry into the EU were weak and indirect. In the absence of any concrete financing priorities, PHARE was first of all planned relying on the needs of the support recipients, which were ratified in the European Commission. Since there was no stability at the administrative-political level, the needs of the support recipients changed frequently, making the effectiveness of the PHARE projects and the continuity of the results small.³² Until the implementation of reforms in 1997, the PHARE administration

was not supported by the conditionality principle, which could have been realized using *ex-ante* conditions (implementation before the start of the PHARE projects) or *ex-post* conditions (linking the implemented projects with future projects).

In 1997 the reforms of the PHARE projects began to be implemented. Two years after the Madrid summit meeting, which formed the administrative capability criteria for joining the EU, the European Commission accepted the importance of administrative capabilities to direct *acquis* rules in the applicant countries and changed the orientation of the PHARE program by connecting it with the process of applicant countries' entering the EU. Thirty percent of all PHARE assistance was devoted to strengthening administrative and juridical capabilities and at the end of 1997 the Luxembourg summit council decided that the remaining 70 percent of PHARE assistance, which earlier had been used for investments, would be devoted to investments connected with the acceptance and implementation of the *acquis*.³³ The reform of the 1997 PHARE program was crucial because the division of the PHARE program into the development of institutions and investments remains until the present.³⁴

According to the directions of the 1997 reform in programming the National PHARE programs, there was an effort to assure as strong as possible tie with the priorities of Lithuania's entry into the EU, which were fixed in the Accession Partnership. The full transformation of the PHARE program into a supply-driven program occurred in 1999 when the National PHARE priorities were determined based on the analysis of the short and middle-term priorities of the Accession Partnership and the existing situation. Although this analysis was carried out by Lithuanian institutions, it was guided by and drew details from the information provided by the European Commission's Enlargement Directorate about the individual fields of the *acquis* whose implementation needed PHARE financial assistance the most. The transition to the formation of PHARE priorities based on the Accession Partnership is partially ironic because due to Lithuania's administrative stability as the planning capabilities of the PHARE programs increased, the Lithuanian Government lost the possibility of determining the priorities of the PHARE institution building component.

Moreover, the application of the conditionality principle to the administration of PHARE programs encouraged the possibility of implementing institutional and public policy changes. The new PHARE rules empower the EU Council "to take appropriate measures,"³⁵ if the applicant country does not fulfill its commitments according to the European treaty or does not show sufficient advancement in implementing the Copenhagen criteria or the priorities of the Accession Partnership (*ex-ante* conditionality).³⁶ The conditionality principle includes the *ex-ante* conditions which must be implemented before EU financed projects begin as well as the *ex-post* conditions, which tie future financing with achieved progress. According to the Accession Partnership document the progress of each applicant country is reviewed every one or two years.

The application of the *ex-ante* conditionality is evident in reading the 1998 Financial Memorandum between the Lithuanian Government and the European Commission,³⁷ which is the basis of implementing the 1998 National PHARE program worth Euro 29.1 million. According to the Financial Memorandum, the principle of *ex-ante* conditionality means the existence of sufficient human resources, financed from the

national budget in the fields of agriculture, regional policy and cohesion, environment protection and transport.³⁸ Moreover, the principle of *ex-ante* conditionality is tied with the adoption of new legal acts in the fields of social security, environment protection, and energy, suitable for the creation of coordination methods aimed at avoiding fragmentation in the fields of justice and internal affairs as well as providing funds to the national budget to implement transport investment projects.

The growing influence of PHARE financial assistance on Lithuania's adaptation to the EU can also be related to the decentralization of the administration of the PHARE program. In decentralizing administration, greater responsibility for managing the PHARE program was transferred from the European Commission to the EU delegations in the capitals of the applicant countries as well as to the institutions of the applicant countries. It is interesting to note that the decentralized administration of the PHARE programs is coordinated with the centralized determination of PHARE priorities. According to the decentralized implementation system, the EU delegations on behalf of the European Commission have to approve the PHARE project applications and tender documents, and together with the administrations of the applicant countries assure the supervision and control of the PHARE financed projects. Greater decentralization will increase the flexibility of the PHARE administration (for example, by changing the tasks of PHARE projects, the methods of assistance or the distribution of financial resources according to different tasks) as well as encourage closer cooperation between the institutions of the applicant countries and EU institutions.

Although its results are not yet clear, it is necessary to review the EU twinning program.³⁹ The main task of the twinning program, which has been applied in Lithuania since September 1999, is to transfer "the broad range of administrative and technical expertise" from the administrations of the EU member-states to the administrations of the candidate countries⁴⁰ using officials in the administrations of EU member-states or persons approved in the member-states to help assist the applicant countries to carry out the tasks connected with entry into the EU. The main listed advantage of the twinning program is the direct transfer of expertise and information not using private business consultants, who often lack the technical information in the different fields of the *acquis*. Therefore, one can expect more intensive learning in the administrations of the candidate countries.

However, there are several deficiencies in the twinning program. Even the European Commission decision to pay a supplement to member-state officials and their departments,⁴¹ did not decrease the limited capability (or even unwillingness) of the member-state administrations to lose their officials for a sufficiently long time period (at least 12 months) due to the limited number of qualified officials in the very EU applicant countries. This can in part explain why only several of the EU member-states participated in the twinning program competition. In presenting its proposal for the twinning program, a representative of an EU member-state mentioned that its administration would like to make a twinning team from the officials of several member-states because their administration has limited capabilities to carry out all the tasks of the twinning program.⁴²

The effectiveness of the twinning program is also limited by the long selection process for choosing twinning partners and the procedures for creating the twinning agreements. Seeking to resolve the mismatch between the rapid need of the assistance of PHARE

consultants in preparing EU entry assistance programs and the long procedures for selecting twinning partners and making the twinning agreements, Lithuania's institutions even appealed to the European Commission with the request to allow the use of half the twinning program budget for the hiring of short term consultants.⁴³ However, this request was not satisfied because of the high status of the twinning program, which the PHARE administration committee, in which the representatives of the EU member-states meet, has given it.

Finally, it is necessary to discuss the EU decision to use PHARE resources to finance the participation of the applicant countries in various EU programs because this decision means the spread of the effects of political learning in political networks, which go beyond the borders of the administrative-political level. Lithuania uses the opportunity to participate in such programs as Ariane, Kaleidoscope, Raphael, the fifth framework program for research and development, Leonardo da Vinci, Socrates, Tempus and other programs. The fees for Lithuania's participation in a declining proportion are covered from the PHARE budget. For example, from 1998 to 2000 Lithuania's share for participating in the Kaleidoscope and Raphael programs will increase from 10 percent to 50 percent.⁴⁴

In implementing the PHARE projects Lithuania's administrative and political officials became better acquainted with EU requirements and expectations in different fields of the *acquis* and increased their ability to determine institutional and public policy changes, which are necessary for the implementation of separate EU requirements. The links between the PHARE priorities and the Accession Partnership priorities encouraged learning in the most problematic sectors of the *acquis*. The application of the conditionality principle empowered the implementation of certain institutional and public policy changes, which were listed by the European Commission as *ex-ante* conditions. Moreover, the *ex-post* conditionality, which links Lithuania's progress in entering the EU with future financing from the EU budget, also contributed to Lithuania's adaptation to the EU.

However, one must note that even with the application of the conditionality principle, the appearance and spread of learning does not guarantee the effective implementation of institutional and public policy changes. One can explain this as the influence of the interests of administrative and political officials, which can oppose the needs of institutional and public policy changes, of the standard operation procedures which can limit the implementation of needed institutional and public policy changes and of other factors.⁴⁵ The influence of the interests of officials and of standard operation procedures needed for the implementation of changes are more broadly analyzed in the study of the fisheries.

Lithuania's Adaptation to the EU: Environment and Dynamics

Both the theoretical, and the empirical explanations of the institutional and public policy changes agree upon the necessity for a type of "top-down" reform if one wants to guarantee successful institutional or public policy reform.⁴⁶ However, the process of Lithuania's adaptation to the EU has more aspects of "bottom-up" reform than of "top-down" reform. This characteristic of the change process was partially determined by the unequal adaptation to the EU, when the process of administrative adaptation to the EU was significantly more intense than the process of political adaptation.

In the agenda of all the Lithuanian governments there was no question about the "top-down" reform of public administration. As the campaign programs of the Lithuanian

political parties as well as the political discussion between the position and opposition show the political parties almost do not compete for administrative reform. Thus, the political parties after victories in the elections and the formation of the government do not have a clear strategy for administrative reform, on which they could rely in the methods of the “top-down” reform or in evaluating the on-going methods of the “bottom-up” reform.

Lithuania does not have a comprehensive tradition of public administration reform. In Lithuania the on-going institutional and public policy changes can not be compared with the reform of public administration because the on-going changes are not planned or systematic. Although several editions of the strategy of public administrative reform exist in Lithuania, the institutional and public policy changes are implemented without considering the measures of this strategy. There are no prerequisites that the rules of the mentioned strategy be applied in the course of institutional and public policy change because the strategy only provides the direction of the main reforms, it does not have detailed measures for implementation. Moreover, there is no connection between the strategy of public administration and the National Program for the Adoption of the Acquis (NPAA) established “philosophy” of the development of administrative capabilities.

The possibilities of the political executive to form clear directions for administrative reform after coming to power are restricted by such factors as the great dependence of the political executive on the advice of officials, the relatively small stability of the political executive in the transitional period, the great participation of the political executive in the resolution of political and short term questions, the orientation of EU financial assistance toward administrative officials, the formation of the political executive mostly from representatives of political parties, the parliament, and local governments and not the state service, etc.

As administrative reform goes “bottom-up” its effectiveness depends on these main factors: (1) the desire of separate institutions or bureaus to recognize and abolish the mismatch between the existing situation and EU requirements and expectations; (2) the favorable attitude of the institutional environment to institutional and public policy changes; (3) outside pressure from the civil society, interest organizations, and EU institutions.⁴⁷ It is important to note that in the absence of supervision of the “top-down” administrative reform, the mentioned factors affect the separate institutions in different ways. This article presents the argument that such a context of Lithuania's adaptation to the EU provides a good opportunity for administrative officials to maximize their welfare.

The process of the “top-down” administrative reforms raises such dangers as the little consistent and productive process of accepting the *acquis*, the not implemented principles of a representative democracy or Lithuania's unstable administrative system. Speaking about concrete dangers, one can mention such phenomena as the overlap of functions between different institutions, the unclear tasks of different institutions as well as the methods for realizing them, the mismatch between the tasks of different institutions and administrative resources necessary to implement them, the unclear responsibility of institutions and bureaus, etc. Because no single institution effectively carries out conformity control between the tasks of the different institutions and the administrative resources, these two matters are more determined by the fight of

institutions for the budget and not by administrative logic. Certain dangers are listed in the report of the audit of the State Administration System, which the Ministry of Public Administration Reforms and Local Authorities carried out and issued.⁴⁸

The entrenched principle of ministerial responsibility and autonomy, which gives every institution considerable freedom of action in implementing institutional and public policy changes encourages the process of “bottom-up” administrative reform. Due to the weak “top-down” control in carrying out the formation and implementation of policies the principle of ministerial autonomy outweighs the principle of government responsibility. Moreover, with the absence of an unified state career service many aspects of personnel policy (for example, the recruitment of officials, raising their qualification, and the regulation of their careers) depend on the actions of various institutions of the political executive. This is connected with the Soviet administrative heritage because in the Soviet period in the absence of an unified state service different institutions were responsible for the whole personnel policy.

However, the ability of different institutions to understand and recognize the mismatch of the existing situation with EU requirements and expectations and to adapt to them was not uniform. The success of the “bottom-up” adaptation depended very much on the influence of individual personalities, especially of the political executive. For example, in those institutions where the adaptation to the EU of political officials was more swift the rules of recruitment for officials based on merit began to be applied and this added to a rise in the professionalism of the personnel.

It is important to note that the sufficiently great freedom of action which the separate institutions have in carrying out institutional or public policy changes can not guarantee their successful adaptation toward EU requirements or expectations even if they voluntarily comply with EU requirements. A significant part of institutional and public policy changes, which occur during Lithuania’s adaptation to the EU, are dependent on the institutional situation. Although different institutions have great freedom of action in forming and realizing personnel policies, they are restricted by the limits of positions, which the Government determines as well as the financial resources necessary for the financing of institutional and public policy changes.

One of the most important factors for gaining the favor of the institutional environment is the possibility of financing institutional and public policy changes from the budget. In the absence of an effective system of using budget funds, the implementation of changes is mostly determined by the fiscal situation. The effective use of budget funds is not possible without several important preconditions. First, there is no effective system of managing state expenditures:

“The working culture of a centrally-planned economy, in which the Ministry of Finance’s role has been primarily one of accounting, remains strong in many areas. For example, there is an almost total absence in the Ministry of Finance (and the Ministry of Economy) of staff trained to analyse the macro-economic effects of public expenditure decisions.”⁴⁹

In Lithuania the auditing and internal control functions of institutions financed from the budget are not carried out effectively. Therefore, it is impossible to determine the effectiveness of the use of human, financial, and other resources distributed by the

state as well as its productivity. Another restriction, which restrains the appearance and implementation of the functions of an effective performance audit, is connected with the absence of an administration supported with programs and projects, which would make easier an evaluation of the productivity and effectiveness of state expenditures.

As budget restrictions increase and the possibilities of the state to finance the implementation of different institutional and public policy changes decline, the importance of the productivity and effectiveness of state expenditures grows. Lithuania's political executive, faced with a financial crisis in 1999, understood the need to decrease the expenditures designated for state administration. Such measures as forced vacations of officials or decreasing the salaries of officials with the aim of decreasing state expenditures are not justifiable because they can not resolve the essence of the problem and have many other deficiencies. For example, as the salaries of state officials decline the state service is unable to attract and keep professional employees. However, when there is no effective and productive control of state expenditures, the use of the mentioned methods remains perhaps the only way to save state funds.

During the time of the 1999 fiscal crisis the Kubilius government formed the Sunset Commission,⁵⁰ whose task is to check the necessity of different institutions and their functions. Although this is a more adequate method of saving state expenditures, one, however, should not expect that its work will be effective. First of all, having no audit and internal control system of activities, the commission will not have the possibility to evaluate the productivity and effectiveness of the work of the about 1,300 institutions obtaining financing from the budget. Moreover, different from the USA, whose example was copied to create this commission, only one centralized commission, in whose structure there will not be any representatives from private industry or universities, will be working in Lithuania.⁵¹

The ineffective and inefficient use of budget funds inevitably influences the institutional and public policy changes connected with Lithuania's entry into the EU. When there is no effective control of the use of state funds and no strategy supported by a cost-benefit analysis of Lithuania's entry into the EU, the use of budget funds is determined by previous budget commitments and the struggle of different institutions for budget funds. For example, the requested from the budget financing for the implementation of all NPAA measures for 1999 compared with 1998 was 17 times larger and accounted for about 2.5 billion litai.⁵² Such a direction can not be explained by only the growth of the volume of European affairs. This was partially determined by the behavior of organizations seeking to maximize their budgets. Supplementary financing allows one not only to realize more NPAA methods, but also to decrease the workload of officials and increase their power. In Lithuania at this time there are no criteria according to which one could determine which type of NPAA measures can be implemented by officials, paid from the simple expenditures of different organizations, or which methods need supplementary financing and the assistance of consultants to be implemented.

The possibilities of financing the 1999 NPAA measures from the state budget and other sources were two times smaller than their financing needs. Therefore, it is probable that there might be a shortage of funds to implement useful measures and funds may be given to financing less important measures. As was mentioned in the second section, by connecting the determination of PHARE program priorities with the implementation

of short and middle-term priorities of the Accession Partnership, the Lithuanian Government lost the opportunity to provide funds for the National PHARE program according to its own priorities for joining the EU, if they do not meet the priorities of the Accession Partnership. Therefore, the great need exists to use budget funds for the implementation of the most needed measures.

Another deficiency is the separation of the planning of NPAA measures from the process of planning budget expenditures. In the transition to planning a three year budget, there exists a great need to coordinate the planning of NPAA measures with the planning of the budget. The linking of needs and financing is limited by three fundamental factors: the existence of inclusive integration programs, the lack of an effective supervision system, able to determine the conditional importance and hierarchy of measures, and the non-existence of an all-encompassing strategy for entry into the EU, based on the dynamics of a cost-benefit and impact analysis of EU membership.

However, disregarding the NPAA deficiencies, a short comparison of Lithuania's Government Program Implementation Measures (subsequently, GPIM) and the NPAA can show Lithuania's adaptation to the EU in the field of entry planning and coordination. There are numerous similarities between the mentioned documents. Their creation is similar - officials determine the GPIM on the basis of the Government program and the NPAA measures on the basis of the Accession Partnership. Both documents have a similar structure - both the GPIM and NPAA measures list the titles of the measures, the responsible institutions, and implementation deadlines. The implementation control of both documents is similar - the implementation control of both the GPIM and NPAA is centralized and formal, i.e. more attention is paid to formal obligations, and not the content of the obligations or quality control of the results. These and other similarities partially arise because both general matters (GPIM) and EU matters (NPAA) are carried out in the same institutional atmosphere. Moreover, the new institutional structures, strengthening part of the existing procedures for standard operations, acquire in the institutional environment the additional legitimacy, which is needed for effective work.

However, the essential differences between the GPIM and NPAA measures show Lithuania's adaptation. If the GPIM devotes its main attention to economic and legal measures, then in addition to them the NPAA includes the measures for institutional building. This difference shows the greater concern of the EU to create the essential preconditions for realizing different requirements of the *acquis*. Although the implementation of many measures not connected with the EU is not effective because of the lack of adequate institutional preconditions, the GPIM does not provide sufficient attention for the development of institutions. Another difference would be the more detailed planning of the NPAA measures, which allows one to determine the institutional, administrative, and financial needs, necessary for the implementation of the different NPAA measures, the time agendas for realizing the NPAA measures as well as their connection with the Accession Partnership. This difference enables more effective planning and the implementation of different programs, and also provides a more perfect basis for the control of different obligations. However, despite the mentioned advantages of the NPAA over the GPIM, the planning, implementing, and improving the control of the GPIM using the example of the NPAA were not discussed.

Lithuania's adaptation to the EU can also be evaluated by comparing the work of the Governmental European Integration Commission (GEIC) and the Cabinet (Government). The established in 1995 GEIC until its reorganization in 1998 was not an effective institution because of many factors. The commission met infrequently and did not have any formal powers of making decisions because its decisions had to be approved by the Government as well as the domination of the Ministry of Foreign Affairs in shaping its agenda.⁵³

Thus, one can compare the work of these two institutions only after the reorganization of the GEIC, when it received the powers of making formal decisions, and its meetings became more frequent and the European Committee under the Government took over the formation of its work agenda. After the latter institution took over the formation of the commission's work agenda, the GEIC meetings were closely tied with internal policy and the reform of the institutional structure. Questions directly connected with the NPAA usually became the questions discussed at the commission's meetings. The more frequent calling of the commission's meetings and the expansion of its composition speeded up the adaptation of the political officials to EU requirements and expectations and the political learning process. Giving the prime minister the power to chair the commission's meeting provided the opportunity to include representatives of the highest level political executive in the process of political adaptation to the EU.

Differently from the Cabinet in which there is an associate atmosphere, the dimension of making decisions "top-down" is more noticeable in the GEIC. Although it would appear that the commission would not be an effective coordinator due to its broad composition and the principle of ministerial autonomy, it was able to accept important documents by using the argument of the importance of EU matters. For example, at the end of 1999 the document entitled "Outline of Impact Analysis of Lithuania's Accession to the European Union," which created the preconditions for a cost-benefit and impact analysis of EU membership, was approved. Different from the Cabinet, the GEIC is less restricted by the ineffective government coordination procedures, which require that the projects of legal acts presented to the Cabinet be coordinated with the interested institutions. Because of these advantages, the GEIC was used to give greater weight to important and connected with Lithuania's entry into the EU documents, to resolve the problems of coordination between ministries and to make decisions, which obligate the separate institutions to implement certain important assignments for integration into the EU.⁵⁴ However, the usage of the advantages of the GEIC in the work of the Cabinet is not even discussed.

A similar situation exists in the field of investment planning. Until the year 2000 state investments were planned through the State Investment Program and several special purpose funds (especially the specialized roads, rural, and small and medium business funds). After the year 2000 when the programs (PHARE 2000, SAPARD, and ISPA) for assisting EU entry began to be implemented, the planning and implementation of national investments will not change, and the basis of EU investments and the planning for needed additional national financing will be the National Development Plan. Although it is evident that the need (about 25 percent) of the national financing funds, needed for the supplementary financing of EU investments, can not be satisfied as the range of EU investment funds grows and all national investment funds will have to be used by adding to the growing EU investments, the possibility of the coordination of the processes of planning national investments with the process of EU investments is not even analyzed.

The greatest deficiencies of the national investment planning process are fragmentation (there is no single basis for planning investments and investment funds are not part of the budget), centralization (although EU investments are planned on the basis of counties, they have no investment powers or functions, and lack the necessary personnel), the absence of development aims (the influence of investments on business and economic growth is not evaluated) as well as non-compliance with the principles of planning EU investments (especially, programming, partnership, monitoring, and evaluation). Despite the merits of the EU investment planning process, no one has so far attempted to look in one way or another at the merits of the planning and implementation of EU investments, which could abolish the existing deficiencies of the process of planning and implementing national investments.

Another important factor of the institutional environment is the procedures of interministerial and government operation. Many institutional and public policy changes affect more than one institution and therefore their implementation depends on the effectiveness of the cooperation and coordination methods of several institutions. Moreover, despite the certain freedom of action of institutions, they work in an institutional environment, which limits the implementation of institutional and public policy changes, not compatible with the established standard operating procedures. The preparation and implementation of the necessary institutional and public policy changes is especially restricted by the deficiencies of policy coordination at Lithuania's administrative-political level.

