CHAPTER II

POLITICAL SITUATION IN CENTRAL AND EASTERN EUROPE IN THE YEARS 2004—2005

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ABSTRACT

The purpose of this chapter is to analyze and assess the current political situation and foreign policy in the 27 countries of Central and Eastern Europe and the former Soviet Union that are undergoing transition. The presented analysis formally encompasses the period from May 2004 to May–June 2005; however, in fact it goes beyond the adopted time frame. The adoption of such a measure was necessary in order objectively to present specific changes and processes that took place in the years 2004–2005 with their premises and sources. It was also applied to show the continuity and changes in the domestic and foreign policy and historical and modern backgrounds of individual countries. Thanks to this, it was possible to understand and present the evolution of the political systems in these countries, changes in the alignments of political powers, and the main actions in domestic and foreign policy and their results in the period under analysis. The analysis shows that, although democratic systems and the rule of law are firmly established in Central and Eastern Europe, political transformation is still in a transitional stage in the area of the Commonwealth of Independent States, and in some countries it has even been halted.

2.1. INTRODUCTION

It is becoming more and more clear that the enlargement of the European Union by eight Eastern and Central European countries (i.e. Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Lithuania, Latvia and Estonia) conducted on May 1st, 2004 was a fundamental geopolitical change whose influence extends beyond the region. It seems that the successful enlargement of the EU had some influence on the "Orange Revolution" in Ukraine, and indirectly on the situation in Russia and Belarus. On the other hand, the enlargement of the EU contributed also to increased frustration among the French public, which found expression in the rejection of the Constitutional Treaty in the referendum of May 29th, 2005. As far as the global situation is concerned, some consequences of the economic and political unification of most of Europe were evident as early as 2003, when Western Europe for the first time "imported more goods and services from the Eastern Part of the continent than from the United States and other Northern American countries."[1]

2.1.1. Geopolitical Changes in Europe. Huntington's Model and the "Centre–Periphery" Model

Developments in recent years have failed to prove the correctness of the application of the so–called "civilisation" model by Samuel Huntington to explain the transformation of Central and Eastern Europe. Huntington in his studies suggested that, among other things, the overthrow of the Yalta order and the transition of Central Europe from Russian influence to NATO and the European Union might be explained as a return of that region to "Western" civilization, which was supposed to consist of Western Europe and North America

[1] "Rzeczpospolita", 27 October, 2004, p. B1.

inseparably united under U.S. leadership. However, both the increasing conflicts between Western Europe and the U.S. (among other things as regards policy towards Iraq and Iran and in the field of trade), and signs of a break-up of the so-called circle of "Orthodox civilization" (Ukraine's pro-Western orientation), show that the reality is different from that anticipated by the model.

Competing with Huntington's model is the so-called "Modern World-System" paradigm (developed by Immanuel Wallerstein), which satisfactorily explains the process of the transformation of Central and Eastern Europe from the western borders of the Soviet Empire to the Eastern part of the expanding European Union.[2] The world-system paradigm, being based, among other things, on an analysis of the historical relations between Western and Eastern Europe, as a link between the centre and the periphery, seems to be the best solution for demonstrating the modern network of economic and political relationships with a supranational character within the confines of and around the European Union. Application of the paradigm seems to be justified especially as this model has developed not only as one of the directions of research into globalization, but also by the latest research achievements in such fields as international political economics and "new political-economic geography" (see, among others, the works of Paul Krugman[3]).

As early as the turn of the 1970s and 80s, it was noticed that there are three economic centres being formed in the world economy, which constitute centres for the rest of the world. Although the United States was the dominant centre, the significance of the rivals, i.e. Western Europe and Asia, whose centre was the Japanese economy, was growing. Already at that time it was estimated that the Soviet bloc, dominated by Russia, was a peripheral branch of the Western European centre.[4] The process of consolidation of the three competing areas in the world system intensified after the break-up of the USSR and the economic fall of Russia, which has been demoted to the status of a natural resource base for the European Union. This can be confirmed by a simple comparison of the GDP of the major powers, which make it possible to state that the strength of the American and European centres have evened out, whereas in Asia, the rapidly-developing China may with time dethrone Japan as the local integration centre. "In 1999, the United States accounted for 21.4% of the world economy, measured by purchasing power (*purchasing power parity*); the European Union, 20.1 %; China, 10.9 %, Japan, 7.6 %, India, 5.4 %, and Russia, 2.6%".[5]

The European economic area is in political geography described similarly, with the help of the centre-periphery model. As early as the turn of the 1970s and 80s, the core of the European economy was said to resemble an egg gnawed from the East, whose centre was Western Germany, and which encompassed also the area from Vienna through northern Italy and Catalonia through the South of England, Norway, and Sweden, and all the way to Helsinki in Finland. Peripheral areas were situated partially inside, but mostly outside, that core, and the other quarter encompassing Eastern Europe starting from Eastern Germany

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2 Krzysztof Zielke, "Polish Responses to Global Challenges: The Geopolitics of Central and East European Transformation", in: Richard Sakwa (ed.), *The Experience of Democratization in Eastern Europe*, Macmillan-St.Martin Press, London-NY 1999:222-258.

3 Report Krynica 2004: 123, footnote 2.

4 Patric O'Sullivan, *Geopolitics*, Croom Helm, London 1986.

5 Thomas E. Graham, jr., *Russia's Decline and Uncertain Recovery*, Carnegie Endowment for International Peace, Washington DC, 2002: 69.

acted according to its own rules. In the 1980s, the European Economic Community expanded mainly to peripheral Greece (1981) and Spain and Portugal (1986), whereas thanks to the overthrow of the Yalta division of Europe, the European Union absorbed the other fragments of the European economic centre, situated in Austria, Sweden and Finland (1995).[6]

The centre–periphery model in Europe is confirmed especially by the economic and political transformation of Eastern Europe. This is the case because it turned out that the economic and political reorientation of our region took place in accordance with the above–presented model of geographic relationships in Europe. Under the Yalta arrangement, all the post–communist countries were economically and politically dependent on the USSR, whereas a key phenomenon of the transformation was a reversion of the direction of dependency from East to West. In the economy, it meant that Russia's place as the main trade partner and a model to copy was taken over by the West European countries. As for Central Europe, its dominant partner is nowadays the united Germany. As far as the Baltic States are concerned, it is Finland and Sweden, and as for the Balkans, it is Italy. Politically, the transformation of Central and Eastern Europe meant the rejection of Soviet standards, the dissolution of the Warsaw Pact and COMECON, and the adoption of political standards from the European centre, which, for Eastern Europe for example, meant the adoption of German standards, and finally membership of the European Union, which amounted to the adoption of the whole of the Western European community legal legacy, i.e. the so–called *acquis communitaire*.

Further proof of the rapid expansion of the European centre–periphery structure to the East was the course of the transformation. Data published by the Economist Intelligence Unit confirm that the faster a country reoriented its foreign trade, economy and political links from East to West, the faster it overcame the crisis of transformation crisis and the greater its chances of regaining and exceeding its level of economic development of 1989 (*real GDP* 1989 = 100%). In particular, a pioneer in turning to the West was Poland, which in 2004 achieved almost 142% of its GDP of 1989, followed by Hungary (120%), the Czech Republic (114%) and Slovakia (118%), whereas Romania (100%) and Bulgaria (92%) were late in this regard. Although the exports of these countries to the 15 countries of "old" Europe (EU15) varies nowadays from 56% in the case of Bulgaria to 74% in the case of Hungary, the success of the transformation depended on the dependency on trade with Russia in the initial stage and on the pace of the reorientation to the West. In countries where economic links with the West were the strongest and dependency on the USSR and COMECON markets the weakest, the reorientation towards the West was the fastest and the economic results were the best.[7] This in particular, apart from the low initial level, may explain the economic success of the Polish transformation.[8]

The situation on the territory of the former USSR is similar. Russia, which before the transformation, was the local centre of economic integration for the whole of Central and Eastern Europe, is now primarily a supplier of oil and gas for Western Europe. In 2003,

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6 Paul Knox & John Agnew, *The Geography of the World–Economy*, Edward Arnold, NY 1989.

7 Thomas A. Baylis, *The West and Eastern Europe – Economic Statecraft and Political Change*, Praeger, London 1994.

8 Krzysztof Zielke, "Polish Responses to Global Challenges: The Geopolitics of Central and East European Transformation", in: Richard Sakwa (ed.), *The Experience of Democratization in Eastern Europe*, Macmillan–St. Martin Press, London–NY 1999: 222–258.

Russia's trade with Western Europe (EU15) accounted for 37% of its exports, while that with the expanded European Union was as high as 50%. As is the case with Central Europe, the main partner for Russia is Germany. Despite rapid economic growth in recent years on the wave of high oil and gas prices, Russia has not managed to overcome completely the aftermath of the crises that struck it after the break-up of its empire and as a result of the transformations during the period 1991–98. As a result, Russia's national product is still 20% below the level it had fifteen years ago. Despite its economic collapse, the country remains a regional trade centre for other CIS countries. Nevertheless, as far as Ukraine is concerned, its exports to the enlarged Union (EU25) have reached the level of 40% of its total, and these are even more important for the country than its exports to Russia, which in 2003 accounted for 19% of the whole. In general, in the countries situated closest to Western Europe and in which the economic situation is stable, progress in reforms has been fastest and brought better results in the areas of stability, liberalization and privatization. However, in the CIS countries, progress in the reforms has generally been slower and there are more cases of abandoning the reforms.[9] In this other group of countries, the achieved 2004 GDP level was still below the level from 1989 (90% on average).

Exceptional setbacks were suffered by Georgia (41% of real GDP in 1989), Moldova (43%), and Ukraine (55%). The comparatively best results were achieved by Uzbekistan (105%), Belarus (107%), and Turkmenistan (126%).[10]

Other phenomena in Central and Eastern Europe, even using a methodology not referring to the world-system paradigm, are described by researchers with the help of the centre-periphery structure. According to Michael Emerson from the Brussels Centre for European Policy Studies, one region — the Balkans — is joining Europe as an "integrating periphery", whereas another one — the Southern Caucasus — remains a part of the area that is treated by Russia as its "near abroad", so it is a "periphery detached" from Europe. In the case of the Balkans, "Europeanization" is taking place in the form of concentric circles — some countries are on the point of becoming EU members (Romania, Bulgaria), whereas for others, the prospect for membership in the EU is still very distant.[11]

2.1.2. Economic Successes and Political Defeats in Central Europe

The authors of the EIU study entitled "Economies in Transition" have noted that even those Central European countries that were relatively the most successful economically, are dominated by pessimistic attitudes and a lack of confidence in politics, which is expressed, among other things, in the dismissal into non-existence of erstwhile ruling elites and their parties. Such a rotation of the power elites in most countries virtually at every election, despite the declared support for the democratic mechanisms, shows that democracy is a hollow shell, and societies in our region are deeply distrustful of their own states. In particular, this concerns Poland, which leads the regional statistics for its incredibly low level of trust

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[9] *Economies in transition — Eastern Europe and the former Soviet Union, Regional overview*, The Economist Intelligence Unit (EIU), March 2005: 4.

[10] *Economies in transition — Eastern Europe and the former Soviet Union, Regional overview*, Country Forecast, The Economist Intelligence Unit (EIU), March 2005: 4, 30; tab.1 and tab.2.

[11] Michael Emerson with Nathalie Tocci, Marius Vahl and Nicholas Whyte, *The Elephant and the Bear — the European Union, Russia and their Near Abroads*, Center for European Policy Studies, Brussels 2001: 35–36.

in its Government (7%) and Parliament (Sejm – 8%). The EIU authors suggest the following explanations for this situation:

a) The economic and social costs of transformation, especially the "expectation gap" (the actual achievements were below the extremely high expectations).
b) The "end of ideology" and gradual disappearance of real substance in current politics.
c) The "discrediting of the post–communist state" as a result of the vicious circle of loss of confidence in the state, and the perception of the decrease of its receipts and revenues following privatization being a result of corruption, which led to further loss of confidence, and so on.[12]
d) "The role of external actors in undermining domestic policy", and especially the necessity to adjust to the requirements of the European Union and international financial institutions meant EU membership was perceived as a panacea for all problems, with deepening disregard for domestic policy and politicians. Domestic policy is in ruins, whereas the EU is more respected than national political institutions.[13]

Viewing these phenomena from a local perspective, one may say that people supported change and turned to the West not because they were fed up with the communist state, control and social welfare, but because the old system started to fail and ceased to satisfy their needs, and, especially because people started believing that it could be replaced with the European model of a prospering state, which seemed to be a guarantee of benefits at a much higher level. However, after reaching the goal, it turned out that the European model of welfare state was also disintegrating, and joining the Union was not the end, but virtually a beginning of new efforts aimed at getting closer to the western way of life. So voters chose to punish their rulers for this situation.

That is why the political scene in countries of the region was extremely uneasy, the proof of which is the fact that in all the new EU member states, except for Estonia and Slovakia, governments or their leaders changed. Also, the first elections to the European Parliament in June 2004 that involved the public of the new member states, became an occasion for expressing distrust in national rulers and a heralding of their imminent removal from power, as will probably happen in Poland (in 2005), Hungary and the Czech Republic (in 2006), and next in the Baltic States. A political changing of the guard in the region seems to be unavoidable, despite outstanding economic results in the first year of EU membership.

According to the IMF, in 2004, the Slovak economy grew by 5.5%, the Polish economy, by 5.3%, and the Czech and Hungarian economies both by 4%; and if one adds Slovenia to this group, then the "average growth" in 2004 amounted to 4.6%, i.e. higher than the 3.5% recorded in 2003. The three Baltic States, Lithuania, Latvia and Estonia, developed even faster (as fast as 6.7%, though it was less than in 2003). In the first year of its EU membership, Poland received from the Union over two times more than it paid into its budget (PLN 12 billion and 6 billion respectively).[14] According to a report by the British Economist Corporate Network, as yet it looks like the countries that are best at winning EU funds are Estonia, Lithuania and Hungary. Poland is coping well, while the experiences of the Czech Republic and Slovakia are described as "mixed". All in all, the new countries put to shame Greece, which has been

[12] EIU, 03.2005: 12.
[13] EIU, March 2005: 8–16.
[14] "Gazeta Wyborcza", 27.04.2005: 1.

an EU member for over twenty years, and yet is coping worse with the funds.[15] The group who took best advantage were Poland's farmers, who besides PLN 6.8 billion of income aid to agricultural production from the EU treasury, profited also from the rapid growth of prices for agricultural products and for exports to the EU markets, from Union financial aid (e.g. granted for the purchase of tractors) and from pensions for agricultural workers. Support for the Union within this group increased substantially. Apart from the farmers, the biggest beneficiaries from Polish accession to the EU were the country's exporters. Poland's exports counted in euros increased last years by as much as 26%. It turned out, however, that the costs of the benefits for the entrepreneurs and farmers were borne by ordinary workers, who increased their productivity (wages and employment have not changed), and whose costs of living increased (inflation increased by almost 5%), mainly as a result of increases in food prices. If to these economic problems one adds the wave of media reports on corruption scandals and the appointment of Sejm committees to investigate them (Lew Rywin case, the Orlen and PZU corporate cases) and the links of the ruling elite, the courts and the police with organized crime (the so-called Starachowice scandal), then it is no surprise that support for the ruling SLD party fell steadily, from around 40% in the 2001 elections, down to 20% in local elections, to 7% in the European elections, and finally to the 5% election threshold in this year's pre-election polls.

Although, as is claimed by the EIU analysts, the expansion of the European Union had a major impact on economic growth in Poland, the sole fact of the successful enlargement by eight Central European countries itself had to have an impact, e.g. through a demonstration effect, on the countries situated farther East, and especially on the choice made by Ukraine at the end of 2004.

2.1.3. "Colour Revolutions"

From a long-term perspective, the "colour revolutions" in the CIS countries appear as the final links of the pro-Western revolutions initiated by Poland's "Solidarity" 25 years ago. They confirm the existence of a trend for the Eastern-European periphery to gravitate towards the European centre. From a global perspective, Western Europe, because of its political and social appeal and, above all, its economic size, appears as a gigantic magnet that inevitably attracts more and more geographically remote post-communist and post-Soviet countries. As mentioned before, the economic "mass" of the European Union, even measured in terms of its relatively weak purchasing power parity in the poorest countries, is ten times bigger than the economic "mass" of Russia. So in the long run, it seems inevitable that this overwhelming "mass" is going not only to detach from Russia all of its so-far economic "satellites", but also eventually make Russia economically, and as a consequence, politically, dependent on it. Although, from the long-term perspective, the prospect of further "colour revolutions" bringing more post-Soviet countries nearer, and finally Russia itself, to Western European standards seems inevitable, in a shorter perspective, the situation in the Commonwealth of Independent States looks quite different.

