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**Paul CLAVAL\***

**GEORGES BENKO (1953–2009)**

From Hungarian (and German) ancestry, Georges Benko settled in France. He had to wait for years before becoming a French national. Trained as an architect, he chose geography in order to introduce more justice in the planning of cities and territories. His approach had a social aim, but relied on economic geography (Benko, 1988). For him, progress was possible thanks to the means offered by science – and more particularly, by spatial reflection. For Benko, space was not the neutral support conceived by classical spatial economics:

Human, regional, economic or ecological geography considers [...] space as the material dimension of social relations. They are human activity, human relations of any kind, which constitute the very substance of space (Benko and Lipietz, 2000, p. 13).

Useful as a point of departure, classical spatial economics were built on an outmoded concept of space; it was unable to deal with contemporary challenges and had to be re-invented:

We have (us, intellectuals, scholars, students) the chance to have experienced, and experience today, a spectacular crisis of the economic world and of the spatial reality it contributed to its structure. This crisis produces innumerable sufferings [...]. But nobody can escape the fascination of observing the birth of a new world, differing from that of our childhood [...]. To guess, by its first signs, what will be the future social reality: such is the highest ambition for a scholar, such is the pleasure and the risk for his profession (Benko and Lipietz, 1992, p. 379).

Benko adopted the Kuhnian perspective of Aglietta (1976) who presented economic history as a succession of relatively stable systems (normal phases) and crises when new forms of regulation appeared (new paradigms). Piore and

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\* Paul CLAVAL, Université Paris IV-Sorbonne, Paris, France.

Sabel (1984) taught him that big firms were unable to take advantage of the new conditions offered by globalisation because of their rigidity. In order to survive, the economic world passed from an industrial, or fordist, regime, to a flexible one.

Georges Benko was fascinated by the industrial districts of Third Italy as analysed by the Italian specialists or Allan Scott and Michael Storper in Los Angeles. Later, he developed a strong interest in the new cognitive economics:

The true wealth of regions is based on activities [...] linked with innovation, the mastering of technologies and research. These elements create a territorial specificity. They result from a long history, an accumulation of know-how, apprenticeship, a system of education, the exchange of information, a reciprocity of relations, a confidence between contractors, their mutual acknowledgement, a predisposition to cooperate, a functioning of the local labour market and many other similar components. To sum up, all that Alfred Marshall called the 'industrial atmosphere', or, I would say more scientifically, the 'cognitive externalities' (Benko, 2001, p. 98).

In order to survive, cities and regions had to sell themselves. As a result, Benko (1999) oriented a part of his work towards urban marketing.

Benko (1991) illustrated the renewal of economic geography through his publications on *technopôles* and on the regions which win (with Lipietz, 1992). He summed up its main points in a short textbook of economic geography he published in Portuguese (Benko, 1996).

As a well-read historian of the renewal of economic geography, he was conscious of the limitations of the models proposed in the 1980s:

The great creative upsurge of the 80s seems over. After indefinitely remodelling the thesis of 'postfordism' according to the gamut of the economy of organizations of Oliver Williamson, from 'vertical desintegration' to 'vertical quasi-integration', 'localists' had to admit the importance of big globalized firms and the fragility of their near districts [...]. But this abandonment of big economic narratives, sometimes theorized as a new big narrative assimilating postfordism to postmodernism, and the latter to a scotching of modes of consumption, left empty the field of economic determinants of the transformations of economic geography (Benko and Lipietz, 2000, p. 11).

Georges Benko knew that in order to develop research in France, strong links had to be established with British and American scientists. He edited, together with Ulf Strohmayer, a synoptic book on human geography where each chapter resulted from the cooperation of a French-speaking and an English-speaking specialist. The book was published in both French and English (Benko and Strohmayer, 2004). Benko offered those who developed new ideas several possibilities of publication. He launched a journal, *Economie et espace*, and edited three series published by L'Harmattan: *Géographies en liberté*, *Théorie sociale contemporaine* and *Grandes villes du monde d'aujourd'hui*.