In Lithuania political coordination is closely connected with central control. The Chancellery of the Lithuanian Government and the staff of the Prime Minister only formally control the implementation of the commitments of the separate institutions, not paying much attention to the degree or quality of the implementation of separate commitments. However, the added value created by the EU coordinating institutions is growing gradually. If earlier the EU coordinating institutions only sent to the responsible institutions the tasks formed by the European Commission or the EU delegations, their created added value is growing. It is interesting to note that greater added value is being created by trying to steer away from the existing standard operation procedures.⁵⁵ After several of the coordinating institutions became formally responsible for the preparation of the documents connected with entry into the EU (for example, the National Program for the Adoption of the *Acquis*, the National Development Plan, the Medium-Term Economic Strategy or applications for the PHARE program), they coordinate the process of preparing the documents and improve the contributions of different institutions.

However, the existing institutional environment limits the development of coordinating measures. The deeply entrenched principle of ministerial autonomy limits the cooperation of ministries and the exchange of information. During the formation of policy, the coordination of policy mostly relies on the mutual consultations of different ministries or other institutions. However, this method of coordination is not effective because of the principle of ministerial autonomy. If an agreement between different organizations is not reached, the resolution of the questions is passed on to the Government consultants in the Prime Minister's staff, who help reach a compromise. However, this method of coordination also does not work often because of the weak conflict arbitration powers of the Central Government. When there is no uniform Cabinet position on the

resolution of different questions, bureaucratic interests dominate during the arbitration of these conflicts. The effectiveness of resolving disputes between institutions very often depends on the position of the minister - if a minister does not agree with the decision on one or another question, it is difficult for the Cabinet to accept a decision not coordinated with all the members of the cabinet due to the associate atmosphere of its work.

Another deficiency of political coordination is the too great involvement of Government advisors (career officials) and even consultants (political appointees) in making decisions on short-term issues or "extinguishing fires". For this reason, they can devote less attention to the formation of strategy, the arbitration of conflicts between institutions, and the control of the work of responsible institutions. The work of Government consultants and especially the advisors is oriented toward the organization of the process of Government work, a factor which diminishes their opportunities to pay attention to the content of the policies.⁵⁶ Because the Government Chancellery along with the Government advisors pay most of their attention to technical and legal issues, the staff of the Prime Minister is overloaded and thus can not efficiently resolve the issues of policy coordination and political strategy.

Such a work atmosphere in the Central Government also affects the work of different ministries. In the mentioned institutional environment, the different institutions, which participate in the process of coordinating legal acts, pay more attention to the requirements of form than to the contents of the legal acts. Also before the projects of legal acts are introduced no analysis of the social-economic costs and of the influence of the regulation is completed and there are no intensive consultations with the interested social organizations.⁵⁷ The ministries pay too little attention to planning their work strategies. Although the Government Law provides for the possibility of preparing strategies for ministries, this regulation is not applied because the political executive does not see the need to burden officials with the preparation of strategies. The development strategies of various branches of the economy are not coordinated, they do not have detailed methods of implementation and are usually separated from the process of budget formation. The preparation of important strategic documents does not receive more attention from the political executive. For example, the National Development Plan determining the basis for EU and investment planning and implementation, whose preparation receives great political attention, was prepared and adopted without the major participation of the political executive.

An Analysis of the Fisheries Case

The study of the fisheries case is the study of a particular case. Although the pressure of adaptation, arising because Lithuania's administrative and institutional tradition do not meet EU requirements and expectations, is not great in this field, the institutional and public policy changes necessary for the implementation of different EU requirements was limited by the lack of coordination of the interests of administrative officials and politicians with the proposed institutional and public policy changes and the unfavorable standard operation procedures, which did not allow the resolution of the question of the non-convergence of the interests of administrative and political officials with the needed changes. Thus, when there was an average pressure of adaptation, Lithuania's adaptation to the EU in the field of fisheries was slow (time dimension), inconsistent (consistency dimension), and of narrow volume (volume dimension).

The fishing sector is now administered jointly by two institutions: the Fish Stock Department of the Environment Ministry and the Fishing Department of the Agriculture Ministry. This double administration was inherited from the Soviet period when the two committees worked in the Lithuanian administration. The 1997 European Commission opinion on Lithuania's membership in the EU urged the reorganization of fishing control mentioning that "It is essential for Lithuania to create a fishing administration that would comply with EU requirements for controlling fish supplies, fishing industry, fish processing, and trade and could also collect data and coordinate the necessary reorganization."⁵⁸ Lithuanian officials noted that without this opinion the question of reorganizing the control of fisheries would not have been included in the 1997 Lithuanian government work agenda.⁵⁹

The question of the reorganization of the fisheries was also analyzed in a report by Danish consultants. The Danish project informed the Fishing Department of the Agriculture Ministry, that the administration of the fishing sector in all EU member-states was delegated to institutions responsible for agriculture. This occurred while the administrative adaptation to the EU Common Fisheries policies was taking place, and the relative importance of fish processing compared to the conservation of fish stocks was increasing and there was a close connection between the Fisheries Instrument and the European Agriculture Guidance and Guarantee Funds.

Such an adaptation of the EU member-states and the appropriate EU expectations in the field of fishing administration benefited the Agriculture Ministry and not the Environment Ministry because the creation of an unified administrative system meant the transfer of the functions of the Fish Stock Department of the Environment Ministry to the Agriculture Ministry. The Agriculture Ministry, guided by the needs of Lithuania's adaptation to the EU in the field of fishing administration, prepared a project for a Fishing Law, in which the responsibility for controlling the fishing sector was assigned to one institution. However, the Environment Ministry, which tried to retain its functions and the budget assignation for carrying out these functions, refused to coordinate such a project, in this way, postponing the passage of the needed law for three years.

The passage and implementation of this law would have not only given one institution the responsibility for controlling the fishing sector, but also provided the preconditions for such important issues as the creation of a fishing boat register and supervision system. The main argument of the Environment Ministry against a unified fisheries administration system was the important fish stock conservation functions it was fulfilling, which the Agriculture Ministry could not take over, as well as the functions not delegated to anyone for implementing new cooperation projects of the two ministries. It is worth noting that the Environment Ministry could block a decision on the control of the fisheries because the influence of standard operation procedures is stronger than the need of Lithuania's adaptation to the EU. For example, using suitability logic terminology, the abolition of institutions in Lithuania, the checking of their functions, or the use of the powers of outside institutions to settle issues of different institutions are not part of suitability logic.

When there was no unified administrative system and there was a conflict between two institutions, the issues connected with Lithuania's integration into the EU were being settled by work groups, made up of four representatives from the Agriculture

Ministry and two representatives from the Environment Ministry. However, when there was no effective cooperation between the ministries, the activity of the work group was not effective and it was not possible to guarantee effective control of fisheries. The cooperation of the ministries was mostly based on the principle of negative coordination, when both responsible institutions carry out formal functions and make minimal efforts to settle issues that are not assigned to them. The Fisheries Instrument section of the National Program for the Adoption of the *Acquis* was made by and implemented by the Fishing Department of the Agriculture Ministry, which did not have all the necessary authorizations and sufficient financial and human resources. In EU institutions an uncoordinated position was being represented and when representatives of both institutions participated at meetings discussions between opposing positions were held.

Taking into account the insufficient cooperation and the ineffective administration of the fishing sector, the Agriculture Ministry proposed to unite the two departments not on the basis of a separate law, but by a Government decree. The project of the Government decree foresaw the transfer of the Fish Stock Department of the Environment Ministry to the care of the Agriculture Ministry together with its budget financing and all other property. However, the Environment Ministry did not also agree to coordinate the points of this document, thus blocking its acceptance and implementation. After the failure to resolve the conflict of the two institutions, an effort was begun to find an outside arbitrator who could resolve this conflict.

However, due to the doctrine of ministerial responsibility, the associate acceptance of decisions in the Cabinet, and the Central Government's weak powers of arbitration, the outside institutions were unable to resolve the conflict between the two ministries. Although after its meeting discussing fishing, the Seimas Rural Affairs Committee recommended that the Government unite the two departments by transferring control of fishing to the Fishing Department of the Agriculture Ministry, this recommendation did not result in the reform of managing the fisheries. The Agriculture Ministry also tried to resolve the conflict by using the authority of the Prime Minister, who signed a directive to the two ministries to prepare a plan for the reorganization of the administration of the fisheries which would transfer the administration of the fisheries to one institution. However, even the directive of the Prime Minister was not implemented. This reflects the low capability of the Prime Minister and his staff to resolve conflicting issues if one member of the Cabinet, representing the interests of the Fish Stock Department of the Environment Ministry, expresses his opposition to needed institutional and public policy changes and seeks to preserve the *status quo* in the field of the administration of the fisheries.

The process of analyzing this conflict shows that the Cabinet did not have an independent position and the Cabinet members, representing the conflicting sides, mostly relied on the position formed by their officials. The Prime Minister and his staff also did not view the fisheries conflict as a state matter, but as a conflict between two institutions, a question of the mutual relations of two organizations.⁶⁰ In such an institutional environment the narrow interests of the Fish Stock Department of the Environment Ministry could not be overcome despite the need of Lithuania's adaptation to EU expectations.

However, at the end of 1998 EU pressure became stronger. The regular 1998 report of the European Commission on Lithuania's progress in entering the EU noted

that “it is necessary that Lithuania implement the legal and administrative reforms, necessary to implement the Common Fisheries Policy.”⁶¹ This report renewed the discussion about the reorganization of the control of the fishing sector. The Governmental European Integration Commission in its meeting after discussing the European Commission report delegated the European Committee under the Government to provide suggestions for resolving this question. In addition to the suggestions of the European Committee, the Ministry of Administrative Reforms and Municipal Affairs also offered suggestions on this question. The latter ministry analyzed the account of the Fish Stock Department of the Environment Ministry on the implementation of its functions and decided that the tasks of this department do not match the number of personnel.

The growing EU pressure as well as the participation of outside institutions enabled the passage of a compromise decision. Relying on the Government decision for the reorganization of the administration of the fishing industry,⁶² the functions of the formation and administration of the fishing industry, as well as integration into the EU were assigned to the Agriculture Ministry. The Environment Ministry was charged with the reorganization of the Fish Stock Department by decreasing the maximum number of positions to 11 with the funds arising as a consequence of the staff reduction being transferred to the Agriculture Ministry. The Environment Ministry retained the functions of fishing control, of setting and protecting stock limits, of evaluating the damage made to fish stocks and applying compensation measures. This compromise decision did not create an unified system of managing the fisheries although it did provide for the transfer of the funds arising from the staff reduction to the Agriculture Ministry as well as the formal consolidation of the functions carried out by the Agriculture Ministry in the fisheries area connected with Lithuania’s entry into the EU. Due to the ineffectiveness of this compromise decision it was decided to discuss the question of managing the fisheries at a meeting of the Sunset Commission.

The analysis of the fisheries case shows that the implementation of needed institutional and public policy changes depends on the institutional environment. In resolving the issue of reorganizing the administration of the fisheries, the institutional environment was not favorable because the essence of the institutional and public policy changes contradicted the interests of certain administrative and political officials, and due to the doctrine of ministerial responsibility, the associate work of the Cabinet as well as the inadequacy of the arbitration powers of the Prime Minister and his staff, the interests of the administrative and political officials could not be overcome, ignoring the needs of Lithuania’s adaptation to the EU. The analysis of the fisheries case also shows that in a conflict political officials represent the interests of administrative officials and not state needs because the interests of the officials are not restricted by outside limitations due to the large autonomy of the ministries and the absence of a unified strategy of Cabinet work.

The Pressure of Adaptation: Regulation, Environment Protection and the Drinking Water Directive

The analysis of the fisheries case showed that the institutional and public policy changes in the fisheries field depended more on the institutional environment and the interests of the participants and not the pressure of adaptation. However, the mentioned

analysis of the case is extraordinary because the pressure of adaptation in many areas is the principal factor influencing adaptation to the EU.

The first part of the article presented a conceptualization of the pressure level of adaptation, distinguishing the pressure into low, middle, and high. It was observed that the level of adaptation pressure influences the process of institutional and public policy changes according to the time dimension (rapid and slow changes), the consistency dimension (consistent and inconsistent changes) as well as the volume dimension (broad and narrow volume changes). However, wanting to analyze the influence of adaptation pressure, it is necessary to rely not only on an analysis of the individual case, but also on a more detailed conceptualization of the adaptation pressure.

The pressure of adaptation exists in the following fields of state intervention: distribution, macro-economic stabilization, and administration.⁶³ In one form or another the EU implemented all three functions and thus the pressure of adaptation exists in all these fields. However, for the most developed administration function in the EU it is most useful to analyze the pressure of adaptation in the field of administration. One can conceptualize in the field of policy administration the pressure of adaptation to the EU in two main analytical dimensions: i.e. the styles and structures of administration.⁶⁴

The style of administration is determined by the form of state administration (hierarchical *versus* self-administration, substantive *versus* procedural as well as unified, having detailed requirements *versus* a form of administration, providing considerable administrative flexibility and freedom of action) and administrative mediation between different interests (formal *versus* informal, legalistic *versus* pragmatic and open *versus* closed relation between administrative and social officials). The forms of state administration are directly connected with the forms of the mediation of interests. For example, the detailed administration of essential requirements is identical to the formal and legalistic form of the mediation of interests while the flexible and procedural form of administration can be coordinated more with the form of informal and pragmatic mediation. Speaking about the structures of administration it is important to note the distribution of vertical (centralization/decentralization) and horizontal (concentration/fragmentation) of administrative functions and the forms of administrative control and coordination.

Because Lithuania inherited an administration system not complying with EU administration requirements, due to the existing mismatch not only is the adaptation of the administration forms necessary, but also the adaptation of the administration structures, of the persons working in them as well as the structures of mediating interests. The greatest non-convergence are in the field of environment protection: Lithuania which inherited an undeveloped system of environment protection administration has to adapt to the very well developed system of EU environment protection administration. The EU environment protection system in some aspects is more developed than the most exacting standards of environment protection administration applied by EU member-states. For example, EU requirements in the field of air quality are new not only in Lithuania, but in some EU member-states, which did not have air quality administration before becoming EU members or before passing the norms for air quality administration.

The degree of mismatch in the environment protection field is especially great. The implementation of the EU environment protection requirements, which are

consolidated in 300 legal acts regulating environment protection, require the mobilization of large financial and human resources, which is a great burden for the budget of states in the transitional period. Speaking about budget resources it was calculated that the implementation of the 15 most expensive EU law acts would cost the Lithuanian authorities about Euro 3.1 billion.⁶⁵ Without including the expenditures of implementing the most expensive costing directives (70/220/EEC for automobile pollution), which will for the most part be covered by the private sector, the implementation of the remaining 14 most costly directives until the year 2010 will cost about 381.9 million euros, which was 6 percent of Lithuania's budget in 1996.⁶⁶ It is evident that the Lithuanian budget in the financial crisis affected year of 1999 can not even allot investments of a similar size, necessary for implementing the regulations of various EU environment protection directives.⁶⁷

Speaking about human limits, it is necessary to note that the implementation of EU environment protection requirements and the supervision of the implementation require the founding of new institutions (for example, the Chemical Materials and Preparative Control Agency), the founding of new positions in new and working institutions (it was calculated that by the year 2002 about 15 new officials have to be hired by the Environment Ministry and about 20 in its regional departments if one wants to guarantee their capability to implement the tasks⁶⁸), the education of officials at all levels of rule as well as of the personnel of local government establishments, the creation of an environment protection "network," connecting the institutions passing decisions with the institutions implementing the policies and institutions of supervision, etc. However, the greatest problem is the general influence of the restrictions of financial and human resources for implementing EU environment protection requirements, the assimilation depends on human resources because the preparation and implementation of investment projects requires qualified personnel and environment protection "networks," which unite different interested institutions. For example, due to the lack of qualified personnel, the inadequacy of the environment protection "network" and coordination, Lithuania can not effectively use the benefits provided by EU investment programs.

However, one should not overestimate the problems of inadequacy and the pressure of adaptation. First of all, the pressure of adaptation differs in different environment protection fields and is not equal while the forms of EU administration can be the same as Lithuania's forms of administration. For example, the pressure of adaptation created by the EU Drinking Water Directive (80/778/EEC) is relatively lower than in other fields of environment protection. The 1980 Drinking Water Directive administers the quality of the water used by people with the aim of assuring the health of the inhabitants. The directive formally obligates the EU member-states (and also the applicants countries because they have to accept the *acquis* before entering the EU) to set standards within the boundaries of obligatory and recommended standards for the more than 60 parameters listed in the directive. By setting detailed content requirements and measures for evaluating compliance and supervision, the directive leaves little freedom of flexibility in applying the requirements of the directive. This directive requires forms of hierarchical administration (and not self administration), of content regulation (and not procedural) as well as uniform and having detailed requirements administration (and not

administration granting considerable administrative flexibility and freedom of action).⁶⁹ These forms of EU administration without content administration comply with Lithuania's administrative and institutional tradition in the field of drinking water quality regulation.

Moreover, one should not overestimate the pressure of adaptation because the characteristics of institutional and public policy changes are also influenced by other factors. The slow implementation of the requirements of the Drinking Water Directive was influenced more not by the pressure of adaptation, but the problem "moving target." Because the directive was being reviewed, it was sufficiently complicated for Lithuania's institutions to set the degree of non-convergence and to list the necessary changes for adaptation. The problem of "moving target" partially influenced the slow implementation of the Drinking Water Directive: although the Health Ministry had already at the end of 1996 prepared a project of the Drinking Water Law, its passage and implementation were postponed until the end of 1999.

Conclusions

EU requirements and expectations are the principal sources of Lithuania's administration, of administering and modernizing public policy because the introduction of new operation procedures reforms the administrative system and forces administrative and political officials to adapt to the new challenges changing the old standards of behavior as well as rejecting the characteristics of Soviet heritage. As the brief comparisons in the third section of the planning of the methods for realizing the NPAA and Governments programs, the planning of EU and Lithuanian investments, the processes of coordinating EU and non-EU related matters show that during Lithuania's accommodation to the EU not only were new institutions created, but also new action procedures began to be applied. However, despite the new action procedures which are used in managing EU matters, their adaptation with the managing of matters not connected with the EU is very slow.

As the second section shows, the on-going formation of the work agenda by EU institutions affects the adaptation process influencing the dynamics and forms of institutional and public policy changes, while the measures of EU financial assistance inform administrative and political officials about EU requirements and expectations, encourage the adaptation of their behavior to EU dimensions and help them to better determine the existing non-convergence between EU requirements and expectations and Lithuania's traditions as well to form the need for institutional and public policy changes necessary to abolish this mismatch. However, when EU requirements and expectations dominate Lithuania's adaptation process, numerous serious problems arise because the institutional and public policy changes being carried out as a consequence of the adaptation to the EU depend too much on the implementation of the separate EU requirements and expectations which appear in the work agenda of the Lithuanian Government due to the implementation of the powers of forming the EU work agenda or the "bottom-up" adaptation.

First of all, such an adaptation process is longer but less stable than the adaptation process being carried out "top-down" on the national scale. The implementation of the

institutional and public policy changes required by EU institutions, but often not understood by the representatives of Lithuania's political executive, and their consolidation in the system of Lithuania's administrative and institutional tradition are sufficiently long. Moreover, because not all EU requirements and expectations are uniformly appropriate for states in the transitional period, the period of their adaptation has to be carefully planned with the aim of decreasing the social and economic expenses of implementing the EU requirements and expectations. However, in the absence of a cost-benefit analysis strategy for entering the EU as well as no rational procedure for planning institutional and public policy changes according to the "top-down" point of view, the period of adaptation for EU requirements and expectations is more dependent on the use of the formation levers of the EU work agenda, the use of the measures of EU financial assistance, and not the need of the whole country's adaptation to the EU.

The provided conceptualization of adaptation to the EU makes the assumption that institutional and public policy changes will be influenced by the degree of non-convergence, suitability logic, the interests of officials as well as EU financial assistance and the powers of forming the agenda. One could claim that the degree of non-convergence is the most important factor influencing Lithuania's adaptation to the EU partially because its description includes the need for financial resources, which are necessary for the implementation of individual institutional and public policy changes. Although at this time the lack of financial funds remains the main factor limiting the implementation of institutional and public policy changes, one must note that the lack of financial funds is often abused in an effort to justify the preservation of the old standard procedures or inactivity. Moreover, without an effective system of using and controlling budget funds (see the third section) financial funds are not used productively and rationally, a factor which decreases the possibilities for implementing the necessary institutional and public policy changes.

However, the analysis of the fisheries case (fourth section) shows that the effectiveness of the implementation of needed institutional and public policy changes depends on the institutional atmosphere and standard operation procedures. Although the degree of non-convergence and the pressure of adaptation were not high in the fisheries field, Lithuania's adaptation toward EU requirements and expectations in the fisheries field was restricted by the lack of coordination of the interests of administrative and political officials with the proposed institutional and public policy changes as well as the unfavorable standard operation procedures, which did not allow for the resolution of the conflict between the two organizations. The examples of the Environment Protection Regulation and the Drinking Water Directive show that despite the broad range of EU requirements and expectations the conditional compatibility of EU and Lithuanian regulations can exist in separate fields of environment protection. The fifth part of the research also shows that the implementation of the necessary institutional and public policy changes can be restricted by the problem of "moving target."

The analysis of adaptation to the EU used three main variables. Lithuania's administrative and institutional tradition remains the main analysis variable in Lithuania's adaptation to the EU. First of all, by setting off EU requirements and expectations against Lithuania's administrative and institutional tradition the pressure of adaptation is formed. Moreover, tradition affects the implementation of institutional and public

policy changes through the institutional environment, suitability logic, and standard operation procedures. The analysis of the fisheries case showed that an unfavorable institutional environment and the application of standard operation procedures hindered implementing the needed institutional and public policy changes in the fisheries field.