In the medium-term perspective, the "colour revolutions" in Georgia and especially in Ukraine, seem to be further confirmations of the theory put forward by American political

[15] "Gazeta Wyborcza", 30.04.-01.05.2005: 7.

scientist James C. Davies that revolutions break out not in periods of economic collapse and political repressions, but on the contrary, as a result of longer periods of economic development and increasing scope of political freedom. This theory, better known as the Davies' Curve, suggests that increases of the economic and political strength of the "masses" are a necessary condition for revolutions to break out, while short-term regressions or at least only a threat of their occurrence are a sufficient condition. In the period of their development, societies generate expectations that are higher than the actual progress, and a temporary decline or even a threat of such a decline give rise to dashed hopes and, as a result, the eruption of discontent, which may lead to revolutionary changes when not nipped in the bud.[16] Paradoxically, the fast development of Ukraine, thanks to the co-operation in re-building the Russian economy since the beginning of the century on the wave of high oil prices, contributed to the outbreak of the "Orange Revolution" almost to the same extent as did the fraud of the candidate supported by Moscow and pressures from the latter. Therefore, it is indispensable to conduct a brief analysis of the Russian economy over recent years to explain the dynamics of the "colour revolutions", and to predict the chances of their occurrence in the future.

Post-communist Russia reached the bottom of its crisis in 1998, when, according to some data, its economy was close to the level of 50% that of 1990, and the political system was in a state of total decay, as a result, among other things, of the support given by the Russian oligarchs to the ailing Boris Yeltsin in return for shares in key corporations. However, from that time, the Russian economy began developing very well thanks to the rapid increase of oil prices, the devaluation of the rouble and the political stability brought by the administration of Vladimir Putin. According to the EIU, Russian economic growth in the period 1992–2003 can be entirely explained by the impact of four variables — the price of crude oil, the real effective exchange rate, the political stability index and the inflation level. EIU assessments show that the increase of political uncertainty in 2004 caused a reduction in the pace of growth of the Russian economy by 1.3 percentage points.[17]

According to these analyses, although initially consolidation of the state under Putin's leadership was favourable for the Russian economy, a worsening of the political climate after the showdown with the oligarchs, symbolic of which was the nine-year prison term for Chodorkovsky, the continuing unrest in the Caucasus (the raid on Ingushetia, the attacks on Kadyrov, Russian planes and the school in Beslan), which will not be solved by the killing of Aslan Maschadov, and especially, during Putin's rule, the public protests in Russian cities against the limiting of social benefits shortly after the spectacular defeat of the country's neo-imperialist ambitions in Ukraine, reduce the scope of manoeuvre for the group currently ruling in Russia, who come from the former KGB, and are called "siloviks" (representatives of power departments). Crucial for the future of Russia is, however, the prospect of an eventual fall in oil prices, on which the Russian economy is today even more dependant than it was before 1998. If a possible slump in oil prices were to coincide with a possible political crisis connected with the presidential elections in 2008, in which

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[16] James C. Davies, *Contribution to the Theory of Revolution*, in: "Elements of sociologic theory — materials for the history of contemporary Western sociology", edited by W. Derczyński, A. Jasińska-Kania, J. Szacki, PWN, Warszawa 1975, pp. 389–411.

[17] *Economies in Transition — Eastern Europe and the former Soviet Union, Regional Overview*, The Economist Intelligence Unit (EIU), March 2005: 27.

Putin may not stand, it may cause a simultaneous occurrence of an economic and political crisis as indicated by Davies' formula. In the meantime, Putin's policy seems to oscillate in a narrowing scope, both internally (re the latest offers to the oligarchs), as well as externally (offers of co-operation with China and the European Union on the one hand and the U.S. on the other). According to the EIU authors; "Each year, and with each US–Russian summit, the focus moves nearer and nearer to Russia itself. Several years ago, the main topic was still global – nuclear strategy and disarmament – or related to regions further away from Russia, such as the Balkans or Afghanistan. Then it shifted on to NATO enlargement, and then to the southern Caucasus and a military presence in Central Asia. Most recently, the agenda has moved to neighbouring Ukraine and now also to Russia's internal politics."[18]

Returning to the problem of explaining the reasons for the "colour revolutions", one has to remember that the fast development of most of the CIS countries in the last five years was driven by exports to Russia, which, according to IMF data, were developing in the years 1999–2004 at an average pace of 7% of GDP annually. As for Ukraine, this translated into annual growth of over 8%, while the biggest, 12%–13%, dynamic of national product growth was achieved by Ukraine in 2004, the year that ended in revolution. As far as Ukraine is concerned, we have seen a certain period of rapid growth, which has led to an even faster increase in expectations. Things stand similarly with political freedom. The "colour revolutions" did not break out in the former Soviet republics where rule was heavy-handed, but in the most pro-Western and democratized countries of the region, i.e., in Eastern Europe, the South Caucasus and Central Asia. The overthrown leaders of Ukraine, Georgia and Kyrgyzstan tried to manoeuvre between Russia and the West, providing at the same time a bigger scope of liberty than in the neighbouring, more pro-Russian former Soviet republics. A direct reason for the revolutions in Georgia, Ukraine and Kyrgyzstan, the "rose", "orange" and "yellow" (also referred to as "tulip" or "almond") revolutions respectively, was the response to the application of techniques (modelled after Russia) for staying in power through manipulation of the election process (so-called "operation successor"). The reason was also, at least in Ukraine and in Kyrgyzstan, a pre-election turn to Russia by the previous authorities.

From Davies' theory and its confirmation through the events in the CIS countries in the past two years, it follows that if further "colour revolutions" are to take place, they will be later rather than sooner. As far as Belarus is concerned, the country is an exception among the Eastern European countries. In 2004, it achieved comparatively good economic results, with GDP almost 107% what it had been in 1989, thanks to subsidies of cheap Russian energy and close economic co-operation with Russia (over 50% of exports and almost 30% of GDP were dependent on Russia). Belarus' economic growth rate in the past few years has been at over 5%. Some acceleration has been seen in the last two years, i.e. 6.8% and 11%, in 2003 and 2004 respectively. The lack of opportunity for revolution in Belarus in the near future is not, however, determined by the absence of longer periods of fast development or even by the very good prospects for it as long as the good economic situation with Russian oil persists, but above all by the domestic policy of the regime of President Alexander Lukashenka. Dispersion of the opposition, which has no share of power (not a single MP), and the stifling of all media and organizations independent from the government (including the Union of Poles) make the emergence of any point of crystallization of possible social protest impossible. The disruption of the society and opposition mean that Lukashenka was

[18] EIU, *Economies in transition*, March 2005: 25.

able to win in a referendum, without any major fraud, opening the way for him to run for lifelong presidency. A symbolic end to the present wave of "colour revolutions" in clashes with central–Asian–like authoritarianism were the events in Uzbekistan (May 2005), where having turned recently towards Russia, President Islam Karimov ordered the army to shoot at protesting crowds in a town in the Fergan Valley, killing, according to various sources, from a few hundred to a thousand people.

So the conclusion drawn at the recent conference of the Centre for International Affairs in Warsaw devoted to Belarus, that revolution in that country is possible, but only after changes are made in Russia, appears accurate.[19] As was suggested above, this is, however, possible only if the economic development of Russia slows down as a result of an abrupt decline in world oil prices. This depends on the pace of growth of the world economy, especially the Chinese economy, as well as on crude oil supplies connected with the geopolitical situation, especially in the Middle East.

2.1.4. European Centre and its Eastern Periphery

The year 2004 was one of the best years for the world economy in over 20 years. The driving force behind the global demand for natural resources was China, which thanks to its fast development (especially of its car industry) absorbed bigger and bigger quantities of crude oil and other natural resources. The so–called "old Europe" developed comparatively slowly, especially against this background, but also in comparison with the U.S.. The new member states turned out to be the main source of dynamic for the whole European Union, as they developed on average twice as fast as the so–called "Old Union". The enlargement has not translated yet into a boom for the whole continent, as the economies of the new member states account for only a fraction of the economy of the whole Union (the GDP of new member states accounts for not even 5% of the GDP of the whole EU).

In general, it is expected that joining the European Union in the long–run will bring closer the living standards of the populations of the new member states to the Western European ones. In this regard, Greece is an example to be avoided, while the one to be followed is Ireland, whose average income per capita at the time of joining the Union in 1973 was 62% of the Union average, whereas in 2002 it was as high as 121%. Among the new member states, the best results in this regard were achieved by Poland, which reduced its economic distance from Germany by a factor of two.[20]

As was argued above, neither the former nor the current economic successes translate into support for those in power in the new member states, and they are almost always dismissed at or even before the end of their terms. This is quite dangerous, since the economic development, affluence and position of the new member states in the Union and in the world depend to a large extent on the strength and efficiency of their state apparatuses. The negative effects of permanent social discontent are partially amortized with the help of democratic mechanisms, which reduce the economic and social costs of replacing worn ruling elites to the minimum. Where these mechanisms are underdeveloped or limited, the costs of turning away from a wrong course can sometimes be much higher.

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[19] "Rzeczpospolita", 31.05.2005: 8.

[20] "Rzeczpospolita", 10–11.11.2004, p. B2.

In particular, this concerns countries in which the only way out of being stuck half way between Russia and the West and between authoritarianism and democracy, has been the "colour revolutions". As noted by Yuschenko himself, Ukraine paid for the "orange revolution" with a decline of its growth rate from 13% in 2004 to about 4% in the first quarter of 2005. However, generally, the "colour revolutions" were a response not only to domestic shortages of democracy and too slow overcoming of the post–Soviet crises (none of the countries had regained its GDP level of 1989), but also to the geopolitical opportunity offered by the West's interest in the stabilization of the southern regions of the post–Soviet area. The symbol of this geopolitical situation was the opening of the Baku–Tbilisi–Ceyhan (BTC) pipeline on May 25th, 2005, which will transport crude oil from the Caspian Sea, as well as oil from Kazakhstan. Opening of the pipeline, under construction since 1994, provides an opportunity to create and extend a new, and independent from Russia, channel for the transfer of energy from Central Asia. The extremely rich resources of Kazakh oil have so far been burdened with the political risk of transferring them through areas controlled by Russia or the unstable regions of the Northern and Southern Caucasus. Completion of the oil pipeline, and soon also a gas pipeline, as far as Turkey on the Mediterranean Sea, along with the pro–Western "colour revolutions" in Georgia and Ukraine, create both material and geopolitical conditions for a relative stabilization of oil and gas supplies from Central Asia, and in consequence, offer independence from Russian pressure and unrest (like, for instance, that threatening the oil pipeline through Grozny in Chechnya).

A geopolitical expression of stability in the southern post–Soviet area is co–operation within the confines of the so–called GUAM group (Georgia, Ukraine, Azerbaijan, Moldova), reactivated after the "colour revolutions" in Georgia and Ukraine and the reorientation to the West by the Moldovan post–communists (and the withdrawal of Uzbekistan). There is some revolutionary potential in Azerbaijan, where geopolitical U.S. influence on the eve of parliamentary elections encouraged protests against the pseudo–democratic transfer of the presidential office from father to son two years ago. The opening of the BTC pipeline also provides the grounds for competition in the future direction of the export of Caspian oil through the Black Sea (from the branch of the pipeline to Supsy in Georgia). Oil from the Caspian Sea may be transported by tankers to the Odessa–Brody pipeline to Płock and Gdańsk, provided that the branch is built, or through the so–called "Orthodox" pipeline, pushed by Russia and crossing Bulgaria and Greece. But it has to be stressed that Kazakh resources are not sufficient for the effective utilization of three pipelines at the same time (i.e. to Turkey, Greece and Poland).

Generally speaking, the configuration of pipelines and political and economic influences shows that despite interference generated by the U.S. and Russia, a closing structure of periphery circles around the Western European economic–gravity centre and geopolitical world–system centre is taking shape in all regions of Central and Eastern Europe. According to the formula proposed by Emerson for the Balkans, all states of the post–communist Europe are drawing closer to the European Union. The highest level of this approach was achieved on May 1st, 2004 by five Central European countries — Poland, the Czech Republic, Slovakia, Hungary and Slovenia — along with the three Baltic States — Lithuania, Latvia and Estonia. The next circle of approach to the European Union includes the Balkan countries, two of which — Bulgaria and Romania — are preparing to join the Union in 2007, while others may adopt EU standards and/or currency unilaterally. The "colour revolutions" in the years 2003–2005 show that such countries as Georgia and Ukraine are also ready to deepen their

reorientation to the West. It seems that for these countries, too, as was the case with all the previous ones (except perhaps Croatia), the road to the Union is paved through geopolitical co-operation with the U.S., and membership of NATO. Yet, the economic and geopolitical purpose of transformation remains any kind of integration with the EU. Even Russia, which still remains a separate pole of integration, is becoming more and more economically dependent on the European Union, an example of which is the launch of the process of changing the currency link of the rouble from the U.S. dollar to the euro.

2.2. POLITICAL SITUATION IN CENTRAL EUROPEAN COUNTRIES

The most important process in the analyzed period for the Central European countries — the Czech Republic, Poland, Slovakia, Hungary and Slovenia — was gaining, above all, mostly positive (especially as regards economy) experiences from membership of the European Union. That process proceeded, however, amid intensifying tension in the domestic political situation in the individual countries in the region. In most of them, governments and their supporting political groups quickly lost public support, either because of political and corruption scandals, or because of quickly-growing disappointment with their policies, mainly in the social dimension.

2.2.1. Central Europe — *the first year of membership*

For the Central European countries, the first test of the common European policy was the elections to the European Parliament held shortly after the enlargement of the Union (June 2004) by the ten new (including eight post-communist) members. The results of this test were appalling for the countries in the region — in Slovenia the turnout was only 28.3%, in the Czech Republic, 25%, and in Slovakia just 17% (the record-breaking lowest turnout for the whole EU). Such low interest among citizens met with astonishment and indignation in the "old" member states. Yet, the factor that had the most important consequences for all (except for Slovakia) the countries of Central Europe was the result of the vote, which heralded almost everywhere deep changes in internal policy. In the Czech Republic and Hungary, in the aftermath of the elections, the governments collapsed and new cabinets were appointed within the confines of the existing coalitions, while a reversal of a political composition that had existed for 13 years occurred in Slovenia. In turn, in Poland, a government crisis coincided with accession to the EU, although it was not connected with it directly.

a) The Czech Republic

In the Czech Republic, the unexpected winners of the elections to the European Parliament were clearly euro-sceptic forces — the conservative Civic Democratic Party (ODS) along with the communists. The ruling Social Democratic Party (CzSSD) as well as their centre allies, the KDU-CzSL and the Freedom Union-DEU, suffered a crushing defeat (the CzSSD came in only fifth). In response to this result and the lack of confidence expressed in him by more than a half of delegates at a special convention of his party, Prime Minister Vladimir Szpidla submitted his resignation. His successor, the then Minister of Foreign Affairs Stanislav Gross, stayed in office for less than a year, resigning at the end of April this year as

a result of a series of financial scandals, handing over to Jirzi Paroubk (Grosss' resignation was forced by the KDU–CzSL).

Power remains in the hands of a coalition of the CzSSD with peasant party members and liberals. However, this coalition is strongly divided and its only raison d'ětre is that an alternative is difficult to accept; a minority social democratic government would be the only force likely to be able to form a government in the present parliament, supported by the Communist Party of Bohemia and Moravia (the KSCzM, the only party of "non–reformed" communists in Central Europe, ostracized for the whole period of the Vaclav Havel presidency; at a convention last year, its liberal–reformist faction suffered a defeat). Although most Czechs would opt, according to polls, for early elections, because of the looming end of the current parliament (June 2006), a more probable scenario is that the present arrangement will survive until the end.

Yet, regardless of the time at which elections in the Czech Republic are held — providing that no spectacular events occur on the political scene, for example a discrediting of the ODS, the front–runner in the polls — there will be a defeat (possibly a crushing one) for the present rulers. The terrible level of support they obtained in the elections to the European Parliament was reinforced by the results of a November Senate by–election[21] and local elections held at the same time. Both votes were decisively won by the opposition ODS.[22] This party has been regaining support among voters since 2003 when, after the departure of Havel, presidential elections were won by its founder and honorary chairman Vaclav Klaus, who does not hide his anti–Union views. Klaus' cohabitation with the leaders of three consecutive pro–European cabinets (also during the final months of membership negotiations), brought a series of grotesque situations, and his statements on further integration within the EU often evoked surprise or even embarrassment in Brussels.