The diffusion of new themes in geographic economy was one of his permanent ministrations. He maintained a close liaison with American and British

scholars, such as Allan Scott and Michael Storper; his influence was important in Québec and in the other francophone countries, and in South-America (particularly in Brazil and Argentina); and he was well known in Hungary.

Georges Benko had a great curiosity, he was a tireless worker and a wonderful disseminator. But what characterises him best was his generosity: to build new knowledge, to test it, to circulate it, to offer it to the younger generation and to those who work in difficult circumstances – such was the permanent ambition of this remarkable economic geographer.

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Györgyi BARTA \*

### GEORGES BENKO AS I KNEW HIM

Our first meeting was probably in 1987 or 1988, when Georges Benko came to Hungary. Later I visited him at the Sorbonne in rue Saint-Jacques, where he was a teacher. From then on he sometimes sent me packages full of books, copies of studies, most recent literature in regional science and economic geography, material practically unavailable in Hungary at the time. Without being asked, he gave me an incredibly big helping hand.

In 1991, just before it was to be published by Masson (now Elsevier-Masson), Georges sought permission from the publisher to have a slightly abridged version of *Géographie des technopôles* translated and published in Hungary. I translated his manuscript together with my colleagues. During my longer fellowship stay in Paris, Georges and I worked together, improving and completing the Hungarian translation chapter by chapter. Back at my Hungarian workplace (Centre for Regional Studies, Hungarian Academy of Sciences) we finished editing the Hungarian version of Benko's book (*Technológiai parkok és technopoliszok földrajza*) whose publication in 1992 was financed by the Soros Foundation. The first part of the book deals with the economic crisis of the 1970s, industrial restructuring, innovation and R&D, the developmental path of technology and with the emergence of industrial districts. In the second part, Silicon Valley and other famous American cases were described as the origins of technological parks, and how the Japanese, British and French industrial policies followed the American model and created networks of technological parks. Today Benko's book has lost nothing of its relevance. In the middle of the 1990s, Hungarian regional planning used its collected knowledge effectively to map out the national industrial parks programme, and 10 years later, a new

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\* Györgyi BARTA, Academy of Sciences, Centre for Regional Studies, Budapest, Hungary, e-mail: barta@rkkmta.hu.

regional development plan based on the growth pole, the so called ‘pole programme’ was launched with the assistance of the French government. This programme aimed at the development of regional centres by fostering cooperation of leading enterprises, local universities, research institutes and the government.

Another of his books translated into Hungarian was *La science régionale* which appeared in 1998 (*Regionális tudomány*). Despite its roots in the 19th century, regional science is one of the newer fields in the social sciences. It examines how people change their space. It integrates, among others, economics, geography, history, sociology, law, political sciences, urbanism and anthropology. In its approach this science is truly interdisciplinary. In his book Georges Benko clearly defined the place of regional science within the social sciences, and at the same time he showed its inner logic.

In Hungary, these ideas were adopted very quickly, and this important book was published in Hungarian only a year later. It was no coincident. In the 1980s and 1990s, regional science had become an acknowledged discipline in Hungary. Publishing the Hungarian version of Benko’s book was assisted by György Enyedi and György Horváth, both belonging to the founders of the respective institutions and a dedicated review in Hungary. Benko’s book is still relevant as regional science continues to be debated: The latest issue of the Hungarian review *Tér és Társadalom* (*Space and Society*) contains a contribution by Imre Lengyel querying the progress of regional science.

In 1997 Benko contributed another study which was translated for *Tér és Társadalom: Ways of Regional Development: from Globality to Locality*. This study summarised the most important conclusions of his famous book *Les régions qui gagnent*, and it dwelt on the discussion about what explains the successfulness of a region best: the influence of the international division of labour or endogenous development? The debate about global vs. local development is still going on and has its impact on the theoretical base for regional development plans.