The institutional environment also influenced the behavior of individual administrative and political officials during the process of Lithuanian adaptation to the EU. The first part of the article made the assumption that suitability logic restricts the behavior of individual officials by establishing the boundaries of suitable and unsuitable behavior. The institutional environment in Lithuania is not favorable for the implementation of institutional and public policy changes because it is guided too much by old standard operation procedures, restricts too little the behavior of administrative and political officials to maximize their own welfare, and does not assure the effective coordination and use of budget funds.

In the absence of detailed EU requirements and expectations of adaptation the applicant countries have considerable freedom of action to select the form and dynamics of implementing EU requirements. However, in the absence of effective institutional and public policy control of "top-down", the danger exists that the administrative officials can use this freedom of action to maximize their own welfare. In view of such a situation the probability increases that the administrative and political officials can interpret EU requirements and expectations according to their own interests. If the EU requirements are in conflict with the interests of local officials, their implementation is particularly complicated. As the analysis of the fisheries case shows, using the unfavorable institutional environment the institutions, representing the necessary institutional and public policy changes cannot overcome the *status quo* defending officials.

Translated by Saulius Girnius

NOTES AND REFERENCES

¹ Adaptation to the EU was researched in *Making Policy in Europe: the Europeanization of National Policy-Making*, eds. S. S. Andersen, K. A. Eliassen (London: Thousand Oaks & New Delhi: Sage, 1993); J. P. Olsen, *Europeanization and Nation-State Dynamics*, Arena Working Paper No. 9/95 (Oslo: University of Oslo, 1995); J. P. Olsen, *European Challenges to the Nation State*, Arena Working Paper No. 14/95 (Oslo: University of Oslo, 1995); *Adjusting to Europe: the Impact of the European Union on National Institutions and Policies*, eds. Y. Meny, P. Muller, J.-L. Quermone (London and New York: Routledge, 1996); S. J. Bulmer, M. Burch, "Organizing for Europe: Whitehall, the British State and European Union," *Public Administration* 76, no. 1 (1998), pp. 601-628; *Adapting to European Integration: Small States and the European Union*, eds. K. Hanf, B. Soetendorp (Longman, 1998); Ch. Knill, "European Policies: the Impact of National Administrative Traditions", *Journal of Public Policy* 18, no. 1 (1998), pp. 1-28; C. Spanou, "European Adaptation in Administrative Terms: A Framework for Analysis and the Greek Case", *Journal of European Public Policy* 5, no. 3 (1998), pp. 467-84; M. Haverland, *National Autonomy, European Integration and the Politics of Packaging Waste* (Hague: Netherlands School for Social and Economic Policy Research, 1999).

² One can mention the studies about Norway's and Switzerland's adaptation to the EU in U. Sverdrup, "Norway: An Adaptive Non-Member", and S. Kux, "Switzerland: Adjustment Despite Deadlock", in *Adapting to European Integration: Small States and the European Union*, eds. K. Hanf, B. Soetendorp (Longman, 1998), pp. 149-166 and 167-185, respectively.

³K. Maniokas, G. Vitkus, "Lithuanian Euro-institutions and Democracy" in *NATO Research Fellowship Programme. Final Report*, draft (Vilnius, 1998).

⁴ B. G. Peters, "Managing Horizontal Government: the Politics of Co-ordination", *Public Administration* 76, no. 3 (1998), p. 297.

⁵ V. Nakrošis, *Assessing Governmental Capabilities to Manage European Affairs: the Case of Lithuania*, EUI Working Paper (Robert Schuman Centre, European University Institute, forthcoming).

⁶ B. G. Peters, "Theory and Methodology" in *Civil Service Systems in Comparative Perspective*, eds. H. A. Bekke, J. L. Perry, T. A. Toonen (Indiana University Press, 1996).

⁷ Olsen, *Europeanization*.

⁸ Ch. E. Lindblom, E. J. Woodhouse, *The Policy-Making Process*, 3rd ed. (Englewood Cliffs, New Jersey: Prentice Hall, 1993).

⁹ Disregarding this argument, administrative and institutional tradition in the range of this analysis is understood as an unchanging factor because tradition is a dependent variable in explaining Lithuania's adaptation to the EU.

¹⁰ P. Hall, *Governing the Economy: the Politics of State Intervention in Britain and France* (Oxford: Oxford University Press, 1986).

¹¹ B. G. Peters, *The New Institutionalism and Administrative Reform: Explaining Alternative Models*, Working Paper No. 1998/113 (Centro de Estudios Avanzados en Ciencias Sociales, Estudio, 1998), p. 8.

¹² Knill, "European Policies", p. 7.

¹³ Symbolic policy decisions are difficult to notice, but one can expect that they exist in many fields of the *acquis*. An example of a symbolic policy is personnel policy. The initial requirement of the EU in the field of personnel policy was reducing politicization in the Lithuanian state service and increasing its stability. However, the reaction of the Lithuanian Government to the decision of this EU expectation was an example of a symbolic policy. Instead of reducing the politicization and increasing the stability of state service, it was decided to begin the long-term creation and implementation of a career state service model. It is interesting to mark that although the stability of state service depends on the actions of every institution, the resolution of this problem was assigned to one, the Ministry of Administrative Reforms and Municipal Affairs.

¹⁴ See J. Bendor, "Formal Models of Bureaucracy", *British Journal of Political Science* 16, no. 2 (1988).

¹⁵ See P. Dunleavy, *Democracy, Bureaucracy and Public Choice* (London and New York: Routledge, 1991).

¹⁶ The principal-agent model is discussed in B. J. Cook, "Principal-Agent Models of Political Control of Bureaucracy", *American Political Science Review* 83, no. 3 (1989), pp. 965-978. The presumption of the information asymmetry of the principal-agent model is discussed in detail in F. S. Banks, B. R. Weingast, "The Political Control of Bureaucracies under Asymmetric Information", *American Journal of Political Science* 36, no. 2 (1992), pp. 509-24.

¹⁷ An analysis of the influence of the EU on the Lithuanian government work schedule can refute the argument that due to the sovereign rights of the CEES to carry out administrative reform the EU could not impart its own will on the CEES. For example, see J. Fournier, *Governance and European Integration – Reliable Public Administration*, Preparing Public Administration for the European Administrative Space, Sigma Papers No. 23 (Paris: OECD, 1998), pp. 124-125.

¹⁸ Spanou, "European Adaptation", p. 474.

¹⁹ H. A. Grabbe, *Partnership for Accession? The Nature, Scope and Implications of Emerging EU Conditionality for CEE Applicants*, EUI Working Paper (Robert Schuman Centre, European University Institute, forthcoming).

²⁰ In view of the existing overburdening of the work schedule and the great expenses for implementing the EU requirements and expectations, it is necessary to determine the hierarchy of separate questions of the work schedule, based on a cost-benefit analysis of the implementation of different EU requirements and expectations.

²¹ The unequal distribution of the *acquis* requirements in different fields of the *acquis* limits the opportunities of Lithuania's consistent adaptation to EU requirements and expectations. The impossibility of consistent adaptation is recognized by the European Commission, which suggested that the European Council separate the opportunity in the transitional periods in the field of the *acquis*, connected with an unified market and in other fields. If the measures of regulation in the field of an unified market have to be implemented swiftly and the transition periods have to be short and their number not large, then in other fields where considerable efforts for adaptation and investment expenditures (for example, environment protection, energy industry and other infrastructures) are necessary, the transitional periods are possible only for a clearly defined period, if the applicant-countries can show that the adaptation is

being carried out according to detailed and realistic plans of adaptation, which include the necessary investments. Commission of the European Communities, *Regular Report from the Commission on Progress Towards Accession*, (1999), <http://europa.eu.int/comm/enlargement>.

²² However, the inclusion of a different question in the Lithuanian Government work schedule does not guarantee swift and effective changes of institutional and public policy, which are necessary for the implementation of EU requirements and expectations. In the absence of a valuable understanding of EU requirements and expectations as well as the lack of information and expertise, the work of the 1999 regional policies work group did not advance in the best possible direction: the work group gave priority to the determination of the theoretical basis for the implementation of regional policy even though Lithuania after it becomes a member of the EU will become a 1 Assignment region, in which EU financial assistance from the structural and Union foundations will be implemented not on the basis of regions, but of the whole country.

²³ Nakrošis, *Assessing Governmental Capabilities*. This study describes such methods of forming the EU work schedule as mutual agreements in the borders of the European Treaty, a structural dialogue, the opinions/regular reports of the European Commission, the Accession Partnership, legal review and the evolution of informal methods of forming the work schedule and the influence on the development of the administrative capabilities in Lithuania.

²⁴ Although the preparation and ratification of the operation plans encouraged Lithuania's adaptation to the EU, such a form of adaptation can be considered as inadequate because instead of improving the existing programs of integration into the EU, totally different programs, duplicating the existing programs were created in this way making the administration and control of the programs more difficult. As one middle-range official admitted, the main purpose of the operation plans was political: the action plans had to show Lithuania's additional efforts to join the EU. Today we can state that the creation of different operation plans was not justified. However, it is necessary to admit that after the appearance of the 1999 regular report of the European Commission a more rational decision was chosen: a review of the short term priorities of the Accession Partnership was begun.

²⁵ For example, the short term priorities of the project of the new Accession Partnership include such commitments as the full inclusion of the evaluation of the Environment Protection Influence Directive and the guarantee of its implementation; the acceptance of the rules on water, air, the control of waste, nature and radiation protection and the supervision of their implementation; the preparation of financial investment plans for the implementation of separate EU directives; the strengthening of environment protection institutions at the central and local levels; the improvement of the National Social and Economic Development Plan and the Rural Development Plan; the determination and acceptance of the legal, administrative and budget basis for ISPA and SAPARD programming, the application of environmental impact assessment as well as the introduction of rules for public sales in compliance with EU requirements; the founding of a Payment Agency for the implementation of the SAPARD programs. See Commission of the European Communities, *Proposal for a Council Decision ... on the Principles, Priorities, Intermediate Objectives and Conditions Contained in the Accession Partnership with the Republic of Lithuania* (draft document).

²⁶ H. G. Krenzler, M. Everson, *Preparing for the Acquis Communautaire*, EUI Policy Paper No. 98/6 (Robert Schuman Centre, European University Institute, 1998), p. 14.

²⁷ *infoPHARE*, no. 8 (June 1995), p. 7.

²⁸ A. Mayhew, *Recreating Europe: the European Union's Policy Towards Central and Eastern Europe* (Cambridge University Press, 1998), p. 93.

²⁹ A. Pratley, *Financial Control and Audit in the European Union*, OECD. *Effects of European Union Accession, Part 1: Budgeting and Financial Control*, SIGMA Papers, No. 19 (Paris: OECD), p. 152.

³⁰ See *PHARE Customs Programmes*. Evaluation Report, (December 1998), http://europa.eu.int/comm/dg1a/evaluation/phare_customs/index.html. However, it is worth noting that not only the administrations of the applicant countries, but also the EU institutions participating in the PHARE program were confronted with the problems of the lack of human resources and of unclear determination of functions. In implementing the decentralized PHARE management, the EU delegation in Vilnius was confronted with the problem of personnel deficiencies, while after the European Commission Expansion (the former DG 1A) directorate weakened the concentration of PHARE management by forming the organization known by its abbreviation SCR, the problem of the unclear distribution of functions between the Expansion Directorate, the SCR, and the EU delegation arose.

³¹ *PHARE Cross-Border Co-operation Programmes*. Evaluation Report, (November 1998), http://europa.eu.net/comm/dg1a/evaluation/phare_cross_border/index.htm.

³² For example, PHARE provided assistance for the reorganization of Lithuania's industry when there was no stable privatization policy or supported the industrial enterprises restructuring agency "Consulta," whose activity ceased when PHARE financing ended because the Government did not see any need to guarantee its future activity. See PHARE Restructuring and Privatization Programmes. Evaluation Report, (November 1998), http://europa.eu.net/comm/dg1a/evaluation/phare_privat/index.htm.

³³ Commission of the European Communities, "European Council: Conclusions of the Presidency", in *Bulletin of the European Union* (Luxembourg, 1997).

³⁴ After the EU failed to establish a prototype of the European regional development foundation for the applicant countries, it was decided that part of the PHARE investment funds (a 70 percent share) would be granted for investments in the social and economic cohesion. However, this is not a major change in the PHARE program because investments in social and economic development are a measure of encouraging the acceptance and application of the *acquis* for the applicant countries which after entry into the EU will be able to use EU financial assistance from the structural foundations as well as the Cohesion Fund.

³⁵ Those "appropriate measures" can involve the halting, decreasing of EU financial assistance and other matters. EU financial assistance was decreased for Poland for the first time in 1998, when Poland's 1998 PHARE assistance was decreased by 34 million Euro (or about 16 percent) officially claiming inadequately prepared applications for PHARE projects. See "Humble Pie for Poland," *The Economist*, June 6 (1998), p. 51. However, the opinion exists that the decrease in PHARE support could have been connected with the slow reorganization of the ship building and steel industries because after decreasing PHARE support, the European Commission threatened to decrease the volume of PHARE assistance one more time if Poland did not make efforts in the mentioned field. Another explanation is connected with the arrogant behavior of Poland's officials during the negotiations on the priorities of the PHARE program with the European Commission. However, independent of the reasons for this event, it is clear that the conditionality principle is not a "paper" principle.

³⁶ Commission of the European Communities, "Council Regulation (EC) No. 622/98 of 16 March 1998 on Assistance to the Applicant Countries in the Framework of the Pre-Accession Strategy, and in particular on the Establishment of Pre-Accession Partnerships", in *Official Journal of the European Communities*, L 85, no. 20 (1998).

³⁷ *Financing Memorandum between the European Community and the Government of Lithuania*, internal document (December 1998).

³⁸ Because all these fields are connected with the implementation of the assistance programs for joining the EU (PHARE 2000, ISPA and SAPARD), this shows the concern of the European Commission for the effective use of EU financial resources.

³⁹ „Dvynių programa“ [Twinning Program], *Integracijos žinios*, no. 7 (October 1999), p. 8.

⁴⁰ Commission of the European Communities, *Regular Report from the Commission on Lithuania's Progress Towards Accession*, (1998) http://europa.eu.int/comm/dg1a/enlarge/report_11_98_en/index.htm.

⁴¹ "Commission to Launch "Twinning" in January 1999, with Dispatch of First National Officials to the Ministries of Candidate Countries for Accession", *Agence Europe*, October 23 (1998).

⁴² A conversation in January 1999.

⁴³ A conversation in December, 1998 - January 1999.

⁴⁴ See "Decision No. 4/98 of the Association Council Adopting the Terms and Conditions for the Participation of Lithuania in the Community Programmes in the Field of Culture", *Official Journal of the European Communities*, L 35, February 9 (1999), pp. 42-44.

⁴⁵ *PHARE Restructuring*. The greater success of PHARE assistance, directed toward teaching and increasing qualifications, compared to other PHARE projects shows the influence of these actions. Different from the results of other PHARE financed projects, the results of the teaching projects should not be transferred to institutional and public policy changes.

⁴⁶ An example of a theoretical article would be Peters, *The New Institutionalism*. An example of empirical literature, connected with institutional and public policy changes would be the fourth part of the last National *Acquis* Acceptance Program, devoted to the administrative capabilities to apply the EU *acquis*. The latter document strengthens the argument that wanting to guarantee a consistent process for applying the *acquis*, to avoid the fragmentation of the administration, the uncontrolled pressure on the budget, and the uncontrolled establishment of institutions, the implementation of the methods of "from

top-down” reform or of strengthening horizontal administrative capabilities is necessary. These functions are administrative and legal supervision, a system of justice, financial control, effective management of personnel, effective coordination between institutions of the central government and no longer centralized institutions as well as the effective coordination between state and private institutions. See Governmental European Integration Commission, the Republic of Lithuania, “Chapter 4: Administrative Capacity to Apply the Acquis,” in *Lithuania's EU Accession Programme (National Programme for the Adoption of the Acquis)*, draft (May 1999), p. 381.

⁴⁷ Speaking about the third factor, the research analyzes only the pressure created by EU institutions and processes because the adaptation to the EU of social and other officials is not part of the research. However, one can assume that the pressure for Lithuania's adaptation to the EU from the side of civil society was not very significant because during the formation process of internal politics little attention is paid to the interests of civil society and there are no well developed “networks” of public policy and no channels for articulating and representing broad interests. Although one can not say this about the pressure of interest organizations, one can, however, hope that the interest groups would seek more the passage of decisions favorable to them and not the implementation of institutional changes.

⁴⁸ It is interesting to note that this document of unquestioned use would not have appeared if the Paksas government would not have begun an analysis of the public administration system, which one could compare with a step of the “from top-down” reform. Disregarding the importance of the document in starting the universal reform of public administration, one can doubt whether it is possible to carry out an analysis of the whole control system. A more effective strategy of carrying out an audit would be the selective audit of the activities of institutions representing separate groups of institutions. See Ministry Administrative Reforms and Municipal Affairs, *Valstybės valdymo sistemos audito ataskaita* [Account of the Audit of the State Control System], October 1 (1999), http://www.vrsrm.lt/p_pransp.htm.

⁴⁹ *Public Expenditure Management System, SIGMA Assessment. Lithuania*, (Paris: OECD, September 15, 1999), p. 5.

⁵⁰ For example see „Nuo pagundų premjeras apsitvers įstatymais“ [The Premier Will Enclose Himself from Temptations with Laws], *Lietuvos rytas*, December 4 (1999). In the opinion of the Prime Minister, because the bureaucracy “is inclined to spread and to convince that this is necessary” [...], “it is necessary to make decisive decisions.” The Sunset Commission was established using the example of the USA. The sunset commissions active there examine the necessity of the existence of different institutions and their functions seeking to save state funds.

⁵¹ For a broader view of the possible effectiveness of the Sunset Commission see “Ar sulauksime nereikalingų institucijų saulėlydžio?” [Will We Meet the Sunset of Unnecessary Institutions], *Lietuvos aidas*, December 22 (1999), p. 5.

⁵² „Biurokratų armija iš valstybės kaulija milijardus litų“ [The Army of Bureaucrats Consistently Demands Billions of Litai from the State], *Lietuvos rytas*, November 26 (1998), p. 3.

⁵³ Maniakas, Vitkus, “Lithuanian Euro-Institutions”, p. 28.

⁵⁴ An example of an obligating decision would be the decision taken at the meeting of the commission on September 16, 1999 “to obligate Lithuania's ministries and state institutions to present to the Ministry of Administrative Reforms and Municipal Affairs by September 22, 1999 all the information necessary for the preparation of National Social-Economic Development Plan within the borders of competence assigned to their institution.” See „Vyriausybės Europos integracijos komisijos posėdžiai“ [Meetings of the Government Europe Integration Commission], *Integracijos žinios*, no. 7 (October, 1999), p. 11.

⁵⁵ An example would be the sample activity regulations prepared by the EU law coordination work group and ratified by the GCEI. Other work groups, responsible for the management of matters not connected with the EU do not have sample regulations, a factor partially restricting the effectiveness and accountability of their activities.

⁵⁶ *Policy-Making and Co-ordination of Machinery*, p. 2.

⁵⁷ *Ibid.*, p. 3. The use of the concepts of Lindblom hinders the “intelligence” of policy formation. His suggestion to members of the political process is to expand as much as possible the competition of political ideas and the participation of all interested sides which could contribute not only to the “intelligence” of public policies, but also to its democratization. See Lindblom, Woodhouse, *The Policy-Making Process*.

⁵⁸ Commission of the European Communities, *The Commission Opinion on Lithuania's Application for Membership of the European Union*, (1997), http://europa.eu.int/comm/dg1a/enlarge/agenda2000_en/op_lithuania/b34.htm.

⁵⁹ A conversation in December, 1998.

⁶⁰ A conversation in December, 1998.

⁶¹ *Regular Report from the Commission*, 1998.

⁶² Government of the Republic of Lithuania, „Nutarimas dėl žuvininkystės administravimo pertvarkymo“ [Decision on the Reorganization of Fishing Industry Administration], No. 682 (May 28, 1999), <http://rc.lrs.lt/cgi-bin>.

⁶³ The distribution function includes the distribution of resources from one group to another group as well as providing state financed public services. The EU implements it by using agriculture, regional policies and other policies. The stabilization function includes price stability, the implementation of employment and economic growth assignments using the policies of the European Money Union, industrial policies and other policies. The regulation function includes the banishment of market deficiencies using regulation methods (environment protection policies, protections of users' rights, health and work safety, etc.). G. Majone, "A European Regulatory State?", in *European Union: Power and Policy-Making*, ed. J. Richardson (Routledge, 1998), p. 263

⁶⁴ Knill, "European Policies".

⁶⁵ Ministry of Environment, *Mid-Term Reform Strategy for Environment* (1998), pp. 10-11. (internal document)

⁶⁶ Ibid.

⁶⁷ Therefore, the very EU investment programs, providing for financing environment protection projects, remain the main source of investment funds. The most important EU investment program, which finances investments in environment protection is ISPA. It provides Lithuania every year with assistance of from Euro 40 to 60 million until the year 2006 or Lithuania's entry into the EU, if that were to occur earlier.

⁶⁸ *Mid-Term Reform*, p. 9.

⁶⁹ Knill, "European Policies", p. 11.

SEMI-PRESIDENTIAL INSTITUTIONAL MODELS AND DEMOCRATIC STABILITY: COMPARATIVE ANALYSIS OF LITHUANIA AND POLAND

Vykintas Pugačiauskas

Introduction

Research on democratic stability in the newly democratic countries is problematic for a number of reasons. Political traditions are not yet established, party systems are changing and electoral formulas are being changed, and in addition, one can not always separate personal influence of exceptional political leaders from their institutionally-afforded possibilities. However, this “downstream” question¹ is exceptionally important since all above-mentioned problems are not solely methodological. They might even pose dangers for democratic stability. In this article, a popular assumption is made that the choice of an institutional model does matter – and at matters, first and foremost, from the viewpoint of democratic stability.