The KSCzM, growing stronger in power (15%–20% support in polls, second place after the ODS), is trying to take advantage of the forthcoming defeat of the social democrats. Understanding that, with its current rhetoric, his party has no chances of being invited to join any coalition cabinet, its chairman, avowed Marxist and fierce opponent of capitalism Miroslav Grebeniczek, declared in December last year that he did not identify himself with the "events that took place in the 1950s and in 1968". It seems that in elections in 2006 (or sooner in the event of early elections being called), the KSCzM will want to win over the leftist electorate that is disenchanted with the CzSSD.

Besides the virtually certain victory of the ODS and good results for the KSCzM, trying to predict the further development in the situation and the makeup of a future government would be like reading tea leaves.

b) Poland

Last year's main issue in Poland was the growing decline of support for the ruling left (the SLD), and the intensifying political struggle prior to the upcoming parliamentary (September 2005) and presidential (October 2005) elections. Paradoxically, Poland, despite its political instability, has strengthened its position in the European Union.

A change of prime minister (in May 2004, the unpopular Leszek Miller was replaced by technocrat Marek Belka) did not improve the position of the Left. The ruling SLD — plagued

[21] 1/3 of the makeup of Czech Senate is changed in a rotational system every two years.

[22] Rules in 12 of 13 voivodship councils, and controls presently 36 seats in 9–seat Senate.

by scandals and deprived of a coherent political leadership — faced the prospect of not even reaching the election threshold in parliamentary elections and losing the presidential elections. In addition, the centre–right (Civic Platform – PO) and the right (Law and Justice – PIS, and League of Polish Families – LPR) groups, which were growing in power, did not hide the fact that their strategic purpose was not only to assume power within the confines of a future coalition, but also to make profound changes in the state, aimed at radical limitation of the political possibilities for the post–communists. Consecutive parliamentary investigations into alleged scandals involving the left, despite being an arena for political demagoguery, became a factor aiding the strategy of the anti–leftist opposition. Under these circumstances, the SLD began disintegrating: in March 2004 a part of the SLD leadership left the party and founded a rival one (the Polish Social Democracy — SDPL), and in June 2005 there was a profound change in the party leadership. For the first time since the fall of communism in Poland, the left ceased to be a monolith. At the same time, the government was losing public confidence at the same pace as the SLD, and this was despite the prime minister's efforts to show "its non–political character". President Kwaśniewski, whose term is coming to an end, was trying to form at least one left front for the presidential elections. He succeeded partially in doing so, by convincing Włodzimierz Cimoszewicz, currently the speaker of the Sejm and formerly prime minister and minister of foreign affairs, to stand in the election. In pre–election polls, the Sejm Speaker gained a substantial lead over the other candidates. However, as far as the parliamentary elections are concerned, the PO and PIS remain the unchallenged leaders, although a future coalition between these two parties may be problematic because of manifesto differences and their leaders' ambitions.

Despite the deepening chaos on the political scene and the looming elections, last year Poland made good use of its membership of the EU. It achieved a high rate of absorption of union funds — 94% (in the form of positive decisions or financing). Thanks to that, its balance in 2004 in clearings with the EU was positive and amounted to PLN 6 billion. Despite the weakness of its government, Polish foreign policy managed to maintain its "traditional controllability" as the biggest country among the new EU members. A spectacular success for Polish diplomacy in Ukraine strengthened the Polish voice in shaping the Eastern policy of the European Union.

c) Slovakia

The development of the political situation in Slovakia was by far the most peaceful of all the countries in the region. The lack of more serious turbulence — contrary to the "problems" of other countries — seemed to herald the results of the elections to the European Parliament, since the winners were parties from the ruling coalition (which achieved eight seats in the EP, while the opposition won only six). Yet, that result clashed with the declared support for political parties which, in the analyzed period, showed a preference invariably for the populist opposition parties (the Smer, HZDS) and politicians from them; Robert Fico, Vladimir Mecziar as well as the present President of Slovakia, Ivan Gaszparovicz.[23] The latter, having quite unexpectedly won the elections in spring last year, clearly abandoned his populist rhetoric and today defines himself as a "constructive critic" of the European Union.

[23] Gaszparovicz until 2002 was connected with HZDS, then, after his dispute with the leader of that party, left it and founded his own group — HZD.

The period under analysis was in Slovakia a time of the rule of the weak and quite shaky centre coalition of Prime Minister Mikulasz Dzurinda. Despite limited public support – today about 30% of respondents would cast their votes for the coalition parties – his cabinet has introduced very bold reforms (of the pension system, the health service and the education system). Slovakia has also clearly taken advantage of the friendly climate for foreign investment created by Dzurinda (e.g. the introduction of a 19% flat tax rate). The country attracts presently, per capita, the largest investment in the region, and the investment boom is particularly evident in the car industry. But the issue of foreign investment sometimes takes the form of political conflict. This was the case with a plant the Hyundai/Kia concern built near Żylina – the contract for this, concluded by Pavol Rusko, Minister of the Economy from the party of the ruling coalition, is commonly considered unfavourable for the country.

A clear improvement in the state of the economy, including the lasting high growth of GDP (over 5%.), does not yet translate into optimism among the respondents to polls, and it is most likely that after the 2006 elections[24] the country will be ruled by a different political alignment than the present one. In this context, it is worth noting the recent warming of relations between the HZDS and the party of Prime Minister Dzurinda, the Christian Democratic SDKU.

d) Hungary

In Hungary, the past year was another one of recouping its losses by the right–wing Fidesz, which has been in opposition for the last three years, and currently enjoys a clear lead in the polls. The climax of that process was the gain by the party of 47% of votes in elections for the European Parliament. That result should be regarded as an "election pendulum" effect – a natural, to some extent, reversal of the electorate's support from the ruling group, heightened by its internal problems. After the appointment – under pressure from its ally, the liberal SzDSz – in August last year, within the confines of the same coalition, of a new government with a new prime minister (the previous one, Peter Medgyessy, was considered the perpetrator of the failure of the socialists in the elections for the European Parliament and had to resign; he was then replaced by representative of the "wing of the young", Ferenc Gyurcsany), the declining support for the ruling parties was temporarily halted, yet they still lag far behind Fidesz.[25]

The past year confirmed at the same time the trend towards polarization on Hungary's political scene, observed already for a few years. If the present division of political support for the ruling parties remains until next year's elections, only Fidesz and the presently ruling socialists will enter the next Hungarian parliament. A third political power in the country, the liberals (the SzDSz), will struggle to reach the election threshold, and the fourth one, the Democratic Forum (the MDF – formerly Fidesz's coalition partner, and in the early 1990s the most popular group in Hungary) cannot even dream of passing the threshold single–handedly, and, under such circumstances, some pressure will certainly appear in its ranks to put up a joint register of voters together with its right–wing partner.[26] The socialists have

[24] An earlier test of support for the political parties will be autumn local elections.

[25] According Gallupa poll (May 2005) published during the preparation of this work, 31% of respondents wanted to give their votes to Fidesz, and 19% to the MSzP. However, after discounting the votes of undecided voters (ca. 20%), Fidesz would obtain 55% (MSzP – 34%).

[26] The two parties stood as a coalition in 2002 elections, however the MDF turned down a similar

even bigger problems with the loyalty of its "smaller partner"; in May this year, the SzDSz announced that it was going to abstain from voting at least in the first round of presidential elections,[27] which will create serious difficulties for the candidate of the left-wing group (Katalin Szili, Chairwoman of the Parliament).

In preparing to take over power, Fidesz is probably going to have to tone down its language, having, in opposition, demanded rights for Hungarian minorities living in neighbouring countries. In July of last year, Viktor Orbán, a former Hungarian Prime Minister and a leader of Fidesz, stated, for instance, that *non-observance by Romania of the rights of its ethnic minorities removes that country's right to be on the fast track to accession to the EU.* Theoretically, the Hungarian minority card may return at the time of voting by individual member states over the ratification of the EU enlargement with Bulgaria and Romania. However, it is certain that possible attempts by "separatist" blocking of their (and *de facto* Romanian) accession by Budapest is going to meet with a strong objection from other EU states. The problem of the Hungarian minority has ceased to be publicized to the same extent as in the past, in Hungary itself – the December referendum in that country on granting ethnic Hungarians in neighbouring countries Hungarian citizenship remained undecided because of a low turnout. The rhetoric by Hungarian politicians these days taking the floor on these issues by no means resembles any more the climate of "ethnic irritation" in mutual relations between the Central European countries in the period of the "warming up" of difficult issues from recent history (the Benes Decrees,[28] issue of the so-called Hungarian card) in the years 2002-03. A clear weakening of that tension gives credence to the thesis that these topics were unearthed mainly for the needs of election campaigns[29] going on at the time in most of the countries in the region.

Talking about the experience of the first year of EU membership, one has to note that Hungary – as the first post-communist state – became in the second half of 2004 a net payer into the European Union budget; Budapest managed to use only a quarter of the funds to which it was theoretically entitled.

e) Slovenia

At the end of 2004, there was an unexpected breakthrough in internal policy in Slovenia, when the group that has been in power almost without interruption[30] since the country gained independence in 1991, associated with the Centre-Left (though utterly pro-Western

proposal by Fidesz before the last elections to the European Parliament; this position was to a great extent a result of personal rivalry between Fidesz and Mrs Ibolya Dávid, chairwoman of the MDF, who was unwilling to create a broad coalition of the right-wing forces and who accused Fidesz of a "departure from national-Christian ideals".

27 In Hungary, the President is elected by the Parliament.

28 Criticism of the Benes Decrees– by virtue of which after the end of World War II, 2.5 million Germans and half a million Hungarians were expelled from Czechoslovakia – still meets with regular criticism by Prime Minister of Bavaria Edmund Stoiber. Unveiling of the monument to Benes in the centre of Prague met with protests by the Hungarian Ministry of Foreign Affairs in May this year.

29 To fulfil the chronicler's obligation one has to note the unfortunate (or maybe just misinterpreted) statement by Gyurcsanyego from January this year on the need for help "for Hungarian minorities in their struggle for autonomy" (he did not specify what kind of autonomy he meant) and on an attempt at bringing to the forum of the EP and the Council of Europe an alleged campaign of persecution of the Vojvodinian Hungarians by Belgrade (September 2004).

30 In 1992, the LDS was forced to go into opposition for a few months.

and pro-market) Liberal Democracy of Slovenia (LDS), suffered a heavy defeat in October parliamentary elections and went into opposition. The reasons for this loss of confidence in the party, which had led Slovenia to its independence, taken it into the European Union and NATO, and guaranteed its citizens a standard of living equal to that in Greece or Portugal, can be found in the personal rivalry between the main political leaders of the group, i.e. Prime Minister Anton Rop and Minister of Foreign Affairs Dimitrij Rupel. That rivalry, being played out ever-more openly in the media, led in June 2004 to Rupel's resignation. He then left the party and bound his future to the then opposition right-wing (and moderately nationalist) Slovenian Democratic Party (SDS), which after its unexpected election victory formed, along with the conservative Christian-Democratic New Slovenian-Christian Peasants' Party (NSi), a government. It is a common opinion that Rupel, who enjoys enormous public popularity,[31] gained for the SDS many votes from the former LDS' electorate — he is now once again Minister of Foreign Affairs and as such presides over the OSCE this year.

The change of government [32] in Slovenia does not automatically change the priorities of the country's foreign policy; with the exception of the ultra-nationalist Slovenian National Party[33] there is no place in Parliament for "political folklore". The role of patron supporting the interests of the countries of the former Yugoslavia in Brussels[34] adopted last year by Slovenia seems to remains unthreatened (despite the appearance of difficult problems in mutual relations with Croatia — *see below*).

Soon after its EU accession, in June last year Slovenia adopted the ERMII exchange rate mechanism. Although it was criticized for its high inflation level (3.3% in March 2005) and for its Law on the Central Bank, which did not meet Union standards, Slovenia has a real chance to join the Eurozone as early as 2007.

Slovenia's major success was obtaining the so-called European Status of Territorial Classification at the level of NUTS2. This will make it possible to introduce a new territorial division of the country, by dividing the country into three regions, two of which will be entitled to apply for EU grants. Until recently, Slovenia was defined in EU documents as one region, and because of the very high level of the national product of the Ljubljana agglomeration, it was near the net payer level. Without redefining its status, it would not have been entitled to apply for the grants.

The invitation, as one of the first among the new EU member states, to join the first — with Germany and Portugal — group EU presidency in the years 2007-08 is an undoubted distinction for Slovenia.[35]

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[31] He used to be, among other things, first chief of diplomacy of independent Slovenia, mayor of Ljubljana and ambassador to the USA.

[32] The SDS rules in coalition with the peasants' party (SLS) and Christian democratic New Slovenia (NSi); the latter achieved a spectacular victory in the elections to the EP, obtaining 23.5% of the vote (the most of all the Slovenian parties); however, it did not manage to repeat this success in the parliamentary elections (achieving 9 out of 88 seats).

[33] It has 6 out of 88 elected seats in the one-chamber parliament (2 additional ones are reserved for Italian and Hungarian minorities).

[34] The Sarajevo authorities have recently put forward an informal proposal that the next UN High Representative for Bosnia should be Slovenian president Milan Kuczan.

[35] Providing obviously that the EU Constitutional Treaty, introducing a three-state presidency mechanism, is adopted in time.

In February 2005, the Slovenian parliament, with only four votes against,[36] ratified the EU Constitutional Treaty.[37]

Poor preparation for attracting EU aid funds, theoretically available for Slovenia, became a subject of common criticism in the country – the efficiency of the Slovenian authorities in this area was as low as 54.8% of the available funds[38] (mainly because of the poor preparation of projects from the legal point of view). Another problem is the slow pace of training Slovenian clerks who are knowledgeable about EU legislation. The first examinations for EU low-ranking clerks (so-called category A8) held in September 2004, were passed by only 49 among 397 Slovenians, and in Brussels there is still felt to be a lack of qualified Slovenian language translators.

A blemish on Slovenia's otherwise ideal international image has been the unresolved issue of the "removed" (*izbrisani*), i.e. 20,000 citizens of that country originally from other republics of the former Yugoslavia, who after the declaration of independence in 1991 were refused the right of Slovenian citizenship, along with many other public rights. The government of Janez Jansza undertook to resolve this problem as early as this year; however, the project of granting citizenship to the "removed" is meeting an extremely negative public reaction, because they are still considered as "traitors and enemies of Slovenia".

It is also worth remembering that the period under discussion was for Slovenia the time when it had its initial experience of membership of the North Atlantic Treaty Organisation (having joined in April 2004).

2.2.2. Central Europe – *summary*

In referring to last year's events that affected the whole region of Central Europe, one cannot help mentioning the issue of vetting. Well-publicized vetting scandals occurred in all – except Slovenia – the countries under discussion. In the Czech Republic, it was the second year in a wave of trials against the Ministry of the Interior, brought by persons who were placed in the published list of agents of the former security service (the StB)[39] in 2003 (in book form or on the Internet). In February 2005, an equivalent of Poland's "Wildstein's list" was published in Hungary, yet it was far more modest, as it included only 219 names – however they are all figures from the world of politics, the media, culture, the church, etc. It is supposed to be a copy of the list that in 1990 was handed over to the first democratic Prime Minister of Hungary, the now deceased Jozsef Antall, by the chief of the last communist government, Miklós Németh. A few people from the circles closest to Antall are willing "roughly" to confirm its authenticity; however, the opposition Fidesz party argues that the currently ruling socialists are clearly underrepresented statistically among the unveiled agents; in their opinion the anonymous author of the publication might have deleted a few or more names, and the purpose of the whole issue is simply to discredit the opposition. As far as Slovakia is concerned, where formally there was no vetting act[40] last year and in the

[36] With only four votes against by MPs of the Slovenian National Party.

[37] It was previously ratified by the parliaments of Lithuania and Hungary.

[38] www.siol.net/novice/slovenija,16.04.20

[39] Such suit was won, among others, by famous actress Jirzina Bohdalova.

[40] In practice, most persons who apply for higher positions in state administration, as well as candidates for MPs and councillors surrender to it (many parties make it a requirement to list a person in the register of voters).

first half of this year, a "Pandora's box" was opened — with the Slovak Institute of National Memory (UPN) starting the publication of a list of StB secret agents, beginning in the eastern provinces, and proceeding gradually towards the far western border of the country and Bratislava. Most severely hit by the publication was the church in Slovakia — on the list were names from the highest catholic and evangelical hierarchies (all of them rejected the accusations of collaboration and launched law suits). Yet, even if they win their cases, the Institute of National Memory — because of the lack of proper legal provisions— may not issue certificates clearing them of the charges, and it may not even remove a name from the list (it may only place a note by a name confirming a positive court verdict). A recent investigation conducted by the newspaper "Sme", considered as reliable, revealed that access to the UPN files was permitted — contrary to the law on access to data — in recent years to a certain number of former StB agents, many of whom are currently in high positions within the state administration. According to the journalists, the Slovak Information Service (SIS), which offers advice about persons wishing to be granted access to the files, intentionally did not inform the UPN about their spying past.