The institutional model might become the foundation and the core of system stability or it might cause changes, sometimes even violent ones. The role of the institutional model in the newly democratic countries might even be more important than in the consolidated democracies. In the former, the rules of the game are not yet linked to the traditions of the game and this raises the possibility of unexpected and potentially dangerous decisions and conflicts as political actors are presented with incentives to redefine the powers of their institutions. In the semi-presidential institutional model, this situation might be even more dangerous than in other arrangements since semi-presidentialism is like no other model open to various power configurations. Rules of the game in this model may be applied flexibly with regard to particular political situations and they afford more degrees of freedom in making political decisions.

A comparative analysis of semi-presidential models in newly democratic countries thus might provide us with definitions of possible dangers to their democratic stability. It is a comparative analysis that enables to trace the institutional dimension of politics and discover the features of semi-presidentialism as a system, i. e. to determine how similar institutional models are able to meet the challenges, not only to study how the challenges themselves affect democratic stability. It is appropriate to note here that this article is not a study of constitutional texts nor an assumption is made that they determine politics completely and straightforwardly. This article rather focuses on political actors and their behaviour.

This is not a systematic comparative analysis. I consider, however, that the analysis of similarities of, and differences between, two semi-presidential institutional arrangements – Lithuanian and Polish – enables us to make some tentative conclusions about the effects of semi-presidentialism as a system. In addition, this choice of countries allows us to control some external variables such as political culture² and ethnic homo- or heterogeneity. From the more practical point of view, in an attempt to explain the effects of *Lithuanian* semi-presidential model the best counterpart to compare it with seems to be Poland's institutional arrangement.

The analysis of Lithuanian and Polish institutional models therefore might enable us to establish their opportunities and dangers to democratic stability. It is necessary to note here that opportunities and dangers are asymmetric concepts. The assumption will be made that opportunities presented by the institutional model can not be weighed against (still much less to outweigh) their dangers. This assumption stems from the more general view of democratic stability: I do not equate it with the effectiveness of government policy; on the contrary, I hold that in the dilemma between effectiveness and democratic stability, the latter is more important.

The term “democratic stability” in Lithuania and Poland *means* “regime stability” and as a *systemic* variable might be contrasted with political, i. e. limited, stability (this comparison makes sense in its negative form: democratic, or regime, instability *versus* political, or limited, “every-day”, instability). However, the term “democratic stability” is preferable to “regime stability” as the former carries considerable normative charge. Rather than to define the “essence” of democratic stability I will confine myself to presenting the criteria of democratic *instability*³: (1) cancellation of constitutionally required democratic elections; (2) usurpation of government powers – usually this means actions by the president without the assent of the voters; (3) violent overthrow of the elected presidents instead of their dismissal through impeachment or by other constitutional means.

In this article, I will proceed to demonstrate that certain systemic features of semi-presidentialism are potentially dangerous to democratic stability. Firstly, semi-presidential institutional models create the incentives for inter-institutional conflicts, which might be eliminated or, more realistically, made less likely only by a very carefully designed constitution. Secondly, stability of semi-presidentialism depends on the established traditions while the lack of traditions might be destructive. Thirdly, some features of the presidency as an institution might also be unfavourable to democratic stability. Lastly, the stability of semi-presidentialism depends on its context (party systems, electoral formulas etc.) but institutional regulations connected with the institutional model might not be conducive to a favourable context. Many of the conclusions are made on the assumption that it is correct to study democratic stability not only in the long term (for example, statistically⁴) but also in the medium term. This strategy of research is necessarily more speculative⁵, but it allows to focus on the problems faced by concrete countries in a given period of time.

Defining Semi-Presidentialism

An acceptable definition of semi-presidentialism not only should disclose essential and exceptional *formal* features of semi-presidentialism, but also point to possible seats of constitutional conflicts. However, after two decades of intensive use of this term

there is still no agreement on its position and importance in the classification of institutional models. That semi-presidentialism is “a new political system model” was first noted by Maurice Duverger,⁶ but not all scholars followed his definition and some even presented counterarguments to it.⁷ Arend Lijphart⁸ after discussing the conceptual conflict between dichotomy (presidentialism *versus* parliamentarism) or trichotomy (presidentialism *versus* semi-presidentialism *versus* parliamentarism) in the classification of institutional models asserts that the concept of semi-presidentialism is outdated: Duverger himself classifies semi-presidential regimes into several sub-types (and their political process into alternating presidential and parliamentary phases) which might be ascribed to either of the major types – presidentialism or parliamentarism. Therefore semi-presidentialism remains an almost empty cell.

It is a rightful criticism of Duverger’s article. However, I hold that semi-presidentialism is a separate institutional model which not only differs from presidential and parliamentary models according to formal criteria but also has its internal logic. Precisely this logic enables us occasionally to register the gravitation of semi-presidential model towards the types of either presidentialism or parliamentarism but it would be erroneous to identify semi-presidentialism with either of them. In this respect, the difference between the “actual” and the “potential” behaviour⁹ should always be borne in mind.

What are, then, the differences between semi-presidential model, on the one hand, and presidential and parliamentary models, on the other? The main institutional feature which separates semi-presidentialism from both is a dual executive structure where the executive power is shared by the president and the prime minister. As in the case of presidentialism, the president is elected directly or at least not by the parliament; his term is fixed; and his powers are not symbolic. Most of these criteria are not present in the parliamentary regimes. On the other hand, semi-presidentialism is different from presidentialism in some key features: the government is lead by a prime minister who possesses real power; its term is not fixed; it relies on the confidence of the parliament; the president usually has the power to dissolve the parliament.

Carlos Santiago Nino attributes two parliamentary and one presidential features to what he calls a “mixed system”. Firstly, the posts of the head of state and the prime minister are separate; secondly, the government is formed with the intervention of the parliament; thirdly, the government is formed with the intervention of voters.¹⁰ This definition however does not include one key feature of semi-presidentialism, namely the dismissal of the government. A “classical” definition by Duverger is more elaborate on this issue. “A political regime is considered as semi presidential, according to Duverger, if the constitution which established it combines three elements: (1) the president of the republic is elected by universal suffrage, (2) he possesses quite considerable powers; (3) he has opposite him, however, a prime minister and ministers who possess executive and governmental power and can stay in office only if the parliament does not show its opposition to them.”¹¹

Matthew Shugart and John Carey¹² narrowed the concept of semi-presidential regime into premier-presidential type but their definition does not differ much from that offered by Duverger. Firstly, the leader of the executive is elected by the universal suffrage but in premier-presidential regime (s)he is not so much a “leader” as in the

presidential one since (s)he must co-exist with the prime minister who heads the government. Secondly, the president possesses political powers such as initiating a referendum or a judicial review. The president may possess other legislative powers such as veto or decree powers, (s)he participates in the nomination of prime minister, ministers and other officials and, as a rule, has the power to dissolve the parliament. Thirdly, the government is subject to confidence in the parliament (and if the president has a unilateral power to remove either prime minister or ministers, such system is no longer considered premier-presidential).

Giovanni Sartori criticises the criteria of premier-presidential regime as lacking discriminatory power. He presents five properties of semi-presidentialism:

“i) The head of state (president) is elected by a popular vote – either directly or indirectly – for a fixed term of office.

ii) The head of state shares the executive power with a prime minister, thus entering a dual authority structure whose three defining criteria are:

iii) The president is independent from parliament but is not entitled to govern alone or directly and therefore his will must be conveyed and processed via his government.

iv) Conversely, the prime minister and his cabinet are president-independent in that they are parliament-dependent: they are subject to either parliamentary confidence or no-confidence (or both), and in either case need the support of a parliamentary majority.

v) the dual authority structure of semi-presidentialism allows for different balances and also for shifting prevalences of power within the executive, under the strict condition that the ‘autonomy potential’ of each component unit of the executive does subsist.”¹³

With regard to the three latter definitions, Gianfranco Pasquino formulates his criteria of semi-presidentialism: “(1) the president of the Republic is directly or indirectly elected by a popular vote; (2) the president of the Republic has the power to appoint a Prime Minister and, within limits, to dissolve parliament; (3) the Prime Minister is subject to an implicit or explicit confidence vote by Parliament.”¹⁴

This discussion indicates a degree of conceptual ambiguity since there is no agreement either on dichotomous or trichotomous classification, or on regimes which meet the criteria of definitions or on the discriminatory power of the definitions. Robert Elgie¹⁵ tries to correct the shortcomings of various definitions of semi-presidentialism by proposing to apply only “dispositional” properties instead of “relational” ones (the latter are especially clear in the definition by Sartori). This means that the classification of regime types should be based not on the established models of executive politics but according to constitutional variables: whether there is both a head of state and a head of government, whether or not they are popularly elected and whether or not their term is fixed. Combination of these variables results in an exhaustive classification of 24 logically possible regime types of which only 5 exist in the real world. Semi-presidentialism is the case where there are both the head of state and the head of government and where the former is elected universally and serves for a fixed term while the latter is not elected and his (her) term in office is not fixed. This classification allows for conceptual clarity at least when applying formal criteria. However, it brings us all the way back to the problem which had already been solved by Duverger’s critics: in Elgie’s classification, the category of semi-presidentialism includes regimes which in practice never functioned as

semi-presidential. Furthermore, complete abandonment of relational properties obscures a crucial inherent feature of semi-presidentialism, the potential for conflict between the president and the prime minister (or government coalition in parliament).

Lithuania and Poland: Semi-Presidential Constitutions and Their Ambiguities

Classification of Lithuanian and Polish institutional models as semi-presidential is not a self-evident matter. Many arguments are presented against it,¹⁶ including observations that both models *de jure* and *de facto* are approaching parliamentarism or modified parliamentarism.¹⁷ However, the constitutions of both countries meet the criteria of semi-presidential model discussed earlier. In both countries, the president is elected directly by a popular vote while the government is headed by a prime minister. The president nominates the prime minister who must be approved by the parliament. The government is subject to parliamentary confidence, and its survival depends on the parliament while the president does not possess formal powers to dismiss either individual ministers or the government.¹⁸

For the purpose of this article, it is more important whether the constitutions of both countries are free of ambiguities which could possibly escalate conflicts between presidents and prime ministers. When compared with Poland's Constitution, Lithuania's Constitution seems to be more ambiguous. While the Polish President is "the supreme representative of the Republic of Poland and the guarantor of the continuity of State authority," Lithuanian President is "the head of State." Governments of both Lithuania and Poland are collectively responsible to the parliament for their collective activities, but individual responsibility in the Polish Constitution is defined more clearly. Ministers in Poland are "individually responsible to the Sejm" while in Lithuania ministers are responsible "to the Seimas, the President of the Republic, and directly subordinate to the Prime Minister." The presidents of both countries are explicitly granted foreign policy powers, but Lithuanian Constitution is again more ambiguous: it only stipulates that the President settles basic foreign policy issues and, together with the government, implements foreign policy. President of Poland shall co-operate with the Prime Minister and the appropriate minister in respect of foreign policy, but main foreign policy powers are conceded to the Council of Ministers. And, while the presidents of both countries are supreme commanders of the armed forces, the Polish Constitution more clearly delineates the procedure: in times of peace, the President exercises command through the Minister of National Defence and, in addition, the authority of the president is specified in detail by statute. The Lithuanian Constitution, on the other hand, stipulates that for the provision and command of the armed forces, the Government, the Minister of National Defence, and the Chief Commander of the Army shall be responsible to the Seimas.

In addition, as in the "classical" case of French semi-presidentialism, the President of Poland may convene the Cabinet Council which is composed of the Council of Ministers but does not possess its competence. The Polish President, as well as his French counterpart, also has the right to order a nationwide referendum. However, powers of the Polish President are explicitly restricted by the provision that the Council of Ministers conducts the affairs not reserved to other State bodies or local self-government.

**Quantitative Comparison: Institutional Models
in Lithuania, Poland, and France**

In the previous part, Constitutions of Lithuania and Poland were compared descriptively. Description seems to be the most reliable method to reveal formal similarities and differences of both institutional models. However, in some instances, essential differences highlighted by a quantitative comparison. While some models of comparison, such as the ones proposed by James McGregor¹⁹ and Timothy Frye²⁰ do not seem to be reliable because of doubtful methods of weighing presidential powers and have little explanatory power, a model introduced by Shugart and Carey²¹ and later redefined by Shugart²² is more acceptable. Algina Maleckaitė applied the initial model to nine Central and Eastern European states.²³ The conclusion was made that powers of Lithuanian and Polish presidents almost correspond to the French “ideal-type” semi-presidentialism. Estimates of legislative and non-legislative powers in Lithuania and France are the same. Estimate of legislative powers of the Polish President based on the 1992 “Little Constitution” is significantly higher, and estimate of non-legislative powers slightly higher, than in Lithuania and France, but the adoption of the new Constitution should have narrowed the gaps.²⁴

This model with some corrections allows us to place the Lithuanian and Polish institutional models in the overall regime typology as well as in relation to the French model. Here the main difference between Lithuanian and Polish models, on the one hand, and the French model, on the other, emerges.

As demonstrated graphically in the Table 1 and Picture 1, the Lithuanian and Polish parliaments have greater estimates of “separate survival.” In other words, quantitative comparison captures the crucial fact that presidents of both countries have fewer powers to dissolve parliament than their French counterpart. Later I will discuss how the lack of such powers might endanger the stability of semi-presidentialism.

Table 1. Presidential Powers in Lithuania, Poland, and France

Executive powers of the President ^a	Lithuania	Poland	France
Cabinet formation	1	1	1
Cabinet dismissal	0	0	0
Separate survival ^b ...			
...of the Parliament	2	2	1
...of the Government	0	0	0

Notes: ^a Executive powers of the president are scored from 0 to 4 (largest powers).

^b Estimates of separate survival indicate: 0 – survival of the institution can be “attacked” at any time, 1 – survival of the institution can be “attacked” except for specific time period, 2 – survival of the institution can be attacked only in the case of mutual danger.

Source: Shugart M. S. *Executive–Legislative Relations in Post-communist Europe II* Transition. – 1996. – December 13. – P. 7.

Semi-Presidential Model, Traditions and Circumstances

In the previous parts of this article, I have focused exclusively on the constitutional powers of the presidents. However, as it was noted in the introduction, these are only “rules of the game” and do not tell much about the political process. Other factors are no less important, such as traditions or the influence of personal characteristics of the incumbents. To be sure, exceptional and ambitious personalities are important in any circumstances, but semi-presidential model like no other institutional arrangement elevates the importance of personal characteristics up to the constitutional level. Personal influence might become established as long-term political traditions which supplement formal “rules of the game.”

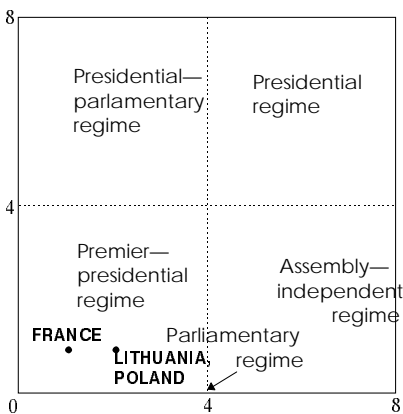
French Semi-Presidential Model and its Traditions

The experience of the French Fifth Republic is the most evident in this respect. Its Constitution of 1958 aimed to create a non-dominant President while the formation and implementation of national policies was reserved to the Government which was headed by the Prime Minister. The presidential powers were considered as exceptional and the main function of the President was arbitration.²⁵ However, as Sartori notes, the “material”, or “living”, constitution soon took over the “formal” one, and France got a two-headed system where “the first head” is by custom (the conventions of the constitutions) the president, by law (the written text of the constitution) the prime minister.²⁶

The very process of designing the constitution – as well as its “spirit” – was influenced by the vision of the prominent leader – General De Gaulle.²⁷ After becoming the President, he made the maximum use of presidential prerogatives, and, first and foremost, of the nomination powers. Choosing obedient prime ministers, he established the tradition that the President is powerful not only in the constitutional spheres of foreign and defence policies but generally in all spheres of domestic policies as well. Successors of De Gaulle were simply compelled to act in the same manner. This had one profound “side-effect”: party resources have shifted toward supporting presidential candidates.

Peaceful cohabitation (when popularly elected president has to share power with the prime minister who is elected by a different majority) also seems to be a matter of tradition – although there is not enough data on it since only the third period of cohabitation has started. The tradition of cohabitation was also established by the President: Valéry Giscard d’Estaing in 1978 agreed to fulfil *only* his constitutional powers in the event of the election

Picture 1. Lithuanian, Polish and French Institutional Models in the Overall Regime Typology



Note: On the vertical axis, executive powers of the president are measured; on the horizontal axis, separate survival is measured.

Source: Shugart M. *Op. cit.* – P. 9.

of opposition majority in the National Assembly. The main representative of the opposition, and an eventual President, François Mitterand had also agreed to this.²⁸ Thus the conclusion can be made that the French semi-presidential model provides for stability precisely for extra-constitutional matters, and chiefly political traditions, which conform to the dominant expectations. These factors not only channel the political behaviour but also stimulate fundamental changes of the party system. Therefore the political system is able to live through different “circumstances.”

Lithuania and Poland: The “Upstream” of Semi-Presidentialism

In contrast to France, neither Lithuania nor Poland introduced semi-presidential system with the well-defined position of the presidency. In both countries, the presidency was the result of compromises between the forces that can conditionally be termed “Communists” and “anti-Communists.” The negotiations on the institutional reform in general and the status of the presidency in particular were dominated by the struggle for immediate political gain, and not by the aim, as in France, to establish an efficient and productive mechanism of inter-institutional relations.

In Lithuania, the strong presidency was supported by the “anti-Communists” while in Poland and other Central European democracies by the “Communists.”²⁹ Despite this difference it was true in both cases that it were outgoing parties who attempted to retain their influence by supporting the strong presidency.³⁰ In both cases, the outgoing parties misapprehended their chances of winning the forthcoming elections. However, misapprehension was more important in the Polish case: the Polish presidency initially was designed for a concrete person, Wojciech Jaruzelski. It was believed that he would be a strong and effective President and would safeguard the continuity of the “Communist” power. “Communists” however suffered a crushing defeat and most of the vaguely defined (but wide) presidential powers remained subsequently unused. Nevertheless it was enough for the role of the President to become considered as an important political figure, both popularly and by the “anti-Communists”, who until the imposition of the presidency had been engaged in more limited tasks of liberalization.³¹

The Lithuanian presidency was more a result of compromises. The Semi-presidential Constitution of 1992 was supported both by political forces which advocated parliamentary constitution and by those who supported wider presidential powers (probably the latter were supportive of semi-presidential model precisely because it allows to strengthen presidential power by *political* means). The establishment of tradition – of either strong or weak President – was left for the future. In contrast, the Polish President from the initial stages of institutional choice was considered as a strong constitutional actor.

“Strong” and “Weak” Presidents

The initial ambivalence of the Lithuanian Constitution and especially of the public opinion with respect to the actual strength of the President left much room for the first incumbent to establish the traditions of the presidency. Algirdas Brazauskas, the first President under the new Constitution, gradually established himself as a “President-observer,” or “insidious President.” Brazauskas, who until the elections was the leader of the Lithuanian

Democratic Labour Party (LDLP), after becoming President opted not to use his influence on his former party which came into power in 1992. While political circumstances were favourable to the strong presidency Brazauskas defied his chances. Prime Minister Adolfas Šleževičius of LDLP emerged as the central figure of the political system. Political practice in Lithuania entered its near-parliamentary phase where the President deliberately chose to stay away and to “observe” political developments while the Government was headed by the leader of the ruling party. After the 1996 elections which brought the opposition Conservatives into power, the Prime Minister remained the central figure of the political system. Even after the instances when Brazauskas used his powers in a resolute and somewhat surprising manner (such as his move in February 1996 to dismiss Šleževičius from his post as the Prime Minister), Brazauskas preferred to revert back to his largely symbolic and ceremonial duties. This is even more surprising given the fact that during his interventions, Brazauskas was able to mobilize wide-ranging political support in the parliament. Some observers explain such political practice of the first President by personal qualities of Brazauskas.³²

In contrast, the first democratically-elected President of Poland, Lech Wałęsa, was *already* in a position to use wide powers (designed for another person, to be sure) – and even tried to enhance them. It is important to note here that at the beginning of his term, Wałęsa enjoyed greater legitimacy than the Parliament since only 35 per cent of the deputies of the Sejm were elected democratically. Wałęsa approved radical economic reforms and successfully diverted growing public dissatisfaction with their results towards the Sejm up to the point of open confrontation. The Sejm achieved several victories in this confrontation and the government of Jan Olszewski even managed to marginalize the President – temporarily. Even the “neo-Communist” Sejm, elected in 1993, avoided confrontation with the President that could have lead to the constitutional crisis. This allowed Wałęsa to extract concessions in the form of presidential powers to nominate the most important ministers. Eventually, Wałęsa even resorted to open confrontation with the government and, after threatening to dissolve the Parliament, forced its two-thirds majority to replace the Prime Minister. During his term, Wałęsa outlived three hostile parliaments and six governments, of which only two can be described as more or less President-friendly.³³ Again, the personal qualities of the President and, in addition, his ability to use constitutional prerogatives might account for the talent of Wałęsa to remain in the center of Polish politics.

The political conduct of the second democratically-elected presidents in both countries was different from that of their predecessors. Partially it might be attributed to the imposed formal restrictions on the presidential power. In Lithuania, presidential powers were *de facto* restricted (formally only interpreted) by the Constitutional Court in 1998 and in Poland by the new constitutions in 1992 and especially in 1997. However, different political style might also be explained by the personal qualities of the newly elected presidents.

In Lithuania, Valdas Adamkus, although received a much smaller majority of votes than Algirdas Brazauskas, from the first days in office established himself as a more active President. From the very beginning of his term, first signs of split with the majority of Seimas, initially supportive of Adamkus, emerged. However, Adamkus skilfully used the provisions of the Constitution to create quasi-parallel (although only consultative) structures to those of the Government. The President asserted his importance in the political system as he took an active stance not only in his constitutional

sphere of foreign policy but also in domestic politics and frequently used his powers of legislative initiative and nomination. This led to conflicts with the majority of the Seimas (and the Chairman of the Seimas, Vytautas Landsbergis, in particular) and its Government. In the spring of 1999, they turned into open confrontation. Adamkus, as had Brazauskas three years earlier, succeeded in dismissing the Prime Minister even though the Prime Minister enjoyed explicit support of the majority in the Parliament. At least up to the moment of writing this article, Adamkus has established himself as a more active President.

Aleksandr Kwaśniewski, on the contrary, has started implementing less “presidential” policies. During the first stage of his tenure – until the 1997 parliamentary elections – the level of his activity reminded the position of Brazauskas. Although the coalition of presidential Democratic Left Alliance and Polish Peasant Party had a majority in the Sejm, the President usually observed political developments from some distance and had transferred the executive power to the Prime Minister. Political activity of the president increased after the 1997 elections when center-right coalition was formed. Kwaśniewski not only confronted the majority’s Government (and has achieved several victories) but also in some situations became a *de facto* representative of the Democratic Left Alliance – and this even had the effect of splitting the leftist opposition. Thus Kwaśniewski might be evaluated as the most party-bounded President of our sample of four leaders.

Traditions of Semi-Presidentialism in Lithuania and Poland: Tentative Conclusions

As the preceding discussion has indicated, in the political practice of both Lithuania and Poland the influence of personal characteristics of the presidents is evident. Presidents retained their influence even when they had to “cohabitate” with hostile parliaments, or stayed away from active politics even when they were able to become effective leaders of the parliamentary majority. This leads to the conclusion that in both countries no long term traditions of semi-presidentialism are present yet.

Both in Lithuania and in Poland, one of the two presidents was (or is) engaged in active politics while the other was (or is) satisfied with more reactive role. In contrast with France, political practice of the first President (and, in the case of Poland, dominant expectations of the constitution-making period) were not embodied in the “material” constitution and did not become landmarks directing political practice of their successors. Since during the period of the constitution-making the eventual first presidents were marginalized, the constitutions did not reflect their visions and restricted their future activities. Personal characteristics of the first presidents lead to their distancing from politics (as in Lithuania) or constant search for *ad hoc* political alliances and their changes (as in Poland where Wałęsa has wasted his charismatic political capital). Not surprisingly, the second presidents might have considered inappropriate to remain bound by the practices established by their predecessors. In addition, the second presidents in both countries represented different political orientations from their predecessors while in France the successor of De Gaulle was also a Gaullist.

Therefore assertions about general “trends” of semi-presidentialism such as that Lithuania’s political system gravitates towards parliamentarism or that the influence – the “charisma” – of Polish President Wałęsa will be institutionalised hardly seem to be plausible.

Participating heavily in the political life, Lithuanian President Adamkus not only was able to enhance the role of the presidency but also managed to circumvent constitutional provisions limiting his influence on the survival of the Government. Thus at least for the time being the trend of the “symbolic president” seems to be discontinued. Former Polish President Wałęsa, as it appears, did not manage to “institutionalise his charisma.”³⁴

This does not indicate that the activities of former presidents are forgotten forever. On the contrary, traditions at least in the short term might be substituted by the search for precedents in the not too distant past, and there are various precedents already created. Presidents of both Lithuania and Poland have already taken “para-constitutional” steps such as dismissing prime ministers who enjoyed support of parliamentary majority. On the other hand, parliaments in both countries have limited presidential powers. Both kinds of action did not lead to the breakdown of democracy. However, lacking traditions of political conduct in the semi-presidential system, political actors may attempt to repeat those steps in different conditions and different contexts. Such actions might have unexpected and potentially damaging consequences for democratic stability.

In conclusion, current, and likely future, presidents of Lithuania and Poland lack the important pillar of support – established traditions. This situation in certain cases might lead to constitutional deadlocks. Since it would be too bold to assert that constitutions provide for *all possible* situations, the political system which lacks political traditions is more vulnerable in situations of formal deadlock or inter-institutional conflict, inherent to semi-presidentialism.

Presidentialism and Semi-Presidentialism: Dangerous Similarities?

Impetus for the discussion on the impact of institutional models on democratic stability was given in the mid-80s by the article of Juan Linz in which he warned about systemic dangers posed by the presidential institutional model. Linz expanded his arguments in 1994 in the volume named *The Failure of Presidential Democracy*.³⁵ In this chapter, I will discuss similarities between presidential and semi-presidential institutional models. I will start by testing five hypotheses by Linz about the shortcomings of second-round absolute majority system of presidential elections³⁶ and then proceed to discuss general implications of directly-elected presidency for democratic stability.

Dysfunctional Consequences of Presidential Elections

According to the first hypothesis by Linz, in a fragmented system, two most popular candidates may receive only a slight majority of votes compared to other candidates and may represent the same cluster of political spectrum. The Lithuanian presidential elections of 1993 do not confirm this hypothesis: there were only two presidential candidates and they represented opposing ideological positions. In the next presidential elections, the two most popular candidates received a much larger share of votes than the rest five (difference between votes received by the second and the third candidates was 17.4 per cent), however, the ideological distance between the two forerunners was not great until the campaign between the first and the second rounds. This hypothesis was not confirmed neither in the 1990 Polish presidential elections (the gap between Wałęsa and the second most

popular candidate was significant and, in addition, two most popular candidates were from opposing ends of political spectrum) nor in the elections in 1995 (Wałęsa and Kwaśniewski were fierce opponents and, in addition, left other candidates far behind).

Second and third hypotheses by Linz, however, were often confirmed. Linz claimed that one of the candidates might be an “outsider” with respect to the party system and might not command support in the parliament while the “majority” of votes received by the winner might represent politically heterogeneous electorate. In the Lithuanian elections of 1993, Stasys Lozoraitis was a clear outsider and while he enjoyed wide parliamentary support, it might be questioned *ex post facto* how long could it be retained coherent. The electorate of the winner, Brazauskas, however seems to have been homogeneous. In 1998, both candidates in the second round were “outsiders” with dubious party support – and, as it later turned out, such support indeed represented neither homogeneous electorate nor coherent party coalition. “Outsider” Stanisław Tymiński in the Polish presidential elections of 1990 received more votes than even the Prime Minister, Tadeusz Mazowiecki, and made his way into the second round. There he lost to Wałęsa, but much of Wałęsa’s electorate soon withdrew their support. Only in 1995 elections, there were no “outsiders” in the second round although there were some in the first round. Still, Wałęsa might to some extent be considered an “outsider” since he was not supported by any of parliamentary parties. This was one of the reasons of Kwaśniewski’s victory but also one reason to cast doubt on the homogeneity of his electorate: many voters appear to have voted “against Wałęsa”.

The fourth hypothesis by Linz asserts that the winner, although initially the choice of a small part of voters, might consider himself (herself) the representative of the universal majority. Brazauskas appears not to have nurtured such feelings but his successor, Adamkus, pointedly presented himself as a representative of the whole nation though he was supported by 27.9 per cent of the voters in the first round. In Poland, Wałęsa also felt himself to represent a wide majority of voters (as it was noted earlier, such stance might have been influenced by the illegitimacy of the Sejm) though initially he was chosen only by 24 per cent of voters. Kwaśniewski, in contrast, more realistically assessed the heterogeneity of his electorate.

According to the fifth hypothesis, possibility of a second round encourages competition in the first round. Candidates either seek to reach the second round or to apply the electoral support achieved in the first round as a bargaining resource when negotiating with top two candidates. Such system encourages fragmentation instead of broad coalitions behind single candidates. In the 1993 elections in Lithuania this hypothesis was not confirmed; however, five years later, the number of the candidates increased and the least successful of them at least tried to influence the outcome of the second round. Although six candidates were contesting 1990 elections in Poland, they represented main political interests thus stimulating political consolidation. Still, the party system later became more fragmented and in 1995 already 13 candidates contested in the first round of presidential elections.

Thus in the elections held so far main candidates were evidently more popular than the rest, and, in addition, represented opposite poles of the political spectrum. However, there were no elections without “outsider” candidates, and in Lithuania, an “outsider” was

eventually elected as the president. This leads to hypothesis that the party system is still not consolidated, has no deep traditions and is only superficial.³⁷ In at least three cases out of four, the electorate of the president was not homogeneous, and in all four cases, the president eventually lost (or did not have from the very beginning) the support of important members of his coalition. Two of the four presidents overestimated the electoral majority they received while the other two were not so ambitious. The impact of the mode of presidential elections on the party system fragmentation can not be estimated unambiguously and will be further discussed in the next chapter. Generally, it is possible to predict that in the course of consolidation of political system and party system, some dysfunctional consequences of the system of presidential elections will disappear, but in the short-to-medium term, presidential elections may adversely affect the stability of political system.

The Presidency and the Political Process

Shortcomings of the presidentialism as presented by Linz are connected with (1) direct presidential elections, and (2) separate electoral legitimacy of the legislature and the executive. Since the latter represent exclusive features of presidentialism, this discussion of semi-presidentialism will mostly focus on the former. Stability of semi-presidential, as well as presidential democracies might be endangered by reduced transparency of politics, possible overestimation of one's victory by the winning candidate, tendencies of "delegative democracy", and, partly, by the winner-take-all character of the elections and fixed presidential term.

The analysis of Lithuanian and Polish presidential elections generally confirms that they reduce the transparency – and especially predictability – of politics and presidential responsibility. Though only Adamkus might be considered as a newcomer in the politics of his country, certain problems of transparency emerged during the terms of the other presidents as well. Brazauskas has received more votes than any other of the presidents but in the sense of transparency did not justify expectations of voters since the state was actually governed not by the president but by the prime minister, previously virtually unknown businessman Adolfas Šleževičius. Later, transparency was diminished by the classical instance of cohabitation. Transparency of Adamkus' presidency was compromised already between the two rounds of presidential elections when it became obvious that either candidate will have to cohabit with the Conservative-Christian Democratic majority in the Seimas, and presidential activities will be curtailed by yet uncertain cooperation or cohabitation practices. Wałęsa created the problem of transparency and responsibility himself by taking unexpected political decisions (such as his nomination in 1992 of the opposition candidate Waldemar Pawlak as the prime minister). Predictability of Kwaśniewski's presidency was somewhat higher but from the Sejm elections in 1997 the transparency was diminished by the need for cohabitation with center-right majority.

It might be argued that the problem of transparency in the semi-presidential regimes is even more acute than in the presidential ones since in the former the responsibility of the president is *a priori* diminished not only by the possibility of the election of an "outsider" candidate but also by the likelihood of cohabitation. Furthermore, the transparency of parliamentary and government policies is diminished as well because these institutions have to take into consideration the preferences of the president. In

some instances, this institutional balance might be regarded as the strength of semi-presidentialism but, as Arend Lijphart notes, “every one – and among them the president, the general public and even political scientists – believe that the claims of the president are stronger than those of the legislature.”³⁸ This situation might be either stabilized or destabilized by the popularity of some incumbents. Although Lithuania and Poland have evaded the danger of “delegative democracy”, the most ambitious presidents – Adamkus and Wałęsa – during certain periods of their term were rather popular.³⁹ A spill-over effect has also been noticed when high popularity of the incumbent increased the popularity of the presidency as institution. Presidencies were often more popular than other institutions with democratic legitimacy such as the parliament and the government.

As it has already been discussed, presidents might overestimate their victories. With this dimension added, the reduced predictability of the presidential policies becomes more dangerous. If the transparency is reduced by the personal characteristics of the incumbent (such as unpredictability or ambitiousness), the likelihood of self-isolation of the president and his/her attempts to search for extra-constitutional means increases. If the cause of reduced transparency is cohabitation, the president, who considers himself/herself “more legitimate”, may attempt to consolidate his (her) position by changing the institutional rules – temporarily or for an undetermined period. The first prediction is confirmed by strained relations Adamkus and the Seimas majority (and the government of Gediminas Vagnorius), as well as between Wałęsa and the Sejm elected in 1991 (and the government of Jan Olszewski). The example of the second case is the conflict between Wałęsa and the Sejm elected in 1993 over the dismissal of members of the National Radio and Television authority.

The Winner-take-all character of presidential elections is conducive (although to a somewhat lesser extent than in the presidential models) to the ambitions of the presidents. In both countries, some of the presidents have won their posts with only slight margins of votes: Adamkus defeated Artūras Paulauskas only by 0.7 per cent; Wałęsa was defeated by Kwaśniewski by a margin of 2.9 per cent. As Linz has predicted, “the losers lost all”: Wałęsa has withdrawn from active politics and Paulauskas remained the leader of a marginal (until the March 2000 local elections) party.

Finally, fixed presidential term is at first sight not a problem in the semi-presidential model because the government is dependent on the parliamentary majority and therefore must adequately react to rising problems. However, fixed term does not induce the president to co-operate with other political forces. He or she might ignore the opposition from the parliament without any threat to his (her) survival. The president might try, especially at the end of his term, to transfer the responsibility for his decisions to the government even if it is formed from the president’s own party. The peculiar type of semi-presidentialism, as in Lithuania and Poland, in some theoretical instances might even possess the negative features (i. e. the possibility of a gridlock) of the fixed term of the presidential regimes. Unlike in France, the presidents of Lithuania and Poland might dissolve the opposing parliament only in certain conditions during the formation of the government, but the government is not formed anew after the presidential elections. Thus the newly-elected president is obliged to cohabitate with the government as long as it is supported by the majority in the parliament. Thus fixed presidential and parliamentary

terms are practically created and the president might search for a way out of this situation by extra- or anti-constitutional means. The practice indicates that both Brazauskas, Adamkus and Wałęsa were successful in finding *political* solutions of this deadlock. However, theoretically this asymmetry of an constitutional model, disadvantageous for the president, might be very unfavourable to democratic stability as it creates incentives to bypass the constitution.⁴⁰ Precisely for this asymmetry the Lithuanian and Polish models lack much of the flexibility semi-presidentialism is praised for.⁴¹ This should not mean that these models could not be praised for their certain features but the premise of this article is that the advantages of the institutional model can not outweigh their potential dangers for democratic stability.

Semi-Presidentialism, Party System, and Elections

According to Linz, there are two favourable conditions to a semi-presidential model: (1) the president is the leader of, or a very influential figure in, one of the major parties; (2) this party is able to form the majority coalition to work with the president.⁴² Therefore now I proceed to discuss some additional external variables on which the stability of semi-presidentialism might be dependent. These are parties, party systems, election systems and the synchronization of the elections.

The Requirement of Parliamentary Majority

Discussion which party systems – two-party or multi-party – are more conducive to democratic stability has continued throughout much of the post-war period. However only recently one important aspect – the institutional model of the state – has been added to this discussion. Some of the most widely-known studies in this field have concluded that multi-party systems tend to exacerbate the problems of presidentialism, especially the conflict between legislative and executive branches⁴³ while stabilizing conditions include responsive parties, centripetal party system and semi-disciplined voting.⁴⁴

Extrapolating from the case of France, the defining condition for the stability of the semi-presidential model is a stable parliamentary majority. On the one hand, semi-presidentialism might function as a close-to-presidential system only when the president is supported by a majority party or a stable coalition and, still better, is its leader or at least a representative. On the other hand, the parliamentary “phase”, or cohabitation, is stable only when the government is backed by a coherent majority. Thus the most favourable party system is a party system of two parties or two stable blocks, one of which is able to form a stable majority after parliamentary elections.

Therefore a very fragmented party system casts doubt on the stability of semi-presidentialism. The president (the formation of the government would be his responsibility in this case) may try to find a way out of the situation of immobilism by issuing decrees and thus bypassing parliament or by attempting to implement the constitutional reform. If the president is also ineffective and does not attempt to break the deadlock, the possibility of an illegitimate intervention of the armed forces increases. In Poland, both the first and the second scenarios have already been tested and the third outcome was possible at one stage.⁴⁵

Party system polarization is another relevant variable, in addition to party system fragmentation. The most favourable system to semi-presidential model as well as for the presidential seems to be a centripetal party system where parties compete for the votes of undecided (center-located) voters instead of those of non-voters (extremists). The former dimension – fragmentation – is connected with the stability, legitimacy and representativeness of government while the latter dimension – polarization – measures the intensity of possible conflicts between the president and the opposing parliament.

Semi-presidentialism is dependent on the party system fragmentation no less than other models, therefore its choice without regard to the context of a party system and electoral system may reduce democratic stability. This seems exactly to have happened in both Lithuania and Poland, and these countries have remained stable not *because* of semi-presidentialism but *regardless* of it. To put it another way, party system was able to move towards the consolidation for reasons not connected with semi-presidentialism.

In both countries, semi-presidentialism was introduced and had to operate in the context of anti-party sentiment where the attention of the society was focused not on the party competition but rather on personal clashes. Rhetoric of Brazauskas was, to be sure, more “above-party” though he was strongly supported by one easily identifiable party. Wałęsa, in contrast, has started an openly anti-party campaign and has refused to create a strong presidential party. The Sejm of 1991 was also elected in the context of anti-party sentiment: more than 30 parties were represented in it. Unsurprisingly, relations between president and parliament were marked by instability.

At the same time the consolidation of party systems has however started in both countries. In Poland, it was encouraged by changes in the electoral system (the introduction of the electoral threshold and a new formula of seat distribution). All subsequent elections to the Polish Sejm and all elections to the Lithuanian Seimas have fulfilled the requirement for a coherent majority. In 1993, the Polish governing coalition was formed by the Democratic Left Alliance and the Peasant Party, in 1997 – by the the Solidarność Electoral Action and the Freedom Union; in Lithuania, after the 1992 elections the Lithuanian Democratic Labour Party enjoyed the absolute majority and in 1996, the Homeland Union (Lithuanian Conservatives) and the Christian Democratic party (and the Center Union) formed an oversired (ideological) coalition.

Quantitative indicators show the trend towards party system consolidation. The number of effective parliamentary parties in Poland decreased from 10.43 after 1991 elections to 2.94 after 1997 elections, in Lithuania – from 4.05 after 1992 elections to 3.33 after 1996 elections.⁴⁶

It is still unclear however whether party system will remain conducive to stable semi-presidentialism. First, the degree of electoral volatility remains high in both countries⁴⁷ thus it is too early to register the formation of stable party blocks. Second, left- and right-wing parties loose their strength in Lithuania while the popularity of center parties increases.⁴⁸ It might have certain repercussions on the formation of majorities in the parliament: both left and right coalitions may need more than two of five major parties. On the other hand, growing popularity of center parties makes it more difficult for both left-wing and right-wing parties to win the support of centrist voters and thus might weaken centripetal tendencies in the party system. Poland at the

same time encounters another problem which at least theoretically might reduce the stability of governing coalitions. According to the available data, Poland's party system remains multi-dimensional where in addition to the main right-left dimension, the dimension of religiousness-capitalism *versus* secularity-socialism is also statistically significant.⁴⁹ In contrast, main dimensions of the Lithuanian party system correspond to the main right-left scale.⁵⁰

Electoral System and Parliamentary Majorities

Lithuanian and Polish institutional regulations – parliamentary and presidential electoral systems – and the synchronization between parliamentary and presidential elections do not stimulate majoritarian tendencies in the party systems. It might be conjectured that when choosing their electoral systems, both countries paid too little attention to how it might interact with the institution of the president and presidential electoral system. Lithuania has chosen a mixed system (proportional and second round absolute majority) while Poland opted for a completely proportional system (registered even in the Constitution). According to the rules formulated by Duverger, the proportional system is connected with the emergence of more than two parties. This in itself is not a danger for the democratic stability but it might be inconducive to the stability of semi-presidentialism. Quite paradoxically, and because of unconsolidated party system, even the majoritarian part of the electoral system in Lithuania did not prevent the representatives of small parties from reaching the Seimas – although those parties failed to pass the threshold in the proportional part of elections. This even more fragments the parliament and creates the unnecessary strain in the inter-institutional relations.

The institution of the president theoretically (although as it was already discussed in the previous chapter not always practically) might be considered as strengthening political parties in both countries. The presidency is regarded as the main “prize” in the political system and the wish to win this “prize” stimulates the strengthening of parties.⁵¹ However, it is important whether this tendency is helping to shape the party system favourable to semi-presidentialism, i. e. to strengthen two stable party blocks. Double ballot presidential electoral system creates incentives for independent candidates or representatives from small parties to participate in the elections (this was true in three of four presidential elections). Thus voters are presented with a number of candidates unlikely to win and the main political bargaining is left for a brief period between the two rounds. The single round simple majority electoral system seems the more conducive to the formation of the two party system. This system induces wide coalitions supporting either of the two most popular candidates.⁵² To be sure, in a still unconsolidated party system the winner of such election might be not a centrist but an extremist candidate.

Finally, the third aspect of institutional rules, the synchronization of presidential and parliamentary elections is also unfavourable to the stable semi-presidentialism. Unsynchronized presidential and parliamentary elections create opposing majorities, or cohabitation, which is potentially dangerous without political traditions and with the asymmetry of semi-presidentialism in both countries. The highest probability of the same majority electing both president and the parliament is when both elections are held with a

short interval, and especially when parliamentary elections shortly follow presidential ones – during “honeymoon period”.⁵³ Presidential majority in the parliament is least possible when the parliament is elected in the mid-term of the presidency. Lithuanian and Polish parliamentary elections confirm these predictions: the only election that led to the government of presidential majority was the 1992 Seimas election in Lithuania, held shortly before the presidential election of 1993.