In January this year, in the wake of the revelation of the file by the UPN, Jan Hurny, the Secretary of State in the Ministry of Housing and Regional Development, submitted his resignation. Slovak Vice-Chairman of the NATO Parliamentary Assembly, Jozef Banasz, was also on the list (both are members of the SDKU party of present Prime Minister Mikulasz Dzurinda).

Analyzing the mutual relations among the Central European states, one must note the continuation (and even some intensification[41]) last year of co-operation within the confines of the Vysehrad Group (V4). Prior to accession to the European Union, many politicians in Poland, the Czech Republic, Slovakia and Hungary were dubious about the reason for the Group's existence, once they had achieved the goals contained in its founding declaration from 1991 (joint efforts to become members of the EU and NATO). At the time of diplomatic tensions between the Czech Republic and Slovakia and Hungary (2001-02 — the Benes decrees issue[42]), co-operation within the confines of the V4 came virtually to a standstill. But before actual accession, all four Vysehrad capitals evidently realized that, within the European Union, the strength of their joint voice would be comparable to the German-French tandem, and they decided to reactivate their co-operation.

Furthermore, the Group became current also for its neighbours — informal steps to seek membership in it were taken by Slovenia and Austria (representatives of these countries take part in some Vysehrad summits), and lately also Lithuania. The governments of the Vysehrad four decided not to enlarge the Group formally, for fear of losing its "cohesion" as a larger territory. Co-operation with the neighbours in the realization of some V4 projects was, however, permitted.

It is also worth noting the appearance of a new player in the Central-European arena — Austria, which has for years been pushing the idea of Regional Partnership, a forum for informal co-operation among the Central-European states. The idea for such a Partnership dates back to the diplomatic isolation of Austria in the years 1999-2000, in connection with

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41 For example, the budget of the Vysehrad Fund was increased, supporting all rank-and-file initiatives, merging actions of inhabitants from at least 3 of 4 Vysehrad states.

42 The then Hungarian Prime Minister, Viktor Orban, demanded that before joining the EU, the parliaments of the Czech Republic and Slovakia should cancel the Benes decrees.

the entry of the ultra-nationalist freedom party of Joerg Heider into the ruling coalition. Even Germany, the closest ally of Austria, had turned its back on Vienna, and the Austrian government then decided to seek support among its eastern neighbours, who were at the time close to becoming EU members.

Last year, the achievements of the Regional Partnership were, among other things, a joint peace plan for Kosovo prepared by the Vysehrad countries, Slovenia and Austria, a project for building camps for immigrants on the EU borders, and also a higher number of projects for improving the communications infrastructure in Central Europe. Many observers think that in the near future there will have to be a form of "division of roles" between the Vysehrad Group and Regional Partnership — one of the possible evolutions for the Partnership is to focus on initiatives of a political nature, whereas the V4 would remain above all a patron of the development of cultural and educational co-operation.

2.3. POLITICAL SITUATION IN THE STATES OF THE BALKAN REGION

2.3.1. Bulgaria, Romania — *on the verge of the European Union*

The membership of Bulgaria and Romania in the European Union is virtually determined — in April of the current year, both countries signed in Luxemburg a treaty, stipulating their accession to the EU on January 1st, 2007. Thereby, the distance that has persisted for several years in the progress of negotiations between Bulgaria, which is better prepared for membership, and Romania, which is integrating slower, was officially closed.[43] However, Brussels kept for itself the right — in the form of a "safety clause" introduced to the treaty for the first time in the Union's history — to postpone the date of accession by one year with reference to one or both states, in the event that they do not fulfil the commitments they made in the course of the negotiations.[44]

Last year passed quite differently on the internal political scene — there was an unexpected change of government in Romania, and in Bulgaria, also unexpectedly, the existing political make-up was maintained.

a) Bulgaria

For at least two years preceding the period under discussion, there was an ebb in the fortunes of the "tsarist group" — the Symeon II National Movement (NDSII), which had ruled Bulgaria since 2001, a group without a clear "ideological azimuth", based virtually solely on the charisma of the former monarch and the present Prime Minister Symeon Sakskoburggotski. But the desertion of members of Parliament from the group meant that it remained in power thanks only to the support of a minority ally — the Party of Bulgarian Turks (DPS) of Ahmed Dogan. There was, however, constant tension between the two parties (especially

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[43] Bulgaria closed negotiations on June 15th, Romania on December 8th, 2004. Yet, on December 2nd last year the EC announced that having analyzed Romanian legislation it could not see any grounds for recommendation of closing the negotiations for this country.

[44] As far as Bulgaria is concerned, it is first of all expected to close down the two remaining reactors of its nuclear power station "Kozłoduj"; Romania is expected to cease financing from its budget state-owned enterprises or favouring private companies.

between their leaders), therefore it was expected that the tsarist movement would quickly lose power, and Bulgaria would face early elections, in which polls predicted the NDSII would fare less and less favourably.

Last year the rule of the former tsar[45] brought, however, a surprise – the downward trend of the group's popularity came to a halt, and the progressive division of the Bulgarian right allowed the NDSII to win a part of its more moderate electorate. The odds are that the tsarist group will come in second, after the socialists, and the Turkish party will again be tipping the balance – it will decide who will form the government. There are more and more signals that the breaking of the ice between Prime Minister Sakskoburggotski and the post-communists and the formation of a broad centre-left coalition is also possible. It is, however, unknown if the charisma of the former monarch will be enough for him to remain in the primer minister's office.[46]

Staying in power for the last year was not without cost for the prime minister – in February of the current year he had, under pressure from the Turks (and a small party of "deserters" from the NDSII – New Time) to remove from the government one of his closest allies, Lidia Szulewa, a deputy prime minister and minister of the economy; it was also at that time when the ministers of agriculture and culture left office (the post of deputy prime minister remained vacant, and the ministerial portfolios were taken over by other allies). Another concession to Dogan's party is the retention in state hands of the tobacco concern "Bulgartabak", making it possible for the company, which like the whole tobacco industry in Bulgaria is traditionally controlled by local Turks, to receive financial resources from the state budget. Such a situation will not, however, last long – Brussels is going to insist on the privatization of the tobacco monopolist.

Undoubtedly, the requirement to close down the last two reactors at the *Kozłoduj* nuclear power plant will be a more difficult problem in the relations between Bulgaria and the European Union in the near future, especially if the socialists, who categorically oppose the shut-down, come to power. They have on this issue the support of a definite majority of the population – *Kozłoduj* is for Bulgarians a source of national pride, and bowing by the government to pressure to close down the reactors in the course of negotiations undoubtedly cost Symeon's movement at least a few points in its popularity. To make up for that loss, in April this year the tsar announced the construction of a new nuclear power station, meeting western safety standards, in the town of Bełene. The project is extremely expensive – construction will cost €2.4 billion; yet the new government is committed to financing it.

Discussing the internal situation in Bulgaria in the past year, one should mention the unprecedented action taken by the police and the public prosecutor's office against a Bulgarian faction of the Orthodox Church, the so-called alternative synod. In the course of this action, some 200 buildings that are the property of the synod (including churches) were sealed, many clerics were arrested and interrogated, and force was used during the arrests. The Synod was created as a result of a schism that took place in the Bulgarian Church ten years ago as a result of rivalry between its leader, the Metropolitan Inokenti, and the Patriarch Maksim,

[45] Elections were to be held on June 26 this year

[46] According to a poll by the newspaper "Dnewnik" of May 18 this year, the distribution of support in the electorate was the following: socialists (Coalition for Bulgaria) – 26.7%, NDSII – 13.8%, the Right (ODS) – 8.1%, Turkish party – 6.1%; the remaining percentage was for a few marginal parties, the undecided and respondents who declared that they would not take part in the elections.

who was appointed in the 1970s. The followers of the synod make up about a third of all Orthodox Church believers in Bulgaria. Their legal status is, however, inferior to that of the privileged position of the patriarchate, as a result of the Religious Law passed in December 2002 that clearly prefers Maksim's church (the Law does not allow, for example, groups of followers who leave the Patriarch's church to take over its property or use the same name). The police action was condemned by the most important European institutions; there is also pressure on Bulgaria to change its Religious Law.

b) Romania

The turn of the past and the current year unexpectedly brought a loss of power for the apparently invincible socialists (PSD). In parliamentary and presidential elections, they suffered spectacular losses. The unexpected defeat was all the more bitter because it meant at the same time an end to the strategy, adopted four years previously, of an "election triple jump", by which the PSD planned to ensure that it stayed in power for at least the next three terms.

The rout of the right wing on the political scene (except for the widely–ostracized extreme nationalists of "Great Romania" led by Corneliu Vadim Tudor) in elections at the end of 2000 had been so devastating that the socialists judged that there was little chance that a serious opponent, able to take power from them, would appear within the next four years. So it followed that their strategy consisted in avoiding making themselves unpopular with the electorate, in order to stay in power (even with a worse result). While in the next elections, at the end of 2008, when Romania should already be — as predicted by PSD strategists — a member of the European Union, the government would take advantage of the optimism of the increasingly wealthy society. But the socialists stumbled at the second jump.

The former electorate of the right, divided in 2000, managed to shift its support base to the centre. The only serious parties that could threaten the PSD became the liberals (PNL) and the democrats (PD). The two parties entered into an alliance before the local elections (June 2004) and unexpectedly, across the whole country, achieved a slightly better result than the PSD,[47] also winning the psychologically–important posts of mayors of Bucharest and Kluz, where competition between the two parties' leading players took place. Also, the gap between the urban and rural areas became more evident: the PNL–PD predominated in the big agglomerations, and the PSD in the rest of the country.

In support for the political parties expressed in opinion polls, the socialists continued to dominate. Additionally, in October, i.e. two months before the presidential elections, Theodor Stolojan,[48] a leader of the liberals, withdrew from the race, even though he appeared to be the only candidate from the alliance capable of standing against Adrian Nastase, the then prime minister, who was running for the post of head of state. Stolojan's place was taken by a leader of the democrats, the popular mayor of Bucharest, Traian Basescu.

In the first round of presidential elections, the best result was achieved by Nastase, and the socialists achieved at the same time the best results in the parliamentary elections (36.6%; while the PNL–PD took 31.3%). The PSD did not wait for the results of the presidential elections and started to form a government with a coalition partner, the humanists (Romanian

[47] PNL–PD — 33.8%; PSD — 32.6%.

[48] In speculations over the real decision the guesswork that appeared most often was that PSD had some "papers" from the past on him.

Party of Humanists, PUR), to which they also intended to invite the Hungarian Minority Party (UDMR), which had already participated in both right–wing and left–wing governments. The run–off for the presidential election was unexpectedly won by Basescu who, probably not believing that he would win, had entrusted the mission of forming a government to the PNL–PD alliance. They managed to gather support in parliament for everyone except the socialists and "Great Romania", even separating the humanists from the PSD, and together they achieved a slight majority.

The new government, whose leadership was assumed by Calin Popescu–Tariceanu, did not have an easy start. The first blow came from President Basescu, who in his first press conference called the humanists' about–face "immoral behaviour" and appealed for early elections. Observers did not give the government much chance, pointing at the very broad range of coalition parties. The task was not made any easier by the PUR itself, whose MPs supported the retention of their position by the speakers of the two houses of parliament, both of them from the PSD. This was the straw that broke the camel's back – polls showed that the label of traitor was applied to them not only by Basescu, but by society at large; support for the humanists dropped to the level of 3%. PUR MPs, understanding that in early elections they would not have any chance of entering parliament, toned down their radical policies, distanced themselves from any links with the Left, even changed their name to the Conservative Party (PC) and planned to join the European Peasants' Party (this is also the aim of "Great Romania"). Nowadays, the humanists seem to be a fairly strong pillar of the coalition, but which no–one sees as lasting long; however, the alliance of the liberals with the democrats now enjoys support of 48% in polls from March this year.

The first bold move by the government of Popescu–Tariceanu was the introduction of a 16% flat rate tax and its inclusion in the 2005 budget, which had already been drafted.

The socialists, with their 30% support in polls, remain the second power, still influential. However, there is a shadow over their future cast by the intensifying personal conflict between the two unquestioned leaders of the parties – Nastase and former President Ion Iliescu. The latter, in April of this year, lost the election for the position of PSD chief, although he had appeared to be the front–runner. Mircea Geoana, a former minister of foreign affairs, was elected chairman, a man far closer to the circles of Nastase than of Iliescu. A possible split in the PSD is mentioned more and more frequently – the last decision by Iliescu, on staying, despite his defeat, in the position of chairman of the PSD parliamentary group, seems to delay such a scenario for the time being.

There are no grounds for predicting the fast regaining of support by the Tudor party. Despite a change of its name, – it is now called the Peasants' Party "Great Romania" – it presently enjoys the support of only 8% of respondents.

It is worth remembering that for both analyzed countries, the past year was the first one of their membership of NATO (they joined in April 2004). Both Sofia as well as (especially) Bucharest sent large contingents of troops to Iraq and Afghanistan,[49] while their ports and airports in Burgas and Konstanca played an important role in the deployment of American soldiers and equipment to the Middle East. Both countries have offered to allow the U.S. to establish military bases on their territory.[50]

[49] Status for 2005: Bulgaria – 460 troops (Iraq); Romania – 730 (Iraq) and 492 (Afghanistan – another 400 Romania intends to send to Afghanistan in summer 2005).

[50] De facto such a base already exists near Konstanca.

2.3.2. Western Balkans — *threat of political vacuum*

a) Croatia

In March 2005, the open-ended discontinuation by Brussels of the start of accession negotiations with Croatia became an issue that dominated the political life of the country. Thereby, the relatively advanced process of integration into European structures was brought to a halt.

The discontinuation of negotiations, a day before their planned start, was explained on the grounds of the non-fulfilment by Zagreb of its promise of active co-operation with The Hague Tribunal in tracking down persons accused of committing war crimes in the area of the former Yugoslavia in the 1990s. Data revealed by the Tribunal's Chief Prosecutor, Carla del Ponte, were supposed to show that the Croatian authorities, at least until recently, had helped to hide General Ante Gotovina, sought on an international arrest warrant over accusations that he gave the order to liquidate around 150 Serb civilians during an operation by Croatians to rescue rebels from Serb captivity in the territory of Krajina in 1995 (operation "Storm"). In reply, Zagreb stated that it was unable, using the resources available to it, to find the wanted man, and demanded publication of evidence of the culpability of the Croatian authorities, which, however, did not happen. Del Ponte even stated that Croatia did not share the European system of values, which was essentially the reason for the postponement of the negotiations.

The decision by Brussels entailed at least two immediate consequences. Firstly, the process of integration has been discontinued (it is not known for how long), making completely unreal Zagreb's original aim of conducting negotiations and achieving membership of the EU "at the express pace", along with Bulgaria and Romania, on January 1st, 2007.[51] Secondly, the decision evoked a wave of strong social protest and a growth of anti-Union attitudes: because in the common belief, the EU did not present any evidence of the guilt of the Croatian authorities, and it made the Croatian nation a hostage of the problem of the impossibility of capturing one man by the law enforcement agencies. The current opinion polls even show that Croatians would reject membership of the European Union in a referendum.

A problem of decisively less importance, though vital for Croatian foreign policy, remains its border dispute with Slovenia, which arose as a result of the non-accurate delimitation of the 680-kilometre border between the two republics back at the time of the existence of Yugoslavia, including especially the sea border in the Piranska Bay. This seemingly insignificant dispute grew in strength when Italian-Croatian plans were revealed for dividing the Adriatic Sea into economic zones (where jurisdiction of a given state would be in force) a few years ago. Realization of these plans would, *de facto*, deprive Slovenia of access to international waters. In September last year, the Slovenian Prime Minister Anton Rop threatened to discontinue supporting Croatian candidacy for membership of the EU; the statement undoubtedly had its roots in the election campaign pending at that time in Slovenia. The new government of Janez Jansza did not take up the threat; however, the issue remains unresolved, and with the

[51] In Brussels that aim was considered practically unfeasible before. It is worth remembering that "purely economically" Croatia is in many areas better prepared for EU membership than Bulgaria and Romania; its GDP per capita is two times bigger that of both countries (according to WIIW Balkan Observatory, in 2003 in Croatia it amounted to € 5747, in Romania, € 2316, and in Bulgaria, € 2249).

determination (especially on the part of Italy) to introduce the zones in the Adriatic,[52] it is very likely that it will come up for discussion again in the near future. One should yet add that both parties are actively trying to resolve the dispute by, for example, appointing a joint Historical Commission and signing a "Declaration on Avoiding Border Conflicts".