Institutional regulations thus are unfavourable to stable semi-presidentialism as they do not encourage the formation of two stable party blocks. It must be noted however that political system designers had other tasks so this finding must be treated cautiously and a reservation “other conditions being equal” is in place.

President, Parliamentary Majority, and Government: The “Bermuda Triangle”

“Bermuda triangle”, a term coined by Wałęsa, captures the essence of this institutional triangle – its ambiguity. Even ideal semi-presidentialism may not be considered an equilateral triangle. While the parliament–government axis is relatively clear (for the purpose of this article, to be sure) since the government must always command the majority in the parliament, the rest two relations – between the president and the parliament and between the president and the government – are potentially conflictual. In the semi-presidential model, conflicts over formal and real powers may develop into dangerous stalemates.

Presidential–Parliamentary Relations: Residual Powers

Relations between presidents and parliaments can fall into one of eight categories, depending on parliamentary majority or fragmentation and on the support president gets in the parliament. These situations are presented in the Table 2. They are purely political, not constitutional in that they depend not on formal provisions but on party orientations of both institutions.

The table shows that almost all instances of relations between the president and the parliament are potentially conflictual, and among the four “best-cases” only two are really the “best” (and even these with some reservations) – when the president enjoys stable support by the majority party or coalition. Political system can be safeguarded from the remaining conflictual situations either by the flawless constitution which creates incentives for compromise or by the will of political actors. The performance of the latter “safety device” is however questionable having in mind conflictual political practice and the lack of political traditions.

The performance of the former “safety device” in Lithuania is problematic as well. There are uncertainties left in the constitutional text such as the “asymmetry”, or the deadlock when the President, unable to dissolve the Seimas, is forced to cohabitate with the prime minister representing opposition. The allocation of “residual” powers (powers not defined by the Constitution) is also vaguely delimited. It is precisely the combination of both the “asymmetry” and unclear “residual” powers that makes the period of cohabitation dangerous for democratic stability. The Polish Constitution is “asymmetric” as well but

“residual” powers are allocated much more clearly. All powers not explicitly ascribed to the presidency are exercised by the government. Such provision seems the more favourable to the democratic stability than the delegation of “residual” powers to the President: one person is not able to usurp powers which are by definition important in special cases.

Another shortcoming of both constitutions is the stipulated “above-partisanship” of the presidents. The Lithuanian Constitution requires that the President must suspend his or her “activities” in political parties and organizations until a new presidential election campaign. Polish Constitution prohibits the President from holding other offices and discharging other public functions. These provisions not only have negative influence on the party system diminishing the role of the parties, but, most importantly, complicate the efforts of the presidents to mobilize support for their initiatives and weaken links between the president and the parliament. When both the president and the government are installed by the same electoral majority the president without direct party links has fewer resources to become a real “presidential” leader and during cohabitation is isolated even from the parliamentary opposition. To be sure, three of four presidents in both countries have opted for non-partisanship themselves.

Ambiguities and shortcomings are present in constitutions of various political systems. While, in parliamentary and partly in presidential systems it is possible to effectively resolve conflicts according to the logic of either unitary or divided government. The semi-presidential model, however, seems to exacerbate conflicts stemming from constitutional ambiguities because of competition between two political actors having popular mandate. In contrast even to the presidential model where situation is much the same, those political actors – the president and the parliament (the government) – must be at least minimally compatible.

Presidents versus Prime Ministers

Problems of compatibility between presidents and prime ministers arise not only in semi-presidential institutional models. There were inter-institutional conflicts of this sort in parliamentary political systems (e. g. Hungary and Slovakia) as well.⁵⁴ However, most of semi-presidential systems in Central and Eastern Europe (Bulgaria, Ukraine, Moldova, Poland) have witnessed unparalleled number and intensity of presidential–prime ministerial conflicts. This leads to a hypothesis that institutional incentives created by semi-presidentialism stimulate inter-institutional conflicts.

Conflicts between presidents and prime ministers in the semi-presidential arrangements are possible not only when they are elected by different majorities but also when they represent the same majority. The very existence of two legitimate (or striving to gain legitimacy) leaders, incompatible personal ambitions, differing views on political strategies might induce presidential–prime ministerial conflicts. Lithuanian president Brazauskas, although elected by the same majority as the Seimas, not only retreated to cohabitation with the parliament and the prime minister but eventually opted for “insidious” tactics.⁵⁵ President was successful in dismissing the cabinet supported by the majority of the Seimas although Constitution formally does not grant him such powers. Interestingly enough, this situation has almost repeated itself after the new president, Valdas Adamkus, was elected. Presidential–parliamentary relations have gradually evolved

Table 2. Presidential-Parliamentary Relations

Situation	Best-case scenario	Worst-case scenario
The president is supported by a majority party	Presidential dominance is ensured only to the extent that the majority party ensures stable partisan support for the president.	The president can not count on stable support, and therefore must build ad hoc support. Party discipline and brand of representation by legislators are the crucial variables.
The president is supported by a majority coalition	Presidential dominance is ensured only to the extent that the majority party ensures stable partisan support for the president, however, problems are exacerbated by the inherently fractious nature of the coalition.	The president can not count on stable support, and therefore must build ad hoc support. Party discipline and brand of representation by legislators are the crucial variables. Problems are exacerbated by the inherently fractious nature of the coalition.
The president is opposed by a coherent parliamentary majority	Peaceful “cohabitation”. The presidents recognizes the parliamentary majority’s claim to control the government and assumes a subordinate role. The assembly chooses not to challenge the president’s authority incurred by its constitutional prerogatives.	Conflictual “cohabitation”. Either the president or the assembly challenges the other institution’s claim to control the executive and/or the legislation.
The president faces a fragmented legislature	Presidential dominance. There is no effective parliamentary opposition, parliamentary factions merely choose to tolerate presidential dominance, especially if constitutionally grounded.	Intra-institutional conflict. Neither the president nor the assembly is able to govern.

Source: This table is based on the text by Bogdan Nica. See Nica B. *Comparative Institutional Analysis of Post-Communist Semi-presidential Systems: Prospectus I* Central European University. – Budapest, 1998. – P. 19.

from initial support by the majority of the Seimas to *de facto* cohabitation and conflicts between the President and the Chairman of the Seimas and later the Prime Minister. This latter conflict led to eventual resignation of the cabinet which had just been approved by the vote of confidence in the parliament. Polish President Lech Wałęsa, having cohabitated with all three parliaments during his tenure (except perhaps for certain periods) has also succeeded in dismissing the government of his former political associates – Center Alliance and its partners – led by Jan Olszewski.

Studies of West European politics confirm the importance of the role of presidents in government termination. Data from parliamentary–presidential democracies (semi-presidential democracies plus Ireland, Iceland and Portugal after 1982) indicate that government termination is more often connected with conflicts (50.0 per cent of all governments) than in the cabinet-type democracies (19.1 per cent), although not as often as in parliamentary democracies (59.7 per cent). Frequency of conflictual terminations is explained by presidential interventions. In the two semi-presidential political systems of premier–presidential type (France, 1958–1988, and Finland, 1947–1989) 10 of 61 government terminations was caused by presidential interventions. By comparison, only 4 governments resigned due to lack of confidence in the parliament, 10 after prime minister’s resignation, 17 terminations were caused by internal conflicts and 20 by legislative elections.⁵⁶

Conflicts between presidents and presidential majorities in the parliaments have evolve not only over prime ministers but also over nomination or dismissal of certain ministers (in Poland, over four “presidential” ministers and most often – over defence minister, in Lithuania – over minister of education) and reorganization of ministries (in Lithuania – over Ministry of European Affairs). These conflicts as well as government dismissals were “para-constitutional” in that they emerged and were resolved in the *political* arena even though there were rather strict constitutional regulations. These constitutional regulations became the subject of political contestation because of wider logic of semi-presidentialism which most often separates precise presidential and governmental powers but only vaguely separates the responsibilities of those institutions for executive policies.

The semi-presidential model, in addition to such “pre-programmed” conflicts somewhat paradoxically also creates incentives to transfer responsibility for policy failures to opposing institutions. Thus semi-presidential politics might become a search for lame ducks. Sometimes this enhances policy effectiveness: President Wałęsa has successfully channelled public discontent over his reform policies toward the governments and by often changing them was able to stick to his political course. However, it is very probable that such conflicts might reduce policy effectiveness and governmental responsibility. In both countries there were periods of growing powers of presidential administration. Severe inter-institutional conflicts emerged when presidents created formal or informal institutions with the aim of duplicating functions of the government or other state institutions. President Adamkus showed considerable interest in investigating through presidential channels the situation with electricity exports to Belarus and president Wałęsa had created his National Security Bureau duplicating some of the functions of the Ministry of Defence. Furthermore, inter-institutional conflicts might spread to include not only parliament but also institutions

outside the “Bermuda triangle”, such as the Constitutional Court (as was the case in Lithuania) or the military (the case of Poland).

Semi-presidential institutional model thus often creates incentives for inter-institutional conflicts, especially if certain constitutional provisions are ambiguous. Even if the constitution provides mechanisms for preventing or resolving such conflicts, semi-presidential arrangements by definition can not avoid fundamental vagueness of executive dyarchy. A conclusion is thus in place that the very logic of this institutional model encourages the possibility of conflicts – even when different institutions represent the same electoral majority. Furthermore, as both the president and the government of parliamentary majority possess (or claim to possess) democratic legitimacy, political conflicts have tendency to evolve into constitutional contests of power, i. e. conflicts upon which state and democratic stability are directly dependent. The situation in Lithuania and Poland is exacerbated not only by constitutional ambiguities but also by deviations from tested and stable models of semi-presidentialism.

Conclusions

In Lithuania and Poland, semi-presidentialism due to its systemic features and external factors may have negative effects on democratic stability. This conclusion is based on two premises: democratic stability is considered more important than government effectiveness and dangers posed by an institutional model are not outweighed by the opportunities it presents.

The experience of stable West European semi-presidential democracies, first and foremost France, indicates that the main “external” conditions for the stability of semi-presidentialism are political traditions, the choice of appropriate electoral formula and party system of two stable blocks. The chief “internal” condition is that the institutional model create incentives for compromises in conflicts which are an inherent feature of semi-presidentialism.

Although many authors drawing on the stability of the French arrangement conclude that semi-presidentialism may correct the shortcomings of either pure presidentialism or parliamentarism such view might not be generalized without regard to “external” conditions in a certain country. In the political systems of Lithuania and Poland, neither “external” nor “internal” conditions for stable semi-presidentialism are sufficient.

Firstly, certain ambiguities remain in the constitutions of both countries. The president is not able to dissolve parliament to avoid potentially dangerous situation of cohabitation. Thus there are no institutional mechanisms to resolve the conflict between the president and the government which enjoys the support of the parliamentary majority. Such inter-institutional conflicts might lead to constitutional crises. In both Lithuania and Poland, presidents in such instances have resorted to “extra-constitutional” political activities. Furthermore, conflicts over the meaning of constitutional provisions might involve not only the president, the parliament and the government, but also constitutional courts and the armed forces. Thus the constitutions create incentives not for compromises but for confrontation over constitutional conflicts. The Lithuanian Constitution does so to a larger extent than the Polish one.

Secondly, neither Lithuania nor Poland have witnessed the formation of stable traditions of semi-presidential politics which could to a certain degree supplement or interpret

constitutional provisions. The influence of personalities of the incumbents has been significant but has not been institutionalised in political traditions. Thus the stability of semi-presidentialism in both countries largely depends on presidential ambitions and their skills to rely on precedents rather than on traditions.

Thirdly, “outsider” candidates with only temporary party support can be (and have been) elected as presidents. A recurrent feature of Lithuanian and Polish presidential elections has been a large number of independent candidates. The electorate of the winning candidates has in almost all cases been heterogeneous and not stable. Even this has led some of the incumbents to overestimate their victories and their sense of “mission”. The transparency of presidential politics was low because of either unpredictable personal ambitions or necessity to cohabitate with the government of opposite majority. Acute conflicts of dual democratic legitimacy emerged, and the presidency has been regarded as the main “prize” where the “winner-takes-all” and is able to use the advantages of the fixed term, especially in the conflicts with the government.

Fourthly, the rules of presidential and parliamentary elections and the lack of synchronization between presidential and parliamentary elections are unfavourable to stable semi-presidentialism which requires a party system of two stable party blocks able to “produce” parliamentary majorities. The presidential electoral system stimulates party fragmentation while proportional or mixed parliamentary electoral systems do not lead to two-party system either. Unsynchronized presidential and parliamentary elections increase the possibility that parliamentary majority will be oppositional to the president. Even if both the president and the parliament are elected by the same electoral majority, constitutions of both countries prohibit the presidents from remaining party leaders. They are not able to act as effective leaders of parliamentary majorities and thus become not “above-party” but rather “party-less” presidents. Presidents then have to rely on their administration which usually leads to creation of parallel executive structures intended to counter-balance government institutions.

Lithuanian and Polish constitutional arrangements and party systems at the same time have certain important differences. Constitution of Poland more precisely regulates the accountability of individual ministers and, most importantly, explicitly refers all “residual” powers to the cabinet. However, the Polish Constitution by providing for proportional system of parliamentary elections creates a less favourable context of semi-presidentialism which is further exacerbated by the multi-dimensional party system. In Lithuania, the formation of two stable party blocks was at the time of writing more likely.

This article is not intended to cover all aspects of semi-presidentialism. It might emerge that semi-presidentialism is indeed a better model than others when it comes to political effectiveness or democratic learning. However as a system it features high probability of conflicts which are likely to become constitutional. Only unambiguous constitutional provisions and political traditions may reduce the dangers posed by such conflicts. However, there remain ambiguities in Lithuanian and – to a smaller extent – Polish constitutions while the lack of political traditions makes political systems more dependent on personal characteristics of the incumbents. This state of affairs might be temporary but, at least in the medium term, the dangers of semi-presidential institutional model for the democratic stability seem to be rather real.

NOTES AND REFERENCES

- ¹ J. Elster *Afterword: The Making of Post-communist Presidencies*, in Postcommunist Presidents, ed. R. Taras (Cambridge: Cambridge University Press, 1997), p.p. 225–226.
- ² Much of the early discussion about the influence of institutional models on democratic stability was focused on the Latin American countries and the application of its findings to countries with different political culture might be incorrect. For more on methodological problems of controlling political culture and other external variables, see: S. M. Lipset, *The Centrality of Political Culture*, in Journal of Democracy, 1990, vol. 1. No. 4, p.p. 80–83; D. L. Horowitz, *Comparing Democratic Systems*, in Journal of Democracy, 1990, vol. 1. No. 4, p.p. 73–79.
- ³ These are slightly modified criteria of Juan Linz. See J. Linz, *Introduction: Some Thoughts on Presidentialism in Postcommunist Europe*, in Postcommunist presidents, ed. R. Taras (Cambridge: Cambridge University Press, 1997), p.p. 6.
- ⁴ A. Stepan, C. Skach, *Presidentialism and Parliamentarism in Comparative Perspective*, in The Failure of Presidential Democracy: Comparative Perspectives, eds. J. J. Linz, A. Valenzuela (vol. 1. Baltimore: Johns Hopkins University Press, 1994), p.p. 119–136; S. Mainwaring, *Presidentialism, Multipartyism and Democracy: The Difficult Combination*, in Comparative Political Studies, 1993, vol. 26. No. 2, p.p. 198–228; T. J. Power, M. J. Gasiorowski, *Institutional Design and Democratic Consolidation in the Third World*, in Comparative Political Studies, 1997, vol. 30. No. 2, p.p. 123–155.
- ⁵ The best – although debatable – early examples of this strategy are: J. J. Linz, *The Perils of Presidentialism*, in Journal of Democracy, 1990, vol. 1. No. 1, p.p. 51–69; J. J. Linz, *The Virtues of Parliamentarism*, in Journal of Democracy, 1990, vol. 1. No. 4, p.p. 84–91; J. J. Linz, *Presidential or Parliamentary Democracy: Does It Make a Difference?* in The Failure of Presidential Democracy: Comparative Perspectives, eds. J. J. Linz, A. Valenzuela, vol. 1. Baltimore: Johns Hopkins University Press, 1994, p.p. 3–87; F. Riggs, *Conceptual Homogenization of a Heterogeneous Field: Presidentialism in Comparative perspective*, in Comparing Nations: Concepts, Strategies, Substance, eds. M. Dogan, A. Kazancigil (Oxford: Blackwell, 1994), p.p. 72–152.
- ⁶ M. Duverger, *A New Political System Model: Semi-presidential Government*, in European Journal of Political Research, 1980, vol. 8, p.p. 165–187.
- ⁷ On the development of semi-presidentialism as a concept of a unique institutional model, see H. Bahro, B. H. Bayerlein, E. Vesper *Duverger's Concept: Semi-presidential Government Revisited*, European Journal of Political Research, 1998, vol. 34, p.p. 201–224, especially p.p. 201–209. For a critique of semipresidentialism as an unnecessary confusion in the traditional dichotomy of regimes, see E. Ben-Zion Kaminsky *On the Comparison of Presidential and Parliamentary Governments*, on <http://www.csppresidency.org/kaminsky.htm>.
- ⁸ A. Lijphart, *Nomination: Trichotomy or Dichotomy*, in European Journal of Political Research, 1997, vol. 31. No. 1/2, p.p. 125–128.
- ⁹ H. Bahro, B. H. Bayerlein, E. Vesper *Op. cit.*, p.p. 211–212.
- ¹⁰ C. S. Nino, *Hyperpresidentialism and Constitutional Reform in Argentina* in Institutional Design in New Democracies: Eastern Europe and Latin America, eds. A. Lijphart, C. H. Waisman (Boulder: Westview Press, 1996), p.p. 170.
- ¹¹ M. Duverger, *A New Political System Model: Semi-Presidential Government*, in European Journal of Political Research, 1980, vol. 8, p.p. 166.
- ¹² M. C. Shugart, J. M. Carey, *Presidents and Assemblies: Constitutional Design and Electoral Dynamics* (New York: Cambridge University Press, 1992), p.p. 23–24.
- ¹³ G. Sartori, *Comparative Constitutional Engineering: An Inquiry into Structures, Incentives and Outcomes* (New York: New York University Press, 1994), p.p. 132–133.
- ¹⁴ G. Pasquino, *Nomination: Semi-presidentialism: A Political Model at Work*, in European Journal of Political Research, 1997, vol. 31, p.p. 130.
- ¹⁵ R. Elgie, *The Classification of Democratic Regime Types: Conceptual Ambiguity and Contestable Assumptions*, in European Journal of Political Research, 1998, vol. 33. – p.p. 219–238.
- ¹⁶ A. Hollstein, *Valytybės organizacinis modelis Lietuvos Konstitucijoje: trečiasis kelias tarp prezidentinės ir parlamentinės sistemos?* in Politologija, 1999, No. 2, p.p. 17–56.
- ¹⁷ “Lithuania” by Darius Žerušis in *The Handbook of Political Change in Eastern Europe*, eds. S. Berglund et al., Cheltenham: Edward Elgar, 1998.

¹⁸ For a detailed presentation of the semi-presidential features of Lithuanian and Polish Constitutions, see Chapter 2 of the initial version of this article (in Lithuanian) on the internet: V. Pugačiauskas *Institucinių modelių įtaka demokratijos stabilumui: Lietuvos ir Lenkijos pusiau prezidentizmo įgytinamoji analizė*, on <http://www.geocities.com/vykintas/bak.html>.

¹⁹ J. McGregor, *The Presidency in East Central Europe* in RFE/RL Research Report, 1994, vol. 3. No. 2, p. p. 23–31.

²⁰ T. A. Frye, *Politics of Institutional Choice: Post-Communist Presidencies*, in *Comparative Political Studies*, 1997, vol. 30. No. 5, p.p. 523–552.

²¹ M. S. Shugart, J. M. Carey *Op. cit.*

²² M. S. Shugart, *Executive–Legislative Relations in Post-Communist Europe*, in *Transition*, 1996, December 13, p.p. 6–11.

²³ A. Maleckaitė, *Constitutional Framework of State and Consolidation of Democracy: Semi-presidential Regimes. The Case of Eastern Europe: Thesis for Master of Arts Degree in Political Science*, (Central European University. – Budapest, 1994), p. 44.

²⁴ For full argumentation, A. Maleckaitė *Op. cit.*; V. Pugačiauskas *Op. cit.*

²⁵ M. Duverger *Op. cit.*, p. 171.

²⁶ G. Sartori *Op. cit.*, p. 123.

²⁷ R. Elgie, *Political Leadership in Liberal Democracies*, (Houndsmills: Macmillan Press, 1995), p.p. 62–63.

²⁸ M. Duverger *Op. cit.*, p. 181.

²⁹ B. Geddes, *Initiation of New Democratic Institutions in Eastern Europe and Latin America*, in *Institutional Design in New Democracies: Eastern Europe and Latin America*, eds. A. Lijphart, C. H. Waisman (Boulder: Westview Press, 1996), p. 21.

³⁰ This seems to confirm the Stein Rokkan hypothesis as modified by Arend Lijphart. A. Lijphart *Democratization and Constitutional Choices in Czecho-Slovakia, Hungary and Poland, 1989–91*, in *Journal of Theoretical Politics* (London, 1992, vol. 4. No. 2), p.p. 207–223.

³¹ J. J. Wiatt, *Executive–Legislative Relations in Crisis: Poland’s Experience, 1989–1993*, in *Institutional Design in New Democracies: Eastern Europe and Latin America*, eds. A. Lijphart, C. H. Waisman (Boulder: Westview Press, 1996), p. 105.

³² L. Talat-Kelpša, *Pusiau prezidentizmo link: Lietuvos institucinės reformos analizė*, in *Politologija*, 1996, No. 1, p.p. 106–107.

³³ K. Jasiewicz, *Poland: Wałęsa’s Legacy to the Presidency*, in *Postcommunist Presidents*, ed. R. Taras (Cambridge: Cambridge University Press, 1997), p.p. 130–167.

³⁴ *Ibid.*, p.p. 164–165.

³⁵ J. J. Linz, *Presidential or Parliamentary Democracy: Does It Make a Difference?* in *The Failure of Presidential Democracy: Comparative Perspectives*, eds. J. J. Linz, A. Valenzuela, vol. 1. (Baltimore: Johns Hopkins University Press, 1994), p.p. 3–87.

³⁶ See *Ibid.*, p.p. 21–22.

³⁷ See *Ibid.*, p. p. 27–28.

³⁸ A. Lijphart, *Presidentialism and majoritarian democracy*, in *The failure of presidential democracy: Comparative perspectives*, eds. J. J. Linz, A. Valenzuela, vol. 1. (Baltimore: Johns Hopkins University Press, 1994), p. 102.

³⁹ In January 1991, Wałęsa was supported by 50 per cent of the population, (K. Jasiewicz, *Op. cit.*, p.p. 157.) Rating of Adamkus in April 1999 was 83 per cent (Source: „*Vilmorus*“ *visuomenės nuomonės tyrimas: kam palankūs šalies žmonės?* in *Lietuvos rytas*, 1999, April 17, p. 3.).

⁴⁰ It must be admitted however that this line of argumentations should not imply that democratic stability would be enhanced by the presidential prerogatives to dismiss prime ministers or ministers. Institutional models where presidents possess such rights – presidential-parliamentary regimes – are considered even more inconducive to democratic stability. M. S. Shugart, *Of Presidents and Parliaments*, in *East European Constitutional Review*, Chicago, 1993, vol. 2. No. 1, p.p. 30–32; also cf. tables 3.1 and 3.2 in M. S. Shugart, J. Carey *Op. cit.*, p.p. 40–41.

⁴¹ J. Blondel, *Dual Leadership in Contemporary World*, in *Parliamentary Versus Presidential Government*, ed. A. Lijphart (New York: Oxford University Press, 1992), p.p. 172; S. Holmes, *The Postcommunist Presidency*, in *East European Constitutional Review*, Chicago, 1993, 1994, vol. 2. No. 4, vol. 3. No. 1, p. 39; M. S. Shugart, J. Carey *Op. cit.*, p.p. 43–53.

⁴² J. J. Linz, *Presidential or Parliamentary Democracy: Does It Make a Difference?* in *The Failure of Presidential Democracy: Comparative Perspectives*, eds. J. J. Linz, A. Valenzuela, vol. 1, Baltimore: Johns Hopkins University Press, 1994, p. 54.

⁴³ S. Mainwaring, *Op. cit.* An opposite (in some respects) conclusion is presented by Donald Horowitz. See D. Horowitz *Op. cit.*

⁴⁴ F. Riggs *Op. cit.*

⁴⁵ R. Taras, *Consolidating Democracy in Poland*, (Boulder: Westview press, 1995), p. 172.

⁴⁶ For details on the formulas and sources, see V. Pugačiauskas *Op. cit.*

⁴⁷ Index of electoral volatility is 36.41 in Lithuania and 35.5 in Poland (computed before 1997 elections). See D. Žeruolis, *Politinis stabilumas ir demokratija Lietuvoje*, in *Lietuvos integracija į Europos Sąjungą: Būklės, perspektyvų ir pasekmių studija*, eds. K. Maniokas, G. Vitkus (V.: Naujasis lankas, 1997), p.p. 74–75.

⁴⁸ J. Novagrockienė, *Seimo rinkimai ir partijų sistema*, in *Politologija*, 1997, No. 1, p. 128; „Vilnius“ visuomenės nuomonės tyrimas: kam palankūs šalies žmonės? in *Lietuvos rytas*, 1999, April 17, p. 3.

⁴⁹ D. Žeruolis, *Rytai tampa Vakariais? Vakarų Europos konceptualinių instrumentų taikymo problemos pokomunistinių partijų sistemų stabilizacijos bei kaitos analizei*, in *Politologija*, 1996, No. 1, p. 41 (Table 6); R. Taras *Op. cit.*, p. 182.

⁵⁰ J. Novagrockienė, *Lietuvos partinės sistemos raida*, in *Seimo rinkimai '96: Trečiasis „atmetimas“*, ed. A. Krupavičius (V.: Tvermė, 1998), p.p. 298–324.

⁵¹ L. Talat-Kelpša, *Pusiau prezidentizmas Lietuvoje ir jo įtaka politinio režimo stabilumui: Politikos mokslų specialybės bakalauro darbas*, VU Tarptautinių santykių ir politikos mokslų institutas; darbo vadovas D. Žeruolis. (V., 1998), p. p. 16–21.

⁵² M. S. Shugart, J. Carey *Op. cit.*, p. 209.

⁵³ *Ibid*, p. 263.

⁵⁴ T. A. Baylis, *Presidents Versus Prime Ministers: Shaping Executive Authority in Eastern Europe*, in *World Politics*, Baltimore, 1996, vol. 48, p.p. 297–323.

⁵⁵ L. Talat-Kelpša, *Pusiau prezidentizmo link: Lietuvos institucinės reformos analizė*, in *Politologija*, 1996, No. 1, p. 101.

⁵⁶ G. Ieraci, *“Events” and “Causes” Cabinet Termination and Survival: Is Explanation Still Possible?* in *West European Politics* (London, 1996, vol. 19. No. 1.), p.p. 51–68.

BETWEEN HISTORICAL MEMORY AND THE STRUGGLE FOR *ELLENBOGENRAUM* *: MAX WEBER ON NATION

Zenonas Norkus

In one of his essays comparing the theoretical views of Max Weber and Ernest Gellner, Perry Anderson noted: “Whereas Weber was so bewitched by the spell of nationalism that he was never able to theorize it, Gellner has theorized nationalism without detecting the spell.”¹ Anderson wants to say that Gellner’s theory of nationalism² can not explain the attractiveness of the ideas of nationalism. About Weber, Anderson claims that although the famous German sociologist in his political views was an ardent German nationalist, he did not have a thought-out concept of nations and nationalism. At the same time he violated his own declared principle of conscious self-control (*bewusste Selbstkontrolle*),³ which forbids an intellectual to accept any “final views” without closely analyzing their inner logic, assumptions, and consequences. If we believe Anderson, Weber did not apply this principle to his own chosen “final view”, but surrendered to the “spell” of nationalism.

The purpose of this article is to refute Anderson’s thesis that Weber’s nationalistic choice was not thought-out or “irrational”. To do that – means to reconstruct the theoretical foundations (implicit arguments), on which this choice is based. One of the reasons why Anderson and other authors writing about the irrationalism and arbitrariness of Weber’s nationalism⁴ do not find the foundations of this choice is that in their searches they restrict themselves to the quite fragmentic chapters of Weber’s *Economy and Society* devoted to ethnicity and nations, written between 1910 and 1914, and not prepared by Weber himself for publication.⁵

In the view of the author of this article, the texts, which are classified as political publications, are no less informative documents on the Weberian concepts of nations and nationalism. Anderson and other proponents of the thesis of Weber’s “irrational nationalism” do not consider these texts as documents of a certain thought-out theoretical concept of nations and nationalism because in them Weber does not write about nations

* *Ellenbogenraum* (German) – (literally) the space which is necessary to straighten out the elbows. In the beginning of the 20th century in German political vocabulary this word was used as a synonym for “vital space”.

and nationalism in general, but about certain concrete questions of Germany's inner and foreign policies. The view that Weber's political publications are not relevant to understand his theoretical views has already been criticized by David Beetham.⁶ His book *Max Weber and the Theory of Modern Politics* is also a methodological example how the theoretical assumptions in Weber's publicistic texts can be clarified and reconstructed.

However, Beetham's own results on the question in which we are interested, the concept of nations and nationalism,⁷ are not satisfying. On the one hand, he devoted too little attention to the earlier (1892-1899) texts of Weber, mostly analyzing his publications during the period of the First World War.⁸ On the other hand, Beetham holds the view which is very natural to a political scientist or political sociologist: he views Weber as his colleague. However, the early Weber wrote his political publications as a professor of political economy (in Germany at that time, called "national economy").

Thus, Beetham (not to speak about other "Weberologists") does not notice that the concept of nations and nationalism of the early Weber are expressed in the terms of political economy. The second section of this paper is devoted to reconstruction of Weber's "political economic" (or "national-economic") concept of nations and nationalism. The first section discusses the more widely known political-sociological concept of nations and nationalism, which are documented in the mentioned sections of *Economy and Society* and the publications during the First World War. In the third section we will try to evaluate Weber's both concepts from the viewpoint of the contemporary discussion about nations and nationalism.

1. Weber's Political-Sociological Concept of Nation

The reader searching for the detailed theoretical analysis of ethnicity and nationalism in Weber's *Economy and Society* has (together with Anderson) to be disappointed. The relatively short chapters on ethnicity and nationalism are mostly devoted to the criticism of existing theories of nations and ethnicity. The German sociologist in a pedantic manner lists the casuistic difficulties and exceptions, compromising the efforts to define the concepts of ethnicity or nation in term of certain "objective" traits (race or origin, territory of residence, economic life, etc.). He even raises the question whether the exact (future) social science will be able to do without the concepts of "ethnicity" and "nation" by using a more exact classification scheme in which there is no place for such terms (as in the dictionary of the physicist there is no place for terms such as "wet" or "cold"). "Speaking in general, the concept of "ethnically" conditioned social activity unites phenomena, which truly exact sociological analysis, – which we will not try to present here, – should carefully differentiate. [...] In this case, the general concept (*Sammelbegriff*) of "ethnic" would truly be cast overboard. Because it is a common name (*Sammelname*), which is totally inappropriate for exact research. [...] In this respect the concept of an "ethnic" community which vanishes if we attempt to form concepts exactly corresponds to some extent to the concept, which is loaded for us by the greatest baggage of pathetic feelings: that of "nation" (in so far as we attempt to define this concept in a strict sociological way)".⁹

Weber's expectations that the "precise" sociology of the future would do without the concepts of "ethnicity" and "nation" have not yet been fulfilled by the science of sociology. However, scepticism toward the scientific value of these concepts is also not Weber's final word. Casuistically criticizing the definitions of "nation" and "ethnicity" that he knew, he pointed out which of these definitions (despite all their various deficiencies) seemed to him most appropriate (before the more precise sociological nomenclature is created). "Such groups of people cherishing the subjective belief of common origin on the basis of outer appearance (*äusseren Habitus*) or customs (*Sitten*) or even both or due to memories of colonization or migration, which is significant for the creation of their association, we will call "ethnic" groups if they are not "extended families" (*Sippen*): totally independent of whether there is, or is not, objectively any common blood."¹⁰ On "nation" in general Weber decides to state only this: "the concept of nation can only be defined in this way: it is an emotional community (*gefühlsmässige Gemeinschaft*), whose adequate expression would be its own state (*eigener Staat*); therefore, such a community, for which the tendency to create such a state is characteristic."¹¹ In contemporary discussions it is accepted to analyze separately the problems of ethnic communities and problems concerning nations as well as nationalism. For this reason as well as for purely exterior (limits of space) circumstances we will further limit our analysis to the Weberian concept of nation and nationalism.¹²

A definition identifying a certain phenomenon is not the same as a theory explaining the phenomenon. In the case of ethnicity and nation, such a theory should explain how and why people acquire or lose ethnic or national identity, why and how ethnic communities and nations appear and disappear. Because Weber believed that scientific sociology in the future would eliminate the very terms of "ethnicity" and "nation" from their dictionary, it is no more correct to demand from him such a theory than to demand from a physicist that he provide, for example theories of holes or heat. Nevertheless, the German sociologist provides several ideas which can be used constructing a theory of nations and nationalism.

One of the most widely accepted elements of the social scientific heritage of Weber is his social stratification model, providing three dimensions of social stratification: wealth or opportunities in the market, prestige or honor, and (political) power.¹³ The categories of people separated by their economic situation are classes. Groups, separated by their status in the hierarchy of prestige are estates or status groups (*Stände*). In modern societies there are legally no estates, but Weber drew attention to the simple fact that even though laws can declare people to be equal and valued equally, they do not "respect" each other equally. People have not only "material" (material welfare), but also "ideal" interests, aspiring to be respected and valued by others. One can imagine a society where wealth is divided "equally", but not a society where everyone would be respected equally. "Prestige" or "honor" are "positional" goods, which disappear if everyone has an "equal" amount. Social life is a struggle of people not only for wealth or material welfare, but also for honor (prestige).

If one can detect in Weber's skeptical and overly critical statements about the definitions of ethnicity and nations any positive leitmotif, then it is this idea: division into ethnic groups and especially into nations is part of the hierarchy of prestige. "The

kingdom of “honor” comparable with “estate” system includes the mutual relations of political units”.¹⁴ Trying to define more concretely the singularity of “national feelings”, Weber defined them as the feelings of “prestige of power”, or “prestige of culture” of one’s own state.¹⁵

The feelings of the “prestige of power” are the feelings of pride in the citizenship or allegiance to a “powerful” state. States, just like people, struggle for prestige or honor and are divided into an informal hierarchy of prestige where the differences between the individual ranks of prestige are no smaller than the differences between the brahmins and pariahs of ancient India. The title of honor for the highest “estate” in the league of nations in Weber’s times was the “great power” (*Grossmacht*). In Weberian political-sociological perspective the “nations” are broadest status groups. All members of nation ranking high in the league of nations can enjoy positional good “prestige” satisfying their “ideal interests” in the way comparable to the satisfaction of these interests by the membership in the “positively privileged” status groups (“estates”) in the traditional societies (so e.g. American citizenship is in our days the title of honor comparable with titles of earl or duke of older times).

Political and economic power is not the only dimension of the hierarchy of international prestige. Another one is “cultural achievements” or “cultural contributions”, indicated by number of “famous” scientists, writers, architectural monuments, etc. Citizenship or allegiance to a state not belonging to the league of “great powers”, does not necessarily mean feelings of inferiority: the basis for feeling of belonging to the world “elite” can be the conviction of the extraordinary value of “ones own” culture or extraordinary contribution to “world culture”.

The persons most inclined to take pleasure in “the prestige of power” are those whose profession is most closely tied with the ruling the state: officials and military officers¹⁶, while literates and intellectuals, “who to a certain degree are predestined to promote the “national” idea,”¹⁷ are most concerned with “the prestige of culture.” However, one can talk about the “nation” in the Weberian sense only where the prestige of “power” and “culture” is the “ideal interest” of not only the professionals of war and writing (“culture”). The “nation” exists where pride in the power or cultural achievements of “ones own” state transcends the internal class, estate and, in certain instances, ethnic differences.

As was already noted, sceptically valuing the possibility of creating a theory of ethnicity and of nation, Weber does not go deeper into the mechanisms on which the appearance and disappearance of “national feelings” depend. Nevertheless, one can find one or more observation on these questions in his texts. Besides that Weber’s concept of nation as a competitor for a place in the international hierarchy of prestige has some implications in regard to these questions which I will try to bring to the light.¹⁸

Weber’s emphasizes the special importance of collective memories about jointly fought wars (especially victorious ones) for the consolidation of the nation. If warfare is not a monopoly of a certain estate, but of universal service, such memories become the basis for the consolidation of a “political memory community” (*politische Erinnerungsgemeinschaft*)¹⁹ transcending “inner” class and estate differences. These collective political memories are capable to transcend ethnic differences too. As an example, Weber points to the

French nationalism of the German-speaking inhabitants of the Alsace, based on the common memory of the French Revolution and the Napoleonic Wars shared with the French-speaking inhabitants of France, and also the phenomenon of the Swiss nation.²⁰

On the other hand, Weber's concept of the nation implies that the coherence of national community depends on the success of the state with which this community identifies itself in the international contests of power and prestige.²¹ Constant and systematic failures in these contests, continuous "national humiliations" affect "national loyalty" in the same way as the relegation of "their" team to a lower league affects sports fans. When one stops believing that these losses are "temporary", a certain national identity does not become an object of pride, but more likely a stigma which one is not always incapable of discarding. The hopelessly losing team does not have fans and its very members finally depart to other teams. "A victorious state experiences the greatest nationalism; an embattled one experiences nationalism to the extent that it can draw upon memories of past victories that can probably be repeated. A long string of defeats saps national loyalty, and eventually, after time periods we have not yet measured, national loyalty disappears".²²

2. Weber's Political-Economic Concept of the Nation and Nationalism

Because Weber in the just discussed concept of "nation" stresses the importance of statehood, political memories, and the mutual competition of states in the formation and maintenance of nations, it can be called political-sociological. However, in Weber's earlier writings one can also detect the outlines of a somewhat different concept of nation. It is formulated in political-economic terms.

A characteristic document of this conception is Weber's arguments in one of his public lectures in 1897 delivered to an audience, whose significant part was composed of workers holding Marxist views. "The German workers today still have the choice to search for work in the homeland or abroad. However, in a short time this situation will end, whether or not the workers desire it. Then the worker will be restricted to that vital space (*Ernährungsspielraum*) which the capital and power of his homeland is capable of creating. We do not know when this will occur, but it is true that this process is taking place. It is also true that the fierce struggle for power replaces the alleged peaceful progress. And in this fierce struggle the strongest will be victorious."²³

Weber does not appeal to the historical memories of the workers and does not talk about the incomparable superiority of German culture. He admits that the principle of the Marxist catechism – "the worker has no homeland" – is correct under certain conditions: where a free international work market exists, and workers can migrate to where the demand for their work power is greatest. Such a situation existed as long as the world still had "free" territories, suitable for European agricultural colonization and the capitalist expansion for not yet captured markets. Under these circumstances *laissez faire* capitalism, acting with a more or less free competition regime in the world market, could flourish for a brief time in the 19th century.

Weber thought that he could state that this “intervening period of outwardly free competition”²⁴ was coming to an end. “Already today we notice signs of economic changes which will destroy the dominance of free competition. Free competition is only a transitional stage on the road to a monopolistic era (...). When the market of realization can no longer expand, the free market will be replaced by agreements in the guise of syndicates, rings, cartels – that is a peculiar form of guilds, which stand only one step above the guilds of the Middle Ages, which also liquidated free competition (...). *With frightening speed we are approaching the time when the expansion of exports to the countries of the half-civilized nations of Asia will end. Afterwards the control of foreign markets will depend solely on power, solely on naked force. Only philistines can doubt that.*”²⁵

After exhausting the outward expansion opportunities of the capitalist economy, the world’s economic space splits into economic organisms or national economies (*Volkswirtschaft*) delimited by state borders. The masses of inhabitants, squeezed into the borders of these organisms, are linked by an objective community of material interests. Every such provisioning community (*Versorgungsgemeinschaft*) competes with others for the markets of realization, sources of raw materials, control of territories suitable for colonization. Using the terminology accepted by contemporary (“new”) political economy, every such community is a rent-seeking interest group.²⁶ Monopolizing these or other resources, every such community can appropriate rent. This is revenue, equal to the difference between the de facto income received by the monopolist and the hypothetical income amount which the “provisioning community” would get under contrary-to-fact conditions of a free world market.

The receipt of this monopolistic rent is an objective “material” interest, linking the workers and capitalists belonging to the same provisioning community. Along with this common interest there are also their separate interests to appropriate as great as possible part of this rent. However, where the workers are “politically educated” and the “capitalists” “politically mature” (for Weber, Great Britain was such an example)²⁷, the struggle for the partition of the rent does not destroy the national unity, essential for the successful struggle for rent in the economic and political competition with other states. From this political-economic perspective nations are the maximally broad rent-seeking interest groups.

Ethnic identity, language, historical memories, and other indications can be politicized and turned into markers to identify the persons, having the right to participate in a certain rent-receiving ‘provisioning community’ or obligation to join the community which is still seeking to become such collective rentier. The most important tool of the fight for rent is statehood. So its consolidation also is a common interest of rent-seeking communities.

Wanting to understand why Weber considered the fight of the “provisioning communities” for vital space (*Ellenbogenraum*) inevitable, we must reconstruct the view of the world which he saw as an economist at the end of the 19th century. We can grasp the most important reference point for reconstructing this view by noticing with what steadiness the young Weber stressed the importance of “demographic problem”: “however: the gloomy seriousness of the demographic problem hinders our being eudaemonists and imagining that peace and the happiness of mankind are lurking in the

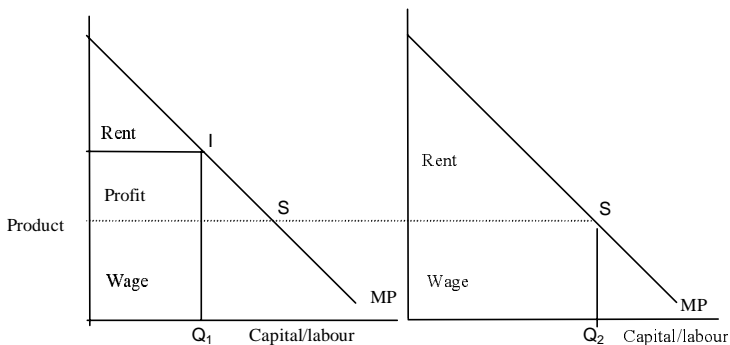
womb of the future, and also our believing that a man can obtain the vital space in this world in any other way but through a serious battle with another person.”²⁸ Weber states that “the demographic problem the oldest and most serious problem of social history and it is not worth to have a scientific discussion with anyone who does not recognize this.”²⁹

One can understand these statements of Weber only in the sense that he accepted the accuracy of the famous “demographic law” of Thomas R. Malthus. This law states that the power of human population to grow if unhampered exceeds the growth potential of production (first of all the production of food). “Malthus law” was an organic part of Weber’s well known classical model of long term economic dynamics. This model portrays certain “natural” boundaries of economic growth. In this model the boundaries are derived from Malthus’s law and the limited supply of one of the factors of production – land.³⁰

In the view of classical political economy, production is a process in which three factors of production are combined – work, capital, and land. Workers receive part of the produced product, called wages, the owners of the capital and the organizers of the production – profit, the owners of the land – land rent. The better the land controlled by the land owner is, the larger is the rent he receives. As the number of inhabitants increases, the land of ever poorer quality is cultivated. This means that an ever larger part of the manufactured product is received by the owners of the land in the form of rents, and the share (profit) of the capitalists decreases. In the classical model the so-called “iron law of wages” is accepted which states the characteristic tendency for wages to remain on the minimal level of biological existence. If for any reason it exceeds this border, then there is a corresponding increase in the birth rate (or a decrease in the death rate), and the additional supply of work power again lowers the salary to the “natural” level.