As far as the events in Croatian internal policy are concerned, worth noting is the process of the slow decline in support among the electorate for the Croatian Democratic Community (HDZ), which has ruled the country for the past two years. In the local May elections, the HDZ won the majority of votes in only 6 of 21 županijas (provinces), and it also lost in the biggest cities – Zagreb, Rijeka and Split. The winner of the elections seems to be the social democrats (SDP), although nowhere will they be able to rule independently (in some constituencies there is even the possibility of an HDZ–SDP coalition). Despite its defeat, it is doubtful if the government will surrender to the pressure from the SDP to hold early elections before 2007, so it follows that further cohabitation of the right–wing government with president Stipe Mesic, from the Left, awaits Croatia.

Supposing even that the crisis in the relations between Zagreb and Brussels is overcome sooner or later, and that the country after a few years of negotiations becomes an EU member, one has to state that not much, or even nothing – apart from a declaration by the Union's leaders of the target of a "European Perspective" expressed at the summit in Thessalonica in June 2003 – shows that the other states of the Western Balkans – Bosnia and Herzegovina, Serbia and Montenegro (along with Kosovo), Macedonia and Albania – will follow.

b) Macedonia

Macedonia, which has had an association agreement for four years, is considered the most advanced country of the region (after Croatia) in the process of integration with the European Union. In February this year, Prime Minister of Macedonia, Vlado Buczkowski, presented in Brussels a 4,000–page response to the pre–accession questionnaire. (A year before Macedonia had submitted a formal application for granting it the status of candidate country, which was, however, considered by most Union politicians as a premature move.)

A problem for Macedonia – apart from such socio–economic problems as the extremely high unemployment rate (37%), the presence of corruption and organized crime – is its political instability, being the effect of the armed rebellion four years ago by the Albanian minority in the western part of the country. Theoretically, a peace agreement signed at Ochrida, putting an end to the rebellion, is being implemented; however Albanians are not satisfied with the pace and scope of the implementation. Ethnic peace in Macedonia, though it presently has the necessary political backing,[53] seems to be fragile in the eyes of the citizens of the country themselves; as many as 76% of the respondents in a recent opinion poll stated that in the near future[54] armed conflicts would still afflict Macedonia. Nevertheless, the EU decided not to prolong its "Proxima" peace mission beyond its mandate,

[52] The introduction of its own zone in the Adriatic would allow the Italian authorities to; first of all, more effectively fight illegal immigration. As for Croatia, of more importance is the protection of its fisheries (especially from Slovenia).

[53] Participation of the Albanian Democratic Union for Integration (BDI)

[54] This result remains in disproportion to results of the same poll conducted in the other states of the former Yugoslavia – the prospect of conflict in their countries is predicted by 29% of Serbs, 28% of the citizens of Bosnia and Herzegovina, 16% Kosovars, 15% of Montenegrins (International Commission on The Balkans, *The Balkans in Europe's Future*. Centre for Liberal Strategies, Sofia 2005, p. 46)

i.e. December 2005. Gen. Juergen Scholz, leading "Proxima" operations, said he thought that progress in the implementation of the Dayton Accords, directly concerning security issues, was satisfactory.

Local elections in March this year generally confirmed the stability of the present arrangement of power — candidates from the ruling socialists (SDSM) and their allies, the Albanian BDI, won in over half of constituencies. (Less than a year earlier, presidential elections were won by Branko Crvenkovski, a candidate from the social democrats, thanks to the votes of the Albanians, given to him in the run-off.)

The "election pendulum" seems to be slowly swinging to the right — the opposition VMRO-DPMNE and its VMRO-NP faction won in the country's biggest cities, and the result achieved by them countrywide was better than in the parliamentary elections of 2002.

The right-wing forces are trying to play on the feelings of the Slavic population, a substantial part of which is critical of the government for being too conciliatory towards the Albanians. However, one attempt at making capital out of the feelings of the public evidently went too far and became a fiasco: the referendum initiated by the Right aimed at preventing the implementation of the new territorial division of the country (and as a result, to undermine the agreements with the Albanians) resulting from the Ochrida Agreement, was boycotted by an unquestionable majority of the electorate and was annulled because of the low turnout; evidently memories of the events that took place four years ago activates in Macedonians a kind of defence mechanism.

The Macedonian-Albanian co-rule of the country is not free from tension; shortly after the referendum, the government of Hari Kostov submitted its resignation, publicly accusing their Albanian partners of corruption, nepotism and blackmail. A new government was successfully formed, at the cost of getting rid of Agron Buxhaku, a member of the previous cabinet and minister of public transport, who was particularly unacceptable to the social democrats.

A great "psychological" success by the Skopje authorities in the international arena was that Macedonia was recognized in October last year by the United States — the first Western country to do so — under its constitutional name (Republic of Macedonia), despite Greek protests. Greek opposition to recognition of the name results in the state being referred to in official EU documents as Former Yugoslav Republic of Macedonia (FYROM). A solution to the problem of the official name of Macedonia in Europe seems still far away.[55]

c) Albania

Albania, since the EU summit in Gothenburg in the middle of 2001, is defined in the statements of EU politicians as a country "close to concluding the association agreement". The authorities in Tirana are doing their best to make the best possible impression on Brussels. One of their latest measures was the signing of the so-called "ethical pact", in the presence of President Alfred Moisiu, by the leaders of all political parties standing in July's parliamentary elections. The party leaders committed themselves, during the election campaign, to not inciting hatred or violence. They undertook not to do anything that could be detrimental to the stability of the state, and also promised to reveal the sources of financing for their

[55] Almost simultaneously the Bundestag appealed for recognition of Macedonia's constitutional name. According to the latest reports, Greece is apparently willing to accept the compromise term — Republic of Skopje; reaction of the Macedonian authorities to this proposal is difficult to predict.

campaigns. Brussels, while virtually recognizing the legality of the elections in Albania, criticized numerous irregularities that had appeared in their course, including first of all attempts at manipulation in counting the votes. In January this year, a new electoral law, aimed at better protection against fraud, was drawn up in co-operation with the OSCE. The bill was adopted with the support of the two biggest powers in parliament, while amendments by the minor left-wing and right-wing groupings, demanding, for example, a lowering of the 5% threshold for entering Parliament, were rejected.

The Socialist Party (PSSh) of Prime Minister Fatosa Nano, hopes – for the third time in a row – to win the elections. This time, however, the PSSh is weakened by the departure in September 2004 of the faction led by former prime minister Ilir Meta (Socialist Movement for Integration) who, following his resignation in December 2003, was minister of foreign affairs of Albania. If Meta succeeds in attracting a significant part of the left-wing electorate, it will mean at the same time an end to the situation that has lasted since the 1990s, of strong polarization on the Albanian political scene, dominated by the PSSh and the right-wing Democratic Party (PDSh) of the former president Sali Berisha.

All the opposition parties, both left-wing and right-wing, have criticised the President, who in theory is not connected to any political grouping, for setting the date of the elections in the summer, when the turnout will be extremely low (which is always unfavourable for the Right and Centre in comparison with the traditionally more organized leftist electorate). The early ending of the term was, however, opposed by the ruling socialists.

In July this year, the Albanian government adopted an impressive package of anti-mafia bills, introducing, for instance, a five-year ban on occupying public office for persons who have committed any offence punishable by law.

Albania, the only state (apart from Croatia) of the Western Balkans which has not had any problem with its status or any ethnic tensions, has, however, one of the worst economies in the region. Despite high economic growth in recent years, its GDP per capita is still one of the lowest in Europe (the only country in the region where it is lower is Bosnia and Herzegovina[56]). Brussels is still concerned about the prevailing corruption and the links between business and the criminal world. It is also known that Albania is a transfer channel for the smuggling of drugs, weapons, cigarettes and illegal immigrants into Europe.

d) Bosnia and Herzegovina

After Serbia and Montenegro in April this year received a positive assessment in the so-called "feasibility study", Bosnia and Herzegovina became the least advanced country in the region in terms of integration with the EU. Apart from the usual arguments about a lack of proper co-operation with The Hague Tribunal,[57] Brussels is delaying Bosnia and Herzegovina's journey to membership by invoking the inadequate level of unification of state structures (the police, army, intelligence; only the unification of the customs and border services as well as the substantial reduction in the size of the armed forces of both

[56] In 2003 respectively € 1709 (Albania) and € 1611 (B and H), (WIIW Balkan Observatory).

[57] In retaliation for boycotting co-operation with Hague Tribunal or even helping to hide the accused, UN High Commissioner Paddy Ashdown deposed twice last year high state officials in Serbian Republic (in December 9 dismissals, in June last year as much as 59). Part of Serbian politicians threatened that in the event of further dismissals they were going to hold a referendum among the citizens on declaring independence.

sub–states is deemed a success[58]) and failure to pass the bill on radio and television (the Croatians, who have blocked its passage, are demanding the creation of a third "Croatian" channel on Bosnian television).

The latest developments – the oath crisis[59] in units of the army of the Serbian Republic (a part of Bosnia administered by Bosnian Serbs by virtue of the Dayton Accords) and the fiasco of the talks on the unification of the police structure – suggest that the conditions for integration are not going to be met quickly.

Under such circumstances, more and more questions are being raised about the reason for the existence of Bosnia and Herzegovina in the Dayton form from both inside the country (Croatian politicians have again started to demand their own sub–state structure of a Serbian Republic), as well as in the West. Under such circumstances, integration of the country with the EU is standing still, with no chances of changing that status in the foreseeable future; one reasonable move seems to be that postulated by the International Commission on the Balkans, in passing the administration of Bosnia and Herzegovina from the UN High Commissioner into the hands of the EU Negotiator – thus Brussels would be forced to accept "less diluted" responsibility and find a solution to the country's status "in the European context"; it would also be a complementary move to the takeover of the stabilization (military) mission[60] from NATO, something that has been decided by the European Union for the end of this year. The question whether or not they want to live in a common state must be answered by the Bosnians themselves[61].

As far as last year's developments in Bosnian internal policy are concerned, one has to mention December's dismissal of Dragan Mikerević, Prime Minister of the Serbian Republic, by the UN High Commissioner (the reason was a lack of co–operation with The Hague Tribunal). The new government, which Petarov Bukeljovic (Serbian Democratic Party – SDS) managed to form after five weeks of negotiations, enjoys weak support – it rules only thanks to conditional support from the Party for Democratic Development (PDP). Mikerević, meanwhile, has defined himself as a definite supporter of maintaining the Dayton constitution.

e) Kosovo

The year 2005 seems to be crucial for the future of Kosovo – in the middle of the year the UN is to issue a decision on initiating talks on settling the final status of this international protectorate which, *de iure,* still remains a part of Serbia, although this anachronism in terms of status is recognised by at least a part of the ruling elite in Belgrade.[62] The decision depends on the progress in implementation of the so–called "eight standards" by the authorities of Kosovo, the most important of which is making it possible for Serb and Romany refugees to return to their home and to give them the right to safe passage within the whole territory of Kosovo. According to unofficial information, recommendations by the head of the UN civil

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[58] From 26,000 in 2002 to 8,000 presently in the Muslim–Croatian Federation and from 18,000 to 4,000 in the Serbian Republic.

[59] Recruits refused to take an oath of loyalty to Bosnia and Herzegovina (April 2005).

[60] The political mission in B and H was taken over by the EU at the beginning of 2004.

[61] Opinion polls carried out recently show that, for example, slightly less than a half of the Serbian Republic population is in favour of keeping an integrated B and H. (International Commission on The Balkans, *The Balkans in Europe's Future*. Centre for Liberal Strategies, Sofia 2005, s. 17)

[62] Conditional independence of Kosovo was supported in March by Vladeta Janković, advisor to the Prime Minister of Serbia Vojislav Kostunica.

administration in Kosovo, Soren Jessen–Petersen, on this issue are positive – he perceives progress in both fields, clearly visible especially in the last three months. Nevertheless, from that time there has been a shadow cast over Kosovo's image by last year's (March 2004) Serbian–Albanian clashes in northern Kosovo, which took at least 22 lives.

The situation among the Albanian population itself, making up 90% of Kosovo's population, is also tense. Political rivalry among the biggest parties is accompanied by assassinations and bomb attacks (in March this year there was an unsuccessful attempt on the life of President of Kosovo, Ibrahim Rugova).

A positive sign for the West was the voluntary appearance before The Hague Tribunal in March this year of Prime Minister of Kosovo, Ramush Haradinaj, accused of committing war crimes during anti–Serb uprisings in the years 1998–99 as a field commander in the Kosovo Liberation Army (UCK). For the internal situation of Kosovo, Haradinaj's resignation was, however, an unfavourable event – Bajram Kosumi, who replaced him, does not have Haradinaj's prestige and charisma, necessary especially at a time of escalating rivalry between the ruling parties – the Kosovo Democratic League (LDK) of President Rugova and the Alliance for the Future of Kosovo (AAK) of former Prime Minister Haradinaj on the one hand, and the second biggest group in Parliament, the opposition Democratic Part of Kosovo (PDK).

Talks on the status of Kosovo, which are supposed to begin at the end of this year, are not going to be easy; the Albanians will demand independence. The Serbs, if they want to talk with the Albanians at all, insist on some even illusory forms (the majority of Serb politicians postulate broad autonomy) of keeping Kosovo within Serbia (or Serbia and Montenegro, provided that the federation survives).

f) Serbia and Montenegro

Like the current year for Kosovo, next year is going to be crucial for defining the future of Serbia and Montenegro – a three–year trial period of the existence of the union of these two former Yugoslavian republics, forced by Brussels, ends in February 2006, after which both parties will have the right to hold a referendum, in which their citizens will opt for or against the continued existence of their federation.

A separation from the union with Belgrade has been for years supported by the power elite of Montenegro, connected with the former president, and present prime minister, Milo Djukanovic. It is, however, not known if it will achieve the support of the public – the numbers of supporters and opponents of the independence of Montenegro seem to be even.[63] There is, however, a growing number of Serbs who are turning against the idea of federation, and who are ready to support its dissolution in the referendum – according to some sources this option enjoys the support of the majority of the population of Serbia. The authors of the report by the International Commission for the Balkans (*see below*) call the present federation of Serbia and Montenegro "impractical" (separate currencies and tax and customs systems). Symbolic proof of this impracticality may be the status of the federal parliament, which is presently questionable under the law. The Parliament legally ceased to exist in March this year, and its prolongation was not stipulated in the constitution of Serbia and Montenegro.

[63] According to the latest poll, 43.4% and 40.9% respectively (*Tydzień na Wschodzie* OSW [a Week in the East Eastern Studies Centre], 28.04.2005, p. 17).

The insistence by Brussels on keeping the federation of both states in 2003 was dictated by fear that in the event of a declaration of independence by Montenegro, Kosovo would follow in its steps. At present, after the expected start of talks on the final status of Kosovo, that argument will lose its weight. The other reason was the conviction that Serbia and Montenegro would together move faster on the path to integration with the EU. In fact, in April this year, the foreign ministers of the EU states gave their approval for talks to start with Belgrade and Podgorica on signing the association agreement (a positive opinion in the so–called "feasibility study"), which is certainly progress at the initial stage of integration. It is, however, worth remembering that the Union of Serbia and Montenegro is perceived by Brussels itself separately in the SAP (Stabilisation and Association) process — agreements on that matter were signed separately with representatives of the two countries. After the Gotovina case, the fear as to whether signing the association treaty itself will not be secured on the condition that Belgrade deliver Radovan Karadžic and Gen. Ratko Mladic to The Hague Tribunal, seems not to be without grounds.[64]

Serbian internal policy has been dominated by a compounding conflict between the government of Prime Minister Vojislav Kostunica (Democratic Party of Serbia – DSS) and the president, elected in June this year, Boris Tadic (Democratic Party – DS), which boils down to differences of opinion about relations with the West, co–operation with The Hague Tribunal, and, above all, relations with the Serbian Republic and Kosovo. Opting for integration with the EU, Tadic seems to be ready for far–going concessions on the matter of the future status of Kosovo (and Bosnia, if talks on that issue are started in the foreseeable future), while Kostunica firmly supports the option of Kosovo's staying within Serbia.

It is worth noting the continuing strong position of the nationalist Serbian Radical Party (SRS), whose candidate Tomislav Nikolić actually won the first round of presidential elections. In local elections in October, radicals also achieved good results, even in Voivodina where they had previously enjoyed little support.[65]

The post–communist SPS still holds a relatively strong position, while the populist party of charismatic multimillionaire Bogoljub Karici (PSS) is a new player on the Serbian political scene.

2.3.3. Western Balkans — *summary*

It seems that at least as far as Bosnia and Herzegovina and Serbia and Montenegro are concerned (including Kosovo), the European Union is going to insist on solving the "statutory" problems of the states before opening talks on their membership. This is, however, a paradox, in that these problems could most probably find their best solution (if not the only one) within the European Union. Some western experts have begun to understand this; for example, the prestigious International Commission for the Balkans, led by the former Prime Minister of Italy, Giuliano Amato, recommended starting the negotiation process with each of the Balkan countries, even if they could not show 100% co–operation with The Hague

[64] On May 19, 2005 Carla del Ponte stated that the Serbian authorities do not do "everything that they could" to capture both the accused. (RFE/RL *Newsline*, 20.05.2005)

[65] It can probably be explained by a large, in recent years, influx of Serbian refugees from Croatia, Bosnia and Kosovo to Vojvodina, who traditionally tend towards revindication attitudes.

or did not have their final status determined.[66] In a recent report by that commission, the authors suggest that states that exist even nominally should access the EU structures, in the hope that – as it was put by outstanding Polish political scientist Aleksander Smolar – afterwards they will give up a part of their independence within the scope and for the benefit of the common sovereignty of the Union States.[67] Such a conviction is, however, still not a dominant one in the decision-making circles in Brussels,[68] where quite clearly a strategy has been adopted of postponing the problem of the Western Balkans, currently considered irresolvable, into the indefinite future.

The prospects for integration of the region of the Western Balkans into the North Atlantic Treaty Organisation look better. Membership of NATO around the years 2007–09 may be expected by the states-signatories of the so-called Adriatic Card – Croatia, Macedonia and Albania. No obstacle to this seems to exist any longer; U.S. pressure to sign bilateral agreements on not handing over their citizens to the International Hague Tribunal no longer appears to be a problem, since Washington seems to understand that signing such an agreement by states that have the prospect of membership of the EU would cause severe consequences.[69]

In August last year, the three states of the Adriatic Card supported the NATO commitment in Iraq and Afghanistan. Despite the inadequacies of its army, Albania sent to Iraq 70 soldiers and declared its readiness to increase the contingent. The other countries offered to send medical teams to the Middle East.

The path of the other Balkan countries to the NATO structures is going, however, to be longer; Bosnia and Herzegovina, as explained above, has serious problems with the integration of the armies and special forces of its two ethnic components, the Serbian Republic and the Muslim-Croatian Federation; another problem (as for neighbouring Serbia) is the insufficient level of its co-operation with The Hague Tribunal.[70]

In ending the considerations on the possible developments in the political situation in the near future, it is worth citing again a dramatic appeal to politicians in Brussels (and Washington), included in the report of the Amati Commission, for not abandoning the Balkans: *...without the Balkans in the EU, the process of integration (of Europe) is going to be incomplete. With such a scenario the EU faces a serious risk of allowing the creation at its periphery of a black hole, which could be seriously harmful for the European project.*[71]

Without a rapid understanding of that truth in the European Union's decision-making circles, this disturbing vision is becoming more and more real.

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66 An example of state with undefined final status, which successfully negotiated its EU membership, is Cyprus.

67 Aleksander Smolar, *Czy Europa pęknie?* [Will Europe split?] Gazeta Wyborcza 7–8 May 2005, p. 19.

68 One of the authors of the report was a member of the current European Commission, Janez Potocznik (Slovenian), who supervises the department of scientific research.

69 In October 2004, Croatian President Stipe Mesic ruled out signing such an agreement by Croatia, objecting at the same time to any participation by Croatian troops in Iraq operations. That statement did not meet with any reaction from the Americans.

70 That latter factor was the official reason for rejecting in June 2004 Bosnia's request for admitting it to the structures of the Partnership for Peace (PFP); while members of these structures is for instance Uzbekistan and Belarus.

71 International Commission on The Balkans, *The Balkans in Europe's Future*. Centre for Liberal Strategies, Sofia 2005, s. 38.

2.4. POLITICAL SITUATION IN THE BALTIC STATES

For the Baltic States, the years 2004 and 2005 abounded in important political events. In March 2004, they became members of NATO, and in May 2004, members of the European Union, which was the realization of their strategic aims in foreign policy. On the other hand, they all experienced government crises and their relations with their neighbour Russia became more complicated.

a) Lithuania

The first half of 2004 proceeded in Lithuania in the shadow of a scandal linked to President Rolandas Paksas.[72] A long and complicated procedure for removing the president from office (impeachment) ended in a parliamentary decree in April 2004. The Paksas scandal showed clearly that even a country joining the European Union and NATO is not completely safe in the face of harmful activities by a foreign state, in this case Russia.

Removing President Paksas from power opened the way to early presidential elections, which took place in June 2004 and brought victory for Valdas Adamkus, a predecessor of Paksas in the office, who was supported by the Centre–Right (about 52% of votes in the run-off). However, the good showing (about 47% of votes in the run–off) of his main opponent, Kazimiera Prunskiene of the small populist Centre–Left party New Democracy, showed, on the one hand, the frustration of a large part of society and, on the other, the still strong potential of the pro–Russian lobby in Lithuania.

That tendency was confirmed by parliamentary elections held in October 2004. The most successful party was the populist, pro–Russian Labour Party led by Victor Uspaskich, a popular businessman of Russian descent.[73] In the middle of December 2004, Lithuania managed to form a centre–left coalition government made up, among others, of the Labour Party, led by Algirdas Brazauskas, a social democrat, then prime minister and a former president. Victor Uspaskich had to make do with the office of minister of the economy.[74] A historic event for Lithuania was the double enlargement: of NATO and the EU. On March 29th, 2004 Lithuania became a member of the North Atlantic Treaty Organization and on the same day, several fighter planes from NATO member states (on a rotational basis) started to patrol the air space of the Baltic States from a base at the Lithuanian airport at Zokniai. This provoked protests from Russia, which felt offended by the fact that NATO had not consulted it over this decision, which was deemed in Moscow as an anti–Russian demonstration.

On May 1st, 2004, Lithuania became a member of the European Union. It quickly began taking an active part in the Community's life. In June 2004, the Lithuanians elected their deputies to the European Parliament (in which, with the highest turnout among the Baltic States of 48%, the Labour Party triumphed again, achieving about 30% of the vote) and in

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[72] In February 2004, he was accused of abusing his office and illegal action threatening to the state; informally there were also allegations of favouring the pro–Russian lobby personified by businessman Jurij Borysov.

[73] It, however, did not manage to dominate the Lithuanian political scene and government. As a good election result was achieved also by the then ruling centre–left parties as well as by the centre–right opposition.

[74] In consecutive months there were growing controversies surrounding some of his decisions interpreted as favouring Russian capital, whose influence on the Lithuanian economy, especially in the energy sector, seemed to be growing.

November 2004 Lithuania, as the first EU country, ratified the Constitution of the European Union. One of the first political tests for Lithuania as an EU member was the political crisis in Ukraine in November–December 2004. Vilnius engaged strongly, at Poland's side, in the mediation efforts. President Valdas Adamkus took part in two sessions of the round table talks in Kiev, which contributed to the final success of the "orange revolution".

b) Latvia

The year 2004 was characterized for Latvia by a series of government crises. In February, the centre-right government of Einars Repse submitted its resignation. This led in the following month to the forming of a centre-right–left coalition and a minority government led by Indulis Emsis. However, that government collapsed as a result of a vote of no-confidence in October 2004. Its successor was the right-centre government of Aivars Kalvitis, appointed in December of that year. All this was proof of a lack of political stability.

The question of the so-called non-citizens – the Russian-speaking population (mainly Russians) amounting to over 400,000 people who have not been given Latvian citizenship but only the right to stay – became one of the main reasons for the systematic worsening of Latvian-Russian relations. Moscow exerted greater and greater pressure on Riga, including intervention in the forum of the European structures = the European Union, the Council of Europe, the OSCE and even NATO – against what it saw as an infringement of the rights of its Russian population by Latvia. The situation was not improved by a visit by President of Latvia Vaira Vike-Freiberg to Moscow on the occasion of the 60th anniversary of victory over fascism.[75] Some consolation for Riga was a short visit by U.S. President George W. Bush to Latvia (en route for Moscow), which was interpreted in that country as moral-political American support for Latvia. The five years of escalating tension in Latvian-Russian relations was intensified by the dispute over the signing (previously drafted) inter-state treaty officially recognizing the Latvian-Russian border. Also, the ratification of the European Framework Convention for the Protection of National Minorities by the Latvian parliament (with reservations) in May 2005 had the opposite effect to the intended – it provoked further attacks from Russia.

Meanwhile, there were growing protests among the Russian-speaking population, which were provoked especially in connection with the reform, implemented in September 2004, of the education system, which assumed, among other things, a stepping up of the number of subjects that it was obligatory to learn in the Latvian language. The proof of their growing momentum was the founding in the same month of a United Congress of Russian Communities in Latvia.

e) Estonia

A change of government occurred in Estonia, as in the other Baltic States. In April 2005, the centre-right government of Juhan Parts submitted its resignation. In consequence, a centre-left-liberal government was formed by Andrus Ansip.

In view of its economic success, for Estonia membership of the European Union was perceived rather without intense emotion, as a deserved reward. Clear confirmation of this

[75] Furthermore, that visit intensified the Russian-Latvian (and Russian-Baltic) war of words concerning the interpretation of recent history and provoked controversies in the other Baltic States (the presidents of which refused to visit Moscow).

was the extremely low turnout in the elections to the European Parliament in June 2004. Fewer than 27 % of Estonians went to the ballot boxes.

Efforts to improve the poor relations with Russia – among other things through a controversial visit by President Ernest Ruutel to Moscow in January 2004 – ended in qualified success. In May 2005, the two sides signed the previously-agreed Russian-Estonian international treaty acknowledging their common border. On the other hand, however – especially on the occasion of the ceremonies marking the 60th anniversary of victory over fascism – Estonia was increasingly criticized by Russia for its infringement – in Moscow's opinion – of the rights of its Russian-speaking minority and alleged attempts at "revising history".

2.5. POLITICAL SITUATION IN THE AREA OF THE COMMONWEALTH OF INDEPENDENT STATES (CIS)

2.5.1. Russian Federation – Intensification of Authoritarian and Neo-Imperial Trends

The authoritarian system has been strengthening in Russia; however it is now showing signs of inefficiency. The authorities have set new rules of the game for the business sector. Russian foreign policy, especially in the area of the CIS, has been more assertive; however, it is coping increasingly poorly with its growing challenges, the most important of which is the growing commitment by the U.S. and the European Union in the region.

a) Internal Situation

A double election victory by the ruling group[76] prepared a quite comfortable situation for President Putin. Irrespective of the doubts over the ways those results were achieved, the occupant of the Kremlin was given a strong mandate to continue his policy in his second – and formally his last – term. On the other hand, Russia was again and again shaken – especially in the summer of 2004 – by bloody attacks carried out by Chechen terrorists, one of many signs of the intensifying destabilization in the Northern Caucasus. The authorities took advantage of that, and especially after the dramatic attack on the school in Beslan in September 2004, they used it in their propaganda campaign aimed at consolidating society around the authorities and justifying a sharpened internal policy. All this made it possible for President Putin to make – despite criticism in Russia and especially in the West – a series of changes consolidating his power. The abolition of elections for regional governors intensified the centralization. A revision of the law on referenda, the law on political parties and the law on gatherings, and initiated revisions of the electoral law served to restrain political pluralism and freedom of expression.[77]

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[76] Crushing victory of the "party of authority" – United Russia in elections to the State Duma in December 2003, which gave it a qualified majority in Parliament, and then the spectacular victory by Vladimir Putin in the first round of presidential elections in March 2004.

[77] All this was a long-term preparation for the next electoral sequence: the parliamentary elections in autumn 2007 and presidential elections in spring 2008. In the actions of the authorities one could also see growing concern about the wave of democratic revolutions which was sweeping across the area of the CIS.

A new order in the Russian economy was taking more evident shape, where the state strengthened its control over strategic sectors (mainly power). The spectacular process of a gradual "finishing off" of the oil company Yukos, which was gradually taken over by companies formally or informally connected with the state, showed clearly the rules of the game, which the authorities had established in their relations with Russian big business. It became clear that the price of peacefully running a business was sharing the income with the state to a larger extent, financial aid for the Kremlin's social and political projects and giving up any political ambitions, as well as any form of support for the opposition. New rules also governed the relations with large foreign enterprises.[78] The mixed reaction of business circles to the situation were shown on the one hand by the increase of foreign direct investment in Russia, and on the other, by the increase of capital outflows from Russia.

The Russian economy still demonstrated stable growth, based to a large degree on the high prices of natural sources of energy on world markets. Large surpluses were traditionally spent mainly in the social sphere, public order and national defence (in those sectors of the economy expenditures grew at a rate of 30% per year) and also on the early repayment of foreign debt.

In Russia's social life, the manifestations of nationalism and xenophobia became increasingly alarming. There was also a clear growth of assaults on foreigners, especially newcomers from Africa, Asia and the Caucasus. A few dozen such incidents ended in the death of those attacked. It was also fostered by official propaganda of an imperial tone used by the Kremlin–controlled media. The climax of the propaganda campaigns was the spectacular celebrations for the 60th anniversary of the victory over fascism, held on May 9th, 2005 in Moscow. These actions were aimed at consolidation of society around the authorities, since by celebrating the anniversary, they strengthened their legitimacy, raised positive emotion for Russia in the societies of other CIS countries in the name of celebrating a joint victory, and increased Russia's prestige in the international arena as heir of the USSR and a key ally of the antiterrorist coalition (comparable to anti–Nazi one). Taking the opportunity, the authorities promoted their vision of a new history that more and more resembled the old — Soviet — one.

Despite many apparent Kremlin successes, the signs of weakness and inefficiency of the current Russian political system became increasingly evident. The clumsily implemented so–called monetization of allowances (a change of the number of allowances for various categories of society in order to raise benefits and direct social aid) provoked in the winter of 2005 — to the authorities' surprise — a wave of social protests. This boosted the left and right opposition, weakened after the elections, and even provoked ferment in the ranks of the "ruling party" and licensed opposition. The social climate was also undoubtedly influenced by the democratic revolutions in CIS states, which evidently raised the concern of the Kremlin about the internal situation in Russia.[79]

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[78] It became clear that decisions on the results of privatization tenders were going to be taken by the presidential administration, which decides also about the scale of a possible (exclusively minority) commitment of Russian capital in joint business projects and also on the choice of Russia's partners.

[79] The more so because the movement of political protest was growing in some Russian regions, and especially in Bashkortostan and Northern Ossetia.

b) Foreign Policy

The growing financial potential of the state translated into more intense activity in foreign policy. This was more assertive, especially in the area of the CIS, which was given priority in Russian diplomacy. It was a result of, first of all, the perception in Moscow of mounting challenges to its interests, connected mainly with the activities of the U.S. and the European Union in the area of the CIS. The revolution in Ukraine in November and December 2004 came as a real shock to the Russian ruling elite. Moscow perceived the unprecedented commitment of Western states and structures in solving the Ukrainian crisis as a realization of an anti–Russian geopolitical plan drawn up in Washington. The successive revolutions, apart from the Kyrgyz one, led to a clear tightening of co–operation of those countries with the West and to a further increase of activity by Western states and structures. Because one of the main elements of Russian policy was to support undemocratic and corrupt regimes in most of the CIS countries, these revolutions — leading to the activation of opposition movements in other countries of the area — were perceived in Moscow as geopolitical defeats. Such a stance by Russia ("a gap in the sphere of values") pushed it further and further away from the West and made co–operation difficult with the European democratic structures — the EU, the Council of Europe, and especially the OSCE (Russia is a member of the latter two).

Moscow was worried about the growing financial support from the U.S. for a number of CIS states, the Western military presence in Central Asia and plans for such a presence in the Southern Caucasus, the closer relations between Ukraine and Georgia and NATO, for membership of which both states officially applied, and U.S. support for GUUAM,[80] perceived by Moscow as an anti–Russian initiative.

Even greater concern in Russia was aroused by the European Neighbourhood Policy (ENP) addressed to, among other things, Eastern Europe (Ukraine, Moldova, Belarus) and the Southern Caucasus (since 2004). The massive attraction of the EU induced Moscow to activate its policy and reveal its own vision of European integration. Thus, Russia applied a policy of pressure towards the CIS states, confronting them with a choice; either participation in Russian integration projects (Common Economic Space, Euro–Asian Economic Community, the Commonwealth of Independent States) providing a number of privileges (visa–free traffic, cheaper Russian natural resources and arms, etc.) or ties with the West and the economically severe loss of the above–mentioned benefits. In turn, in relation to the EU, Russia drew a vision of mutually completing processes of European integration based on two pillars: Western (EU) and Eastern (the Common Economic Space of Russia, Ukraine, Belarus and Kazakhstan).