The limit for lowering profit is zero profit. When this limit is reached, the economy ceases to grow because the investments of profit are the source of growth. At this limit, the whole manufactured product is divided between the workers and the owners of the land. This is so-called “stationary economy” state. A catastrophic decrease of population can lead economy out of this state reducing for a while the pressure of the population on resources and opening the space for growth. This classical model of “limits of growth” is shown in Fig. 1, in which the left graph pictures the unstationary status of the economy (in which growth is still possible), and the right – the stationary.³¹

Fig. 1 The Classical Model of Growth and Distribution.



This classic model of long-term economic dynamics is an implicit conceptual frame of Weber's political-economic conception of nation and nationalism. The classic model includes the idealizing assumption that there exists one and only one 'provisioning community' (one could consider it to be the "free" world market). Weber asks what consequences does the "real" fact that many such communities exist have on the long-term dynamics of their economic development. The answer to this question is his concept of the nation as the "broadest" collective "rent-seeker." The "provisioning community", which succeeds in monopolizing the widest vital space (Weber had in mind Great Britain of his time), collectively appropriates the rent which enables it to remove the perspective of a "stationary economy", and ensures to workers a wage level, which is higher than the biological minimum implied by Malthus's law. It is with this perspective that Weber tried to interest the social democratically minded German workers, explaining to them that Germany's fate is the struggle for a status of "world power" (*Weltmacht*) "in the Malthusian world."

"Nations" are mentioned frequently in Weber's texts, but nationalism is rarely named. That is one of the reasons why P. Anderson thought that Weber was an "instinctive" nationalist, not having a conception of nationalism. However, Weber's Weberian concept of nation is sufficiently articulated to answer both these questions: (1) what is nationalism? (2) Can nationalism be considered a "rational" choice?

In Weber's perspective nationalism is a certain form of collective egoism (or "communitarianism"). As an "idea" it means that members of the "national" provisioning and collective memory community have certain obligations of solidarity to other members of the same community, but however, not to persons who belong to other communities of the "league of nations." These obligations can be compared with the obligations which members of a team have to other team members in a sports contest.³² Every player has the right to maximize his own benefit (be an "individualist"), as long as it does not conflict with the interests of team play. The interest is for the team to obtain as high as possible place in the league. Part of the jointly won glory (or financial prize) belongs to every member of the winning team, but only in the case that the team is victorious. And there is always just one first place.

Can this acceptance and implementation of these "team play" duties be called a rational choice? Let us again look deeper into Weber's rhetoric, this time in his famous speech "The National State and National-Economic Politics" (1895), aimed at a "bourgeois" audience. "Our descendants will consider us responsible to history not for the economic system, which they will inherit from us, but for the dimension of that vital space (*das Mass Ellenbogenraumes*), which we will conquer and leave them in the world."³³ "Of course, economic-political work is not possible on any other basis than altruistic. The fruits of all the economic and social-political aspirations of today become beneficial not for the present, but for the future generation. Our work is and can be – sensible only if it is a concern for *the future*, for our *descendants*."³⁴

Weber assumes that he and his audience are people who are concerned not only with their own happiness and welfare, but also with the opinion of "descendants" about them. "Even our very highest and final worldly ideals change and disappear. We can not wish to impose them on the future. However, we can desire that it recognize us as *its own forefathers*. By our work and own essence we want to be the precursors of future generations."³⁵

Thus Weber assumes that his audience consists of people who want to earn the gratitude and honor of their “descendants”. Contemporary nationalistic politics is the method to achieve this purpose.

Weber, of course, admits³⁶ that one can not prove to anyone that he should have the following want: after death to be the object of honor and gratitude of “descendants” (not only in the literal sense of the word). The possession of such a “taste” or “preference” is a matter of “final decision”, and Weber in principle considered that such choices of preferences (what kind of man to be) could not be based on rational arguments. In this sense the choice of the nationalist is irrational. However, in this respect it does not differ from the choice of other “final value attitudes” or “goals” (e.g. choosing between liberalism and socialism). The object of rational choice can only be the means to achieve this final purpose. To those who want the gratitude and respect of “descendants”, Weber charges as a duty “team solidarity” in the contest for “vital space” of “provisioning communities” in the world as pictured by Malthus.

3. Evaluations and Comparisons

Research on nationalism and ethnicity is one of those specific fields of the social sciences, which attracted especially numerous investigators in the last decade. In evaluating Weber’s statements on the questions of nations, nationalism, and ethnicity, it would be natural to ask which of these statements are wrong, and which have not yet been refuted. However, such a procedure would be possible and also appropriate only if the contemporary investigators of nationalism and ethnicity would at least agree on the fundamental questions. In real life we encounter here a great variety of views. Investigators of ethnicity and nationalism divide themselves into “perennialists” (considering ethnicity and nations as historically universal phenomena) and “modernists” (nations are a modern phenomenon); “primordialists” (believing that ethnic and national identity are not objects of instrumental choice) and contextualists or instrumentalists, holding the opposing view; “culturalists”, defining and explaining ethnicity and nationalism in terms of culture and social sciences, and “naturalists” who choose biology (ecology or genetics) as points of departure.³⁷ In evaluating the relative importance of existing conceptions on a scale, which is used very often in contemporary social sciences – the frequencies of mentioning in Science Citation Index – one has to state that the “modernist” (or “modernizing”) concept of nationalism of E. Gellner-E. Hobsbawm-B. Anderson which is unambiguously “culturalist” and “instrumentalist”, still has the greatest influence in contemporary discussions.³⁸

Weber’s political-sociological concept of the nation and nationalism is unambiguously “culturalist”. Elements of naturalism abound in Weber’s early political-economical views.³⁹ Weber’s political-economic concept of nation is modernist. However, differing from Gellner, Weber connects nations not with industrialization, but with the formation of the world market and the globalization of the fight for “vital space”. The nation is under these circumstances the best fitting form of the consolidation of the “provisioning community.”

Weber's political-sociological concept of the nation does not fit into the frame of the dichotomy of modernism and perennialism. Weber would agree that the phenomenon of the nation is more characteristic for modern than for pre-modern times. However, he does not consider this phenomenon to be specifically modern. Nations can be formed everywhere where there exist states, competing for the prestige of power and culture and including in these contests the widest masses of their dependents or citizens. Finally, both versions of the Weberian concept of nation represent an instrumentalistic view point because in them national identity is considered to be a means to satisfy certain "ideal" (of prestige, of honor and gratitude of the "descendants") and "material" interests.

Comparing Weber's political-sociological ideas as well as the political-economic assumptions of his earlier publicistic writings with the theory of E.Gellner-E.Hobsbawn-B.Anderson, we notice certain differences in their problems. Gellner and the other modernists were most interested in the reasons for the appearance of *new* nations. Weber was more interested in the preconditions for the success of already existing ("*old*") nations in the international contest for power and prestige. The total ignoring of the problem of *nation-building* of "new nations" can be considered one of the main deficiencies of Weber's conception, which was determined by his limited experience, reflecting the state of the world as it was in 1914 on the eve of the catastrophe, as well as the mentality of Weber. Weber raises and discusses the problems of nations and nationalism as a member of one of "the great nations", fighting for world hegemony. Nationalism, which he had in mind, is the imperialistic and great power nationalism of "the great nations."

The "modernizing" theory of nations and nationalism reflects another experience, that of the first and second world wars, when many new (and "small") nations with their usually ethnic nationalism supplemented the world's "league of nations." Using Gellner's terminology, "ruritanian" nations and nationalism are in the center of attention of contemporary theories of nations and nationalism, while Weber was more concerned with "megalomaniac" nations and their nationalism. However, we do not necessarily have to regard these differences in the problems and "conceptual optics" to Weber's disadvantage – as proof that Weber's thoughts are not relevant in the changed (postimperialistic) world. On the contrary, these differences allow one to notice one constitutional defect of contemporary theories of nationalism, which can be called "ruritanicentrism". They were constructed to explain the new nations (of the "ruritanian" type) and their nationalism. According to Gellner, "nationalism is primarily a political principle, which holds that the political and the national unit should be congruent".⁴⁰ If we accept this definition which has already become "classic", then we would have to assert that expansive politics, not limited to the unification of the nation in one state, but expanding its "vital space" at the expense of other nations, does not have anything to do with nationalism. If we accept this definition, we have to declare that nationalism can not exist in a certain nation if it does not have problems concerning its borders. Similarly, the concepts of "nation" and "nationalism" are turned into conceptual tools, which are relevant only to explain the politics of all kinds of new "Ruritanias" ("in the Balkans") and not the old "Megalomaniacs". A look at Weber's "megalomaniacentric" thoughts on nations and nationalism helps one to understand the necessity of a broader theory of nations and nationalism, which includes both the "ruritanian" and "megalomaniac" (imperialistic, hegemonistic, or expansionist) nationalisms.

One has to admit that most of Weber's purely economic assumptions in his political-economic analysis of the direction of global development are inadequate, reflecting the state of art in the 19th century economics. Looking retrospectively, the classic model of "the limits of growth" reflects the real state of the preindustrial society. Members of industrialized societies live in a world, which differs from the "Malthusian world."⁴¹ The systematic technologic application of the scientific knowledge makes possible the so-called "intensive" economic growth, which allows for ever more effective use of natural resources, and the substitution of "exhausted" and therefore too expensive resources with others. In analyzing the economic relations between nations, contemporary economists emphasize the advantages of the international division of labor, explained by the so-called "comparative advantages" in the production costs, which enable all the participants of this exchange to obtain the so-called "consumer's rents."

Contemporary economic theory distinguishes the ineffective monopolistic rents from these ("effective") rents. Thus, Weber's insights about collective monopolistic rents and the fight for them are still worthy of attention. The concept of rent-seeking in contemporary "new political economy" (also called "public choice theory") up to now is applied only to explain political processes in the interior of separate states. The texts of the early Weber encourage to raise the question whether the concept of "rent-seeking" can also be useful to explain also nation building, mutual competition between nations, its dynamics and consequences. What we find in Weber is only an intuitive idea, but it can perhaps be transformed into an analytical model. This would be a significant contribution of the new political economy to the investigations of nations and nationalism.

Preparatory work for this article was done while a fellow at the *Wissenschaftskolleg Berlin* 1998/1999. I thank Prof. Dr. Hans Ulrich Wehler for valuable bibliographic help.

Translated by Saulius Girmius

NOTES AND REFERENCES

¹ P. Anderson, *A Zone of Engagement* (London: Verso, 1992), p. 205.

² E. Gellner, *Nations and Nationalism* (Ithaca: Cornell UP, 1983) and *Encounters with Nationalism* (Oxford: Blackwell, 1994).

³ M. Weber, "Der Nationalstaat und Volkswirtschaftspolitik", in *Gesammelte politische Schriften*, hrsg. J. von Winckelmann, 4. Aufl. (Tübingen: J.C.B. Mohr (Paul Siebeck), 1980), p. 16.

⁴ Similar views are expressed in R. Aron, "Max Weber und die Machtpolitik", in *Max Weber und die Soziologie heute*, hrsg. O. Stammer (Tübingen: J.C.B. Mohr (Paul Siebeck), 1965), p. 93; A. Mitzman, *The Iron Cage* (New York, 1970), p. 147; W. J. Mommsen, *Max Weber und die deutsche Politik, 1890-1920* (Tübingen: J.C.B. Mohr (Paul Siebeck), 1959).

⁵ I am referring to chapter 4 "The Ethnic Ties of the Community" (*Ethnische Gemeinschaftsbeziehungen*) and chapter 8 "Political Communities" (*Politische Gemeinschaften*) in the second part of the fifth German edition of *Economy and Society* which I will cite further.

⁶ D. Beetham, *Max Weber and the Theory of Modern Politics*, 2nd ed. (Oxford: Polity, 1985), pp. 22-31, 250-279.

⁷ Beetham devotes the fifth chapter of his book to this topic, *Ibid.*, pp. 119-150.

⁸ Weber's political writings during the war make up the greater part of the texts published in his "Collected Political Works". Weber's early political-economic writings became available to the broader

scientific community only recently with the repeated publication of these texts in Weber's Collected Works. See M. Weber, *Gesamtausgabe. Abteilung I: Schriften und Reden. Bd. 4. Landarbeiterfrage, Nationalstaat und Volkswirtschafts politik. Schriften und Reden 1892-1899*, hrsg. W. J. Mommsen, R. Aldenhoff (Tübingen: J.C.B.Mohr (Paul Siebeck), 1993) (cited later as: MWG/I, 4). See also his *Gesamtausgabe. Abteilung I: Schriften und Reden. Bd. 8 Wirtschaft, Staat und Sozialpolitik. Schriften und Reden 1900-1912*, hrsg. W. Schluchter in Zusammenarbeit mit P. Kurth and B. Morgenbrod (Tübingen: J.C.B.Mohr (Paul Siebeck), 1998).

⁹ M. Weber, *Wirtschaft und Gesellschaft. Grundriss der verstehenden Soziologie*, 5. rev. Aufl., besorgt von J. Winckelmann (Tübingen: J.C.B. Mohr, 1990), pp. 241-242.

¹⁰ *Ibid.*, p. 237.

¹¹ M. Weber, "Diskussionsrede zum Vortrag von P. Barth "Die Nationalität in ihrer soziologischer Bedeutung" auf dem zweiten Deutschen Soziologentag in Berlin 1912", in M. Weber, *Gesammelte Aufsätze zur Soziologie und Sozialpolitik* (Tübingen: J.C.B. Mohr (Paul Siebeck), 1924), p. 484.

¹² About Weber's concept of ethnicity see M. Jackson, "An Analysis of Max Weber's Theory of Ethnicity", in *Max Weber. Critical Assessments* (2), vol. 2, ed. P. Hamilton (London: Routledge, 1991), pp. 283-294. Also see E.M. Mannese, "Max Weber on Race", *Social Research* 14, (1947), pp. 191-221; Y. R. Bodemann, "Priests, Prophets, Jews, and Germans. The Political Basis of M. Weber's Conceptions of Ethno-National Solidarities", *Europäisches Archiv für Soziologie*, Bd. 34 (1993), pp. 224-250; N. Xenos, "Nation, State and Economy: Max Weber's Freiburg Inaugural Lecture", in *Reimagining the Nation*, eds. M. Ringrose, A. J. Lerner (Buckingham, 1993), pp. 125-138.

¹³ See Weber, *Wirtschaft und Gesellschaft*, pp. 177-180, 531-540.

¹⁴ *Ibid.*, p. 520.

¹⁵ *Ibid.*, pp. 520-521, 529-530.

¹⁶ *Ibid.*, p. 520.

¹⁷ *Ibid.*, p. 530.

¹⁸ Doing this I am drawing upon the work of Randall Collins. See: R. Collins, *Weberian Sociological Theory* (Cambridge: Cambridge UP, 1986), pp. 145-161.

¹⁹ *Ibid.*, p. 238.

²⁰ *Ibid.*, pp. 242-244.

²¹ Randall Collins points out and elaborates in detail this implication in the book mentioned above.

²² Collins, *Weberian Sociological Theory*, p. 155.

²³ M. Weber, "Der Gang der wirtschaftlichen Entwicklung", in *MWG/II, I*, p. 851.

²⁴ M. Weber, "[Stellungnahme zu der von der Allgemeinen Zeitung im Dezember 1897 veranstalteten Flottenumfrage]", in *MWG/II, 4*, p. 671.

²⁵ M. Weber, "Der Gang der wirtschaftlichen Entwicklung", in *MWG/II, 4*, p. 851.

²⁶ For more details about the concept of "rent-seeking" see: R. D. Tollison *Rent Seeking: A Survey*, Vol. 35, Fasc. 4 (Kykos, 1982), pp. 575-602; *The Political Economy of Rent-Seeking*, eds. Ch. K. Rowley, R. D. Tollison, G. Tullock (Boston: Kluwer, 1988); R. D. Tollison, "Rent Seeking" in *Perspectives on Public Choice: A Handbook*, ed. D. C. Mueller (Cambridge: Cambridge UP, 1997); *Public Choice Theory. Vol. 2. The Characteristics of Political Equilibrium*, ed. Ch. K. Rowley (Aldershot: Edward Elgar, 1993), pp. 1 - 112.

²⁷ M. Weber, "Der Nationalstaat und die Volkswirtschaftspolitik", p. 25.

²⁸ *Ibid.*, p. 12.

²⁹ M. Weber, "Rezension von: Was heisst Christlich-Sozial? Gesammelte Aufsätze von Friedrich Naumann", in *MWG/II, 4*, p. 359.

³⁰ J. A. Schumpeter, *Geschichte der ökonomischen Analyse* (Göttingen: Vandenhoeck-&-Ruprecht, 1965), pp. 677-701.

³¹ According to G.D. Snooks, *Economics Without Time. A Science Blind to the Forces of Historical Change* (Basingstoke: Macmillan, 1993), p. 75-76. "An increase in the combined input capital/labour (in response to profits) from Q_1 towards Q_2 will reduce the marginal product of the variable input. Profits fall and rents rise, while wages remain at subsistence level. This progress will continue until the marginal product has fallen to S, the stationary state, where it is equal to the subsistence wage, and profits have been eliminated". *Ibid.*, p. 76.

³² Any international sports contest is a "microcosmos", in miniature repeating the political and economic competitive processes in the "macrocosm" of the world "league of nations".

³³ Weber, "Der Nationalstaat und die Volkswirtschaftspolitik", p. 14.

³⁴ Ibid., p. 12.

³⁵ Ibid., p. 13.

³⁶ At least in the methodological works written later, where he exposes the principle of science's "value freedom". See M. Weber, *Der Sinn der "Wertfreiheit" der soziologischen und ökonomischen Wissenschaften* in his *Gesammelte Aufsätze zur Wissenschaftslehre*, 5. Aufl. (Tübingen: J.C.B. Mohr (Paul Siebeck), 1982), pp. 489-540.

³⁷ For an informative review of current theories of ethnicity and nationalism, written from the "naturalist" position see: N. Statkus, „Ar galima etniškumo ir nacionalizmo teorijų sintezė“ [Is a Synthesis of the Theories of Ethnicity and Nationalism Possible?], *Sociologija*, no. 2 (1998), pp. 178-194. Also see: *The Ethnicity Reader. Nationalism, Multiculturalism and Migration*, eds. M. Guibernau, J. Rex (Oxford: Polity Press, 1997); *Ethnicity*, eds. J. Hutchinson, A. D. Smith (Oxford: Oxford UP, 1996); *Nationalism*, eds. J. Hutchinson, A. D. Smith (Oxford: Oxford UP, 1994); *Notions of Nationalism*, ed. S. Periwal (Budapest: CEU Press, 1995).

³⁸ The main texts representing this conception are: Gellner, *Nations and Nationalism*, B. Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*, rev. ed. (London, N.Y.: Verso, 1991); E. Hobsbawm, *Nations and Nationalism since 1780* (Cambridge: Cambridge UP, 1990); *The Invention of Tradition*, eds. E.Hobsbawm, T.Ranger (Cambridge: Cambridge UP, 1983).

³⁹ In his earlier works Weber, investigating the dynamics of the migration processes in Germany's territory east of the Elbe, mentioned the anthropological or even racial differences between Germans and Poles as one of the reasons explaining these processes. With the development of industry in Central and Western Germany, German agricultural workers employed on the farms of Junkers migrated to the West and their places were taken by immigrants from the parts of Poland belonging to Russia. Weber explained the "success" of the Poles by their more primitive anthropological constitution, allowing them to withstand extreme ("inhumane") conditions, which the "culturally higher", but less sturdy (in the physical anthropological sense) German type could not endure. "We can not allow two nationalities (*Nationalitäten*) to compete totally freely in the same territory if they have a different body constitution, – and speaking absolutely concretely – if their stomachs are constructed differently. Our workers can not compete with Polish workers. The needs of our workers would have to sink a whole level of culture lower. Similarly, our agricultural enterprise is not competitive because it would have to slide down an entire level of culture in order to compete with agricultural enterprises of Russia, Argentina, and America. In national economies disorganized by capitalism, situations occur when the higher culture is not superior, but weaker in the fight for existence with a lower culture." M. Weber, "Die ländliche Arbeitsverfassung", in M. Weber, *Gesammelte Aufsätze zur Sozial- und Wirtschaftsgeschichte*, 2. Aufl. (Tübingen: J.C.B. Mohr (Paul Siebeck), 1988), p. 457. Also see: M. Weber, *Die Verhältnisse der Ländarbeiter im ostelbischen Deutschland* (Leipzig: Duncker & Humblot, 1892) and "Der Nationastaat und Volkswirtschaftspolitik", pp. 2, 8-9.

⁴⁰ Gellner, *Nations and Nationalism*, p.1.

⁴¹ See D.C.North, *Theorie des institutionellen Wandels. Eine neue Sicht der Wirtschaftsgeschichte* (Tübingen: J.C.B.Mohr (Paul Siebeck), 1988), pp. 13-19; D.C. North, R.P. Thomas, "An Economic Theory of the Growth of the Western World", *The Economic History Review* 23, no. 1 (1970), pp. 1-17.