Despite huge efforts, Russian diplomacy did not manage to overcome the main points of contention with the U.S., officially considered by Russia as its strategic partner.[81] The crisis in Russian–EU relations was continuing as a result of Russian departure from European standards and a conflict of interests regarding many issues (among other things, in energy and visa dialogue). The only important achievement of recent years was the signing in May 2004 of a Russia—EU compromise agreement on the conditions for Russia's accession to the World

[80] Organization of Economic Co–Operation associating Georgia, Ukraine, Uzbekistan (the latter withdrew from membership in May 2005), Azerbaijan and Moldova.

[81] Moscow, in its relations with Washington, more and more clearly used the policy of "soft restraint" (involving itself in dialogue and co–operation with the U.S. to neutralize activities of Washington harmful to Russian interests).

Trade Organization.[82] The problems in relations with the EU, which Russian propaganda unfairly perceived as "anti-Russian" activities by some of the new EU members (especially the Baltic States and Poland), was compensated for by Moscow tightening its bonds with the "European powers", especially Germany, France and Italy. Their political, economic and military co-operation with Russia, although not leading to a breakthrough, provoked strong emotions in a number of EU countries.

Building consistently its international prestige, Russia was very active in its relations with the leading states and structures in Asia, Latin America and the Middle East. It also agreed to unprecedented territorial concessions for China, yet refused them for Japan. It tightened its co-operation with India and Brazil and the Organization of the Islamic Conference, ASEAN, APEC (as a member) and Mercosur.

2.5.2. Eastern Europe — Growing Diversity

In Eastern Europe, systemic differences between particular states were increasing, and the main point of reference for them was the European Union. In Belarus, the authoritarian dictatorship was strengthening and the country became more and more isolated from the West. A revolution broke out in Ukraine, which initiated the evolution of the country from an oligarch-type democracy towards a western-style democracy, and in its foreign policy Ukraine headed towards integration with the West. Moldova, being an example of an imperfect democracy where communism prolonged its mandate, stepped up its efforts to get closer to the European Union and solve the problem of Trans-Dniester, which was favourable for itself, but led to a conflict with Russia.

a) Ukraine

The most important event in the political life of Ukraine was the presidential elections held in autumn 2004. They gave rise to a revolution, which peacefully changed the system of power. In April 2004, a project of thorough political reform, pushed by the authorities, was rejected by a small majority of votes in the Supreme Council of Ukraine, which defined the sharpness of the political struggle in the presidential elections. Two groups stood, both being, though, internally diverse. Performing his duties, Prime Minister Victor Yanukowych, "appointed" by Leonid Kuchma as his successor, became the candidate of the ruling group and the main oligarch clans connected with it (especially the powerful Donieck clan). Former Prime Minister Viktor Yuschenko became the candidate of the opposition alliance, which consisted mainly of the "Our Ukraine" bloc and the Batkiwshchyn party led by Julia Tymoshenko.[83] In the Ukrainian reality, equal opportunities in the election campaign were out of the question, and Prime Minister Yanukowych used the support of the whole state apparatus and propaganda in the highly-controlled electronic media, the vast financial

[82] A spectacular signing in May 2005 of "road maps" for the realization of four "joint areas" by Russia and the EU was mainly a political gesture, as it systematized the framework and general aims of co-operation, yet they still need to have proper content, including the dates and ways of realization of particular tasks.

[83] Yanukowych represented especially those voters who felt a civilizational bond with Russia and were against political change. Yuschenko had behind him the enthusiasm of throngs of his supporters, and support among a part of the business and intellectual elite. He represented supporters of radical change and closer relations with the European structures.

resources of the Ukrainian oligarchy and also the support of Russian political engineers and the Russian authorities (under the leadership of President Putin). The "dirty" election campaign on the part of the ruling group, a probable element of which was the poisoning of Viktor Yuschenko, making it very difficult for him to campaign, concluded in the equally dishonest course of the elections themselves, abounding in brutal infringements, mainly to the benefit of Yanukowych. As was predicted, the run–offs, in which on November 21st, 2004 the two main rivals competed, were decisive. The announcement of the victory of Victor Yanukowych, on the following day, on the basis of preliminary results, initiated the "orange revolution". In the following days, despite the frost and intimidation by the authorities, hundreds of thousands of Ukrainians demonstrated in Independence Square in Kiev, expressing support for Viktor Yuschenko. Rallies and protests were also held in other cities in Western and Central Ukraine. However, the majority of the East and the South of the country supported Yanukowych.

Many factors, internal and external, were involved in the final success of the revolution at the beginning of December 2004. As far as the internal factors are concerned, one should mention in particular the common, spontaneous and at the same time well–directed opposition protest action, being a real demonstration by Ukrainian civil society. The stance of the Supreme Court of Ukraine, which demonstrated its independence by ordering a repeat of the run–off that brought final victory to Viktor Yuschenko, also substantially contributed to the positive ending of the crisis. Divisions in the ruling party and in Ukraine's power structures were also important to the peaceful course of the crisis. As for external factors, the most important were the broad political, financial and organizational support of several Western governments (especially the U.S., Poland and Canada), non–government organizations and European structures (especially the European Union, the OSCE and the Council of Europe) in monitoring the course of the Ukrainian elections and their pressure on the Ukrainian authorities to solve the crisis in a peaceful and democratic way. Of special, practical importance was the international mediation (two round table meetings), in which a key role was played by Polish President Alexander Kwasniewski and President of Lithuania Valdas Adamkus, as well as the EU High Representative for a Common Foreign and Security Policy, Javier Solana. The compromise achieved by them — the repeat run–off and a promise of political reform — was a success for Ukraine and Europe.

The victory of the "orange revolution", which led to the assumption of the presidential office by Viktor Yuschenko (in January 2005) and the forming of a government under the leadership of Julia Tymoshenko (in February 2005), aroused in Ukrainian society huge expectations, which were difficult to fulfil, the more so because the political crisis was seriously harmful for the Ukrainian economy. The new authorities began by dismantling the existing oligarchic system — a purge of personnel in the central and regional bodies of the state administration, and the revision of the most spectacular privatizations, in the course of which there had been violations of the law. Moreover, a number of decisions were issued to increase social welfare.

However, in spring 2005, criticism of some of the moves by the government, which were perceived as populist and deterring foreign investors, started to grow. There were also severe public disputes between some state officials from different groupings and circles, including the president and prime minister. The main task for the new authorities was to achieve clear and socially obvious success, which would secure for the ruling groups their success in parliamentary elections planned for autumn 2006.

As far as foreign policy is concerned, the administration of President Leonid Kuchma ran a multi-directional policy, which showed itself in the declared strategic alliance with both Russia and the U.S..[84] That policy was subject to some change in the election year. President Kuchma, striving for political support from Russia for the candidate of the ruling group, made increasingly important concessions to Moscow.[85] As a consequence, Russia (and President Putin himself) engaged in supporting Victor Yanukowych. The outbreak and course of the "orange revolution" came as a big surprise to Moscow; however, the situation forced it to reconcile with this spectacular defeat. It seemed that pragmatic and friendly Russian-Ukrainian co-operation was possible, all the more so since the new authorities in Kiev sent friendly signals to Moscow. The following months brought, however, heightened tension in bilateral relations.

The main reasons for this were, so it seems, on the one hand the clear-cut declarations by President Yuschenko concerning Ukraine's ambitions to join the European Union and NATO and abandon its multi-directional policy, and on the other — growing manifestations of a conflict of interests between Kiev and Moscow. In particular, Ukraine did not want to support integration within the Common Economic Area and started to talk about the need for revision of the agreements on stationing the Russian Black Sea Fleet in Sevastopol. Russia responded by increasing the prices and limiting the supplies of crude oil to Ukraine in May 2005, as well as raising the question of the alleged violation of the rights of the Russian-speaking minority in Ukraine.

Despite the fairly widespread support for Ukraine among Western public opinion (as a result of the revolution the West "discovered" Ukraine), an intensive campaign by Ukraine to achieve integration with Europe brought limited results. Representatives of the European Union stressed that the question of Ukraine's membership was not an item on the agenda and co-operation would take place on the basis of the current instruments (Action Plan). The only political gesture towards Ukraine was the adoption at the end of January 2005 of a 10-point political document, vaguely promising increased aid and convenience for Ukraine on some issues.

Also in its relations with NATO, Kiev achieved only partial success. In May 2005, the alliance offered Ukraine intensified dialogue on the question of its aspirations to become a member (which had symbolic rather than practical value) and agreed a 25-point plan of short-term action supporting Ukraine's preparations for future membership.[86] A problem on the part of Ukraine was also the low level of social support for the idea of NATO membership.

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[84] Kiev made concessions to its eastern neighbour as well as to the West, running at the same time a clever policy consisting in avoiding the fulfilment of obligations that would limit the area for manoeuvre in its policy.

[85] There can be, among other things, the ratification of an agreement on setting out the Common Economic Area of Russia, Ukraine, Belarus and Kazakhstan (the priority for the Kremlin integration project); Ukraine's withdrawal from the newly-adopted military doctrine of Ukraine and the clear-cut expression of a will to become a member of NATO or the decision on the use of the Odessa — Brody oil pipeline to transport oil in the opposite direction to that intended.

[86] From NATO, there was still no consensus on offering Ukraine participation in the Action Plan for Membership (MAP), which would mean official recognition of Ukraine as a candidate for accession to the Treaty.

b) Belarus

The main political event in Belarus was the parliamentary elections held at the same time as a referendum on granting President Alexander Lukashenka the right to run for another term, which took place in October 2004. During the elections, there were, as is traditional, numerous infringements, and they were accompanied by suppression of the opposition. The results of the referendum were clearly falsified by the authorities. Protests held by the opposition after the elections met with a brutal response from the security forces. Belarus plunged deeper and deeper – as the only state in Europe – into authoritarian dictatorship. Despite the persisting weakness and division of the opposition (although there were initiatives to unify the opposition groups), the evolution of the public climate showed an evident decline in the quite high support for President Lukashenka. There were also signs of growing ferment in the official apparatus, which was counteracted by the Byelorussian dictator with periodic rotations and purges. The revolutions in Ukraine and then in Kyrgyzstan seriously alarmed Lukashenka. As a counteraction, he again launched repressions of non-government organizations and the remaining independent media.

Western pressure on Belarus grew. In October 2004, as a reaction to the course of the elections and referendum, the U.S. approved additional aid funds for the democratic forces in Belarus, and the EU expanded its sanctions against the country's higher-ranking officials. In the following months, both Washington and Brussels sent a number of signals indicating that they were not going to remain passive in the face of brutal infringements of democratic rules, law and order and human rights in Belarus, and that they were going to provide help to the country's democratic opposition.

Under these circumstances, Alexander Lukashenka, as was traditional, sought help in Moscow. Despite a number of friendly gestures and demonstrations (including joint manoeuvres by Byelorussian and Russian troops), vital conflicts of interests between Minsk and Moscow remained unresolved.[87] There were also no clear signs of development in Byelorussian–Russian integration, an important stage of which was supposed to be the implementation of the joint (*de facto* Russian) currency. In the assessment of the Russians, the advantages of the alliance with Belarus under Lukashenka seemed to outweigh its negative consequences.

c) Moldova

The situation in Moldova was determined, first of all, by the unresolved trans-Dniester conflict. Moldovan–Russian relations became more and more tense. Inflaming of the conflict provoked by the anti-Moldovan education reform in Trans-Dniester in the middle of 2004 induced Kishinev to make increasingly more intense efforts to seek political support in the European Union, which the Moldovan side wanted to include in the group of negotiators. Meanwhile, Western pressure on Russia to fulfil the so-called Istanbul commitments (the withdrawal of its troops and military equipment from Trans-Dniester) persisted. Moscow *de facto* rendered Trans-Dniester political and economic support by making it possible for the regime to remain in power of Igor Smirnov, who derives profits from, among other things, smuggling and other illegal operations. Partially, Trans-Dniester was supported by Ukraine ruled by Leonid Kuchma, which tolerated smuggling across their common border. The situ-

[87] Belarus, under strong Russian pressure, admittedly agreed in the middle of 2004 to an increase in prices of substantially underpriced Russian crude oil supplied to Belarus, but it still opposed passing to Russian control the Biełlransgaz company, administering transit pipelines.

ation changed, however, after the revolution in Ukraine, as the new authorities tightened co-operation with Kishinev and took action to put an end to the existing difficulties. In April 2005, at the GUAM summit in Kishinev, President Yuschenko submitted, moreover, a Ukrainian plan for the regulation of the Trans-Dniester conflict, which was readily accepted by the Moldovan authorities.

Russia responded with increased political pressure on Moldova before and during the parliamentary elections, which took place in March 2005. The quite certain victory of the then ruling communists and the renewed election (in April 2005) of Vladimir Voronin as president strengthened Moldova's pro-European course. Moscow responded by imposing economic sanctions on Moldova.

2.5.3. Southern Caucasus — persisting local and ethnic conflicts

The situation in the Southern Caucasus was still determined by local conflicts. The building of strong power in post-revolutionary Georgia aroused growing suspicions among Western states. Georgia was, however, more democratic than its neighbours (especially the authoritarian Azerbaijan), where the political tension was growing. Despite growing activity by the EU in the region, the chances of the states there integrating with European structures remain distant.

a) Georgia

After the removal of Eduard Shevardnadze from power in November 2003, as a result of a peaceful revolution, the coalition leading the protest movement confirmed its mandate in presidential elections in January 2004 (its leader, Mikhail Saakashvili, achieved 96% of the vote) and then again in a parliamentary election in March 2004 (the National Movement—Democracy coalition achieved over 2/3 of seats in parliament). The new authorities began their activities with purges in the state administration at the central as well as the regional level and a popular campaign against the ubiquitous corruption. There were regular rotations in state offices, which reached a climax in March and December 2004 and in February 2005,[88] bringing a certain amount of chaos to the functioning of the administration. Amendments on, among other things, expanding presidential power were introduced, especially after autumn 2004, to the constitution, which became the subject, in addition to signs of limiting the freedom of opposition activities, of growing criticism of the Georgian authorities on the part of some elements of public opinion in Georgia and Western states and structures. The European Union tried to influence the situation in the country and the region; Georgia (apart from Azerbaijan and Armenia) was encompassed by the EU European Neighbourhood Policy (in June 2004); an EU Special Envoy for the Southern Caucasus was appointed; in July 2004, a "rule of law" mission was initiated in Georgia, whose aim has been to support democratic reforms of the legislature and the functioning of the judiciary and the internal affairs bodies. The real success in counteracting corruption and intensifying the modernization of the army and police, with strong support from Western countries (especially the U.S.) contributed to the maintenance of a fairly high level of public support for the Saakashvili group, which in spring 2005 quite quickly started to evaporate.

[88] The latter was connected with the tragic death of Prime Minister Zurab Zhvania, one of the leaders of the victorious revolutionary coalition.

A priority for the new authorities was to regain control over its separatist (Abkhazia and Southern Ossetia) or *de facto* independently-ruled (Ajaria) provinces, and the removal of the Russian military bases in Ahalkalaki and Batumi. As for the latter issue, the success was partial. In spring 2004, growing pressure from the Georgian authorities along with action by the local opposition, resulted in the forced resignation of the authoritarian president of Ajaria – Aslan Abashidze.[89] The Ajarian success induced President Saakashvili to increase, in the middle of 2004, the pressure on South Ossetia. However, armed demonstrations held along with peace offers did not lead to a turning point this time. Things came to, especially in the summer of 2004, armed clashes, which brought casualties on both sides of the conflict.[90] Georgia's policy towards the separatists in Abkhazia, where an internal political crisis lasted from Autumn 2004 to the beginning of 2005, associated with the presidential elections, was, however, more careful. As far as the issue of bases is concerned, there was a Russian—Georgian "tug-of-war", the climax of which was reached in spring 2005. Georgia's determination and political support from the U.S. forced Russia to make concessions and, at the end of May 2005, after another round of negotiations, a plan for evacuating the Russian bases by the end of 2008 was announced, representing a political success for Tbilisi.

b) Azerbaijan

In 2004 and in the first half of 2005, the democratic opposition was slowly becoming active against the authoritarian rule of Ilham Aliyev. The opposition boycotted local elections, which were held in December 2004 with numerous infringements.[91] Pressure from the West on the authorities in Baku was also growing for fair parliamentary elections planned for November 2005. In March 2005, in connection with this, a coalition was formed by three main opposition groups. In foreign policy, the authorities in Baku remained, however, on the offensive. The Azerbaijani diplomatic campaign for support of its positions on the issue of resolving the conflict with Armenia for mountainous Karabakh (and the adjoining occupied territories) intensified from autumn 2004. It was accompanied by an increase in the belligerent rhetoric and on expenditure on armaments in Azerbaijan.[92]

A symbolic success for Baku was the opening of the strategically-important Baku-Tbilisi-Ceyhan oil pipeline at the end of May 2005, which will make it possible to export Azerbaijani oil from the Caspian deposits across Georgia and Turkey to the Western markets. The geo-economic significance of the investment, which is strongly supported by Washington and resisted by Moscow, consists in the creation of the first transit route for Caspian energy resources, independent from Russia, which will strengthen the independence of the exporting countries.

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[89] At the beginning of May 2004, he fled to Moscow, where he had influential allies who did not, however, manage to persuade the Kremlin to commit to the unconditional defence of the dictator.

[90] This did not, however, come to regular war, probably as a result of pressure from both Russia and the U.S.

[91] An impulse for its activation was, among other things, the revolution in Kyrgyzstan and the assassination of Azerbaijani opposition journalist Elmar Huseynov in March 2005.

[92] The tactics seemed to work, as in spring 2005 there were signs of Yerevan's willingness to compromise.

c) Armenia

When a wave of demonstrations organized by the opposition, demanding the resignation of President Robert Kocharian (who secured for himself prolongation of his term in probably falsified presidential elections in March 2003) swept across Yerevan in spring 2004, it seemed that it was the beginning of another democratic revolution. However, the strength of the Armenian opposition turned out to be too limited, and the protests ceased in the middle of June 2004. Meanwhile, the authorities strengthened their ties with Russia. In the first weeks of 2004, a number of vital companies for the Armenian economy (including an important power station and a major bank) were taken over by Russian capital as repayment of a part of the Armenian debt to Russia. A crucial element of Armenian foreign policy was also a diplomatic campaign for recognition of the mass murder of Armenians in Turkey in 1915 as genocide (protested against by Ankara). The culminating point of that campaign was the solemn celebration of the 90th anniversary of the killings in Armenia in April 2005.

2.5.4. Central Asia

Except for Kazakhstan, the other states of the region suffered from compounding economic difficulties. The democratic revolution in Kyrgyzstan undermined the previous trend of the strengthening of the authoritarian regimes in the region. The bloody events in Uzbekistan showed, however, that peaceful revolution is a less likely scenario. Despite the activities of the West, Russia remained the main point of reference for the region, although the influence of China was clearly increasing.

a) Kazakhstan

The main event in Kazakhstan was the parliamentary elections in September 2004. They proceeded with numerous infringements of the rules of democracy and law and order, which were confirmed by foreign observers. They were accompanied by the persecution of a number of opposition activists. Even so, the threat to the authoritarian rule of President Nursultan Nazarbayev and his family seemed to grow.[93] The social situation was, however, eased by the dynamically developing economy, which made it possible steadily to raise the living standards of at least part of the population. Developments in the neighbouring Kyrgyzstan and Uzbekistan in spring 2005 evidently alarmed Astana, and the authorities intensified the repressive measures against — the so-far legally acting — opposition and non-government organizations.

In its foreign policy, Kazakhstan still relied on its close links with Russia (also as regards security), although it also worked on its relations with China and the Western countries as well (especially with the U.S.). Kazakhstan's multi-directionality was evident especially in the case of the strategically-important power sector. Condemned previously to export its crude oil through Russian territory, Kazakhstan started in September 2004 to build an oil pipeline to China, and at the end of May 2005, it declared its willingness to export its oil reserves through the Baku–Tbilisi–Ceyhan pipeline.

[93] A characteristic phenomenon was, among other things, that some high state officials moved to the opposition. Allegations against the president and his circles concerning their participation in economic scandals were also detrimental for the authorities.

b) Kyrgyzstan

Kyrgyzstan became the first state in Central Asia, in which a peaceful revolution, albeit different from those in Georgia and Ukraine, was successfully conducted. The reasons for its outbreak were the increasingly frequent abuses of power and the pursued aim of further strengthening their rule by the corrupt regime of President Askar Akayev and his family. By preventing almost all the opposition candidates from standing in parliamentary elections in February and March 2005, he aimed to create political support, in defiance of the constitution, for another prolongation of his rule in autumn that year. Widespread and spontaneous protests by supporters of opposition candidates who had been removed by the courts led, in the second half of March 2005 – after unsuccessful attempts at pacifying them by the authorities – to an outbreak of mass demonstrations, first in the South of the country and next in its capital, Bishkek. President Akayev, along with his closest family, had to flee to Kazakhstan, and then to Russia. Thus the democratic opposition succeeded with unexpected ease in taking over power. The initial post-revolution legal and security chaos decreased following an agreement by the main candidates on early presidential elections set for July 2005.[94]

The revolution in Kyrgyzstan did not bring, however, changes to the country's foreign policy. Its geographical location, limited economic potential and economic problems threw Kyrgyzstan back on continuing its close co-operation with Russia and nurturing relations with China, while diminishing its co-operation with the leading western countries (led by the U.S.). Meanwhile, a threat to the country's security was the consequences of the destabilization of the situation in the neighbouring Uzbekistan.

c) Uzbekistan

The authoritarian dictatorship of President Islam Karimov was the main source of progressive instability in the situation in Uzbekistan – the most populous country in Central Asia. The inflaming of the socio-economic crisis worsened by the misguided economic policy of the authorities and the brutal repressive measures against the real and hypothetical opposition under the pretext of fighting Islamic fundamentalism and extremism, created an explosive mixture. The parliamentary elections in December 2004, in which opposition candidates were not permitted to take part, were a travesty. Dramatic signs of tension were growing. On the one hand, there were recurrent terrorist attacks organized by increasingly desperate radicals,[95] and on the other, there were spontaneous demonstrations and protests, mainly in the Fergana Valley.

A real drama took place, however, in the middle of 2005 in Andijan and the surrounding areas. An armed group that had managed to free from prison several local businessmen accused of connections with extremists, gave rise to mass demonstrations in the city centre, which came under machine gun attack from the security forces dispatched to the town.[96] The regime of Karimov, despite pressure from a number of western countries and struc-

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[94] Leader of revolutionary group, former Prime Minister Kurmanbek Bakiyev and a recent political prisoner, former vice president, Gen. Feliks Kulov.

[95] In spring 2004 in Samarkand and Bihar and in summer this year in Tashkent.

[96] According to eye-witnesses, there were several hundred casualties. Demonstrations and the use of weapons took place also in the neighbouring cities of Pahtaabad and Karasu. A consequence of these events was an increase in the repressive measures against the opposition and waves of Uzbek refugees several hundreds strong into neighbouring Kyrgyzstan.

tures (including the EU, NATO and the OSCE) refused to conduct any investigation under international supervision. Acting openly, the Uzbek opposition was consolidating, and the re-appearance of anti-government demonstrations in other regions of Uzbekistan became more and more probable. Aspiring, albeit it ineffectively, to the role of regional leader, Uzbekistan, as a consequence of the events in Andijan, intensified the turn, evident since 2004, in the direction of tightening ties with Russia, at the expense of co-operation with the West. Manifestations of this tendency had already been seen before, among other things in the agreement on strategic partnership with Russia of June 2000, the cooling of relations with Western countries and structures, and also the withdrawal of Uzbekistan from — supported by the U.S. and criticized by Russia — the GUUAM grouping in May 2005.

d) Tajikistan

The political situation in Tajikistan was characterized by uncertain stability. The main political events in the country were the parliamentary elections at the end of February 2005. They proceeded with numerous infringements, and were accompanied by repressive measures against the legally-acting opposition introduced under the strengthened rule of the regime of President Emomali Rahmonov.

In its foreign policy, Tajikistan still focused on close co-operation with Russia (confirmation of which was the establishment of a new permanent Russian military base in Tajikistan in October 2004); however, on the other hand, it tried to expand its independence (an example of this was the gradual withdrawal of Russian border troops guarding the Tajik-Afghan border).

e) Turkmenistan

The grotesque totalitarian regime of lifelong President Saparmurat Turkmenbasha Niyazov led, to a large extent, to a policy of self-isolation in international relations. On the internal scene, the leader conducted from time to time unexpected dismissals of state and military officials. Parliamentary elections in December 2004, to which foreign observers were not granted access, were a travesty. The potential of Turkmenistan as one of the world's leading producers and exporters of natural gas meant that the country could not be completely ignored, which was painfully realized by Ukraine and Russia, to which Ashkhabad discontinued supplies of natural gas at the beginning of 2005, demanding higher payment.

2.6. SUMMARY

This summary refers to the comprehensive "Introduction", which included a number of assessments and conclusions emerging from the analysis of the political, social and economic situation and international policy in individual Central, Eastern and Southern European countries, as well as in the post-Soviet states in Asia. Moreover, the presentations of the individual states included "summaries" in the form of particular "endings", which contain the major conclusions and assessments concerning their internal situation and foreign policy. In this connection, this summary is limited only to certain conclusions and final generalizations, encompassing individual sub-regions and the counties situated in them.

So, as far as the Baltic States are concerned, Lithuania, Latvia and Estonia have achieved accession to NATO and the European Union, because they strengthened their sovereignty

and security as well their independence from Russia, which nowadays regards the Baltic States as its greatest enemies. These countries last year developed faster than the Central European countries, with a growth rate of 6.7%, although it was less than in 2003. On the other hand, as in Central Europe, the Baltic States are still characterized by low stability in their political arenas, which are divided and quite fluid.

The Central European states, i.e. the Czech Republic, Hungary, Poland, Slovakia and Slovenia, like the Baltic States, in the past year balanced their losses and profits from accession to the European Union. The first year of membership of the EU brought for all of them, first of all, economic benefits in particular, as well as social, political and international ones. Unfortunately, various economic and political scandals occurred in these countries, especially in Poland, but also in the Czech Republic, which resulted even in crises of power and the far-reaching polarization of social attitudes. In Hungary, Slovakia and Poland there was even a "war of files", caused by the unrestricted revelation of the files of secret agents in the communist security apparatus. These were the effects of a lack of systemic solutions, regulating in a clear way proper vetting procedures. A good example for these countries should be the solutions to the problem applied in the Czech Republic.

Although there is no crisis of democracy in the countries of this sub-region, there is a "changing of the guard" at the centre of power by left-wing parties moving to the right, with the voice of centre-right parties being heard; a good example is Slovenia, which in 2004 became not only an EU member, but also a NATO one. There are, however, no serious threats to the democratic systems in these countries, or to the social order. A positive factor here is the good economic conditions and the slowly-decreasing unemployment. In the new EU countries — Poland, the Czech Republic, Slovakia, Hungary and Slovenia — the average economic growth rate amounted to 4.6% in 2004 and was higher than in 2003. It looks like 2005 is going to be similar in this regard.

Bulgaria and Romania, after their accession to NATO in 2004, have been living with the hope that they are going to achieve EU membership on January 1st, 2007, though they have as yet many problems that need to be resolved, especially in the case of Romania, where economic and social, as well as ethnic, difficulties are mounting. The political scene is also rather unstable in Romania, where there is still much to be done as regards full implementation of the standards of the protection of human rights and liberties. Slightly better in this regard is the situation in Bulgaria, which is perceived as a stabilizing factor in the Balkans.

The countries of the Balkan Peninsula were characterized in the past year by growing stability of the political, social and economic situation. Even the country lagging farthest behind in development, Albania, became democratic and pluralist, and broadly open for co-operation with the region and the whole world.

On the other hand, Bosnia and Herzegovina, as the poorest former republic of Yugoslavia, is still wrestling with the problem of post-war reconstruction. Here, the ethnicity-based divisions and conflicts, aroused during the war, are still very vivid. But the country is gradually creating the foundations of a democratic state. Croatia, meanwhile, which is contending with huge indebtedness and unemployment, in percentage terms comparable with Poland, is strengthening its democratic rule and making efforts to achieve EU and NATO membership.

Another country in the sub-region, Serbia and Montenegro, is wrestling with a major nationality problems, which is not without significance for the political situation in the country. Despite that, it is also trying to become a NATO and EU member. Meanwhile Montenegro, in

defiance of the EU stance, is striving for a divorce from Serbia, following the model of the Czech Republic and Slovakia, which could lead only to further ethnicity–based conflicts.

The most multiethnic country on the Balkan Peninsula is Macedonia, which still does not comply with the standards of a democratic state. It is also wrestling with major economic and social problems. It is supporting Kosovo's independence and EU membership.

Russia itself is a specific region and a local centre of political as well as economic integration. This country, which, under the firm hand of President Putin, has a long way to go to achieve a democratic system, is in a deep political, economic and social crisis. It is at the same time a dangerous superpower, with a nuclear arsenal. The U.S. is not, however, isolating Russia, despite its criminal activity towards Chechnya.

The Eastern European countries, i.e. Belarus, Moldova and Ukraine, deserve attention even for the fact that Ukraine and Belarus are eastern neighbours of Poland, although very different from the latter and from each other. Belarus, with its dictator Lukashenka, is a threat to stability in the sub–region; while after the "orange revolution" at the end of 2004, Ukraine began democratization processes and carried out the reorientation of its foreign policy from East to West. Meanwhile Moldova, ruled by communists, is still wrestling with major economic and social problems, and the important issue of the separatist Trans–Dniester Republic, controlling the eastern areas of the country, remains open. This country, despite its strong connections with Russia, has declared its willingness to co–operate with the EU and does not exclude membership of the Union.

The countries of the Southern Caucasus, full of political, social and economic contrasts, are going through a period of severe trial and are the source of many threats for the region. An unstable political situation persists in Armenia, where human rights are violated, and nepotism and corruption have flourished. The democratic revolutions in the neighbouring Georgia, Ukraine and Kyrgyzstan fuelled opposition hopes of taking power; however, this remains a distant prospect. There are also international tensions in Armenia's relations with Turkey, as well as with Azerbaijan over Nagorno–Karabakh.

Azerbaijan, where an authoritarian system rules *de facto*, is facing a major challenge and considerable change, but it is trying at the same time to implement economic reforms. Maybe, perhaps as early as autumn 2005, the situation will develop into a "colour revolution" there, if the planned November parliamentary elections are falsified. An example for Azerbaijan may be Georgia, which, since the "rose revolution", is becoming a democratic state, reforming its economy and fighting corruption. Georgia has become the most important EU partner in the region, receiving also support from NATO, something that annoys Russia.

The biggest region and, at the same time, sub–region, is made up of the Central Asian countries, i.e. Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan. The most unstable political situation is in Kyrgyzstan and Uzbekistan, and this poses a threat to Kazakhstan and the whole sub–region. Meanwhile Kazakhstan, as the economic leader in the region, has also been criticized for violating the rules of democracy and human rights. The political system in that country is referred to by the term "velvet authoritarianism". Kyrgyzstan is a poor, indebted country, predominantly rural, and the majority of its citizens are Muslims. Corruption here is on an incredible scale, as is, in fact, the case in all the countries in the region. The so–called "almond revolution" in April 2005 overthrew the hated dictator, President Askar Akayev, with new presidential elections planned for July 2005.

Uzbekistan, a country rich in gold, crude oil and gas, is rated among the biggest cotton exporters; however, profits from this are earned only by narrow elite groups. The central-

ly-controlled economy still dominates there, and the standards of living of the citizens are worsening. There are many tensions and conflicts present, as well as discontent with the authoritarian rule of President Islam Karimov, who, in foreign policy, is trying to balance Russia, China and the United States, but has recently been more clearly steering a course towards Moscow.

The most undemocratic and authoritarian forms of rule are evident in Turkmenistan and Tajikistan. In Tajikistan, even though, according to its constitution – as in the other countries in the region – there is a triple division of powers, in practice the main decision-taking centre is the president, who exercises authoritarian rule. It is the poorest country in the region, still dealing with the aftermath of the 1992–1997 civil war, which cost over 100,000 lives and ruined the country. Russia still remains a strategic partner of Tajikistan. However, the Muslim fundamentalism present here is considered to be a serious threat to stability in the country and the region. Meanwhile, the totalitarian system created by President Saparmurad Niyazov, who has held office since 1990, dominates in Turkmenistan. Niyazov is surrounded by a personality cult, and his present position seems to be strong and free from threat. Turkmenistan is officially a neutral country, and its foreign policy is referred to as isolationist.

In general, one can say that the post-communist countries of Europe and Asia are still two different worlds; the region of the post-Soviet Asian states is more complex. There is less democracy there, partially because it has never been there before; the human being counts for less, as do his rights and liberties.