Georges Benko ranked among the most eminent theorists of regional science. Unfortunately, he never focused on the East-European political transition at the beginning of the 1990s, in general, nor on the Hungarian case, in particular. Yet his very modern theoretical knowledge would have been needed in Hungary in order to really establish regional science there. Nevertheless, his books and studies had an important influence on those Hungarian intellectuals who dealt with regional science. We would have liked to involve Georges Benko in the Hungarian scientific life much more. György Enyedi invited him for a visit – hosted by the Hungarian House of Professors – in the mid-1990s. Later I proposed him for member of the editorial board of *European Spatial Research and Policy*, and he accepted. His long tormenting illness and untimely death cut short the time for our cooperation. Georges Benko was always a helpful, good friend, as was his wife, Judith Lazar, a sociologist of renown.

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## PART I

### POLITICAL GEOGRAPHY OF CONTEMPORARY EUROPE

Guest editor: Marek Sobczyński

#### FOREWORD

After half a century of relative stabilisation, the turn of the 20th century brought significant changes on the political map of Europe.

The case of Poland – a country which, without changing its location in geographical space, had all its neighbours changed over 27 months (from 3 October 1990 to 1 January 1993) – is unprecedented in political history. From the end of the Second World War until 1992 Poland had only three neighbours (GDR, Czechoslovakia and the USSR), while after 1992 there were seven countries adjoining it (FRG, the Czech Republic, Slovakia, Ukraine, Belarus, Lithuania and Russia). Most of the geopolitical changes, aside from federalisation of Belgium, establishment of new autonomous regions in the United Kingdom and the gaining of sovereignty by Andorra, took place in Central, Eastern and Southern Europe, mainly as a result of the unification of Germany and disintegration of three federal states: Czechoslovakia, the USSR and Yugoslavia.

At the same time the system of political and military blocs dividing the world into the West (market economy and democracy) and the East (communist command-control economy and totalitarian regime) collapsed, which brought liquidation of so-called people's democracies in Europe. It has not been possible, though, to completely eliminate all elements of communism. In fact its only slightly transformed forms still persist in Belarus and the Dniester region, while all former communist states have some elements of this system left, although to a varying extent – the further to the east, the stronger the communist legacy.

The process of geopolitical transformations in Central and Eastern Europe (CEE) which took place in the last decade of the 20th century and in the first decade of the 21st century was influenced by three events (catalysts). Two of them were external in relation to the region in question and one event was internal. Among the external factors, the communist putsch in Afghanistan and sending Soviet troops (25 December 1979) there must be regarded as a catalyst on the political level that initiated significant political problems of the so-called Eastern bloc. On the military and economic level, such a catalyst was the so-called Star Wars Programme announced by Ronald Reagan, the President of the

United States (28 March 1983). On the ideological-social level, a catalyst was election to the papacy of a Polish cardinal Karol Wojtyła (16 October 1978) and his first pastoral trip to Poland (2–10 June 1979) when he spoke the famous words:

And I cry – I who am the son of the land of Poland and who am also Pope John Paul II – I cry from all the depths of this Millennium, I cry on the vigil of Pentecost: Let your Spirit descend. Let your Spirit descend and renew the face of the earth, the face of this land!

The internal catalyst in the communist bloc of CEE which initiated transformations on political, economic and social levels was a strike in Gdansk Shipyard (*Stocznia Gdańska*) ended with establishing Self-Governing Trade Union ‘Solidarity’ (*Niezależny Samorządny Związek Zawodowy ‘Solidarność’*) (31 August 1980). As a result, martial law was introduced by the communist authorities after sixteen months of freedom (13 December 1981).

Table 1 shows the dynamics of geopolitical transformations in Europe in the period 1989–2011.

Table 1. Changes of political structures during 1989–2011 in Europe

1989		2010	
States 1	Autonomous units 2	States 3	Autonomous units 4
Polish People’s Republic		Republic of Poland	
German Democratic Republic		Federal Republic of Germany	Mecklenburg-Vorpommern
			Brandenburg
			Saxony-Anhalt
			Saxony
			Thuringia
	West Berlin		Berlin
Czechoslovak Socialist Republic	Czech Socialist Republic	Czech Republic	
	Slovak Socialist Republic	Slovak Republic	
Union of Soviet Socialist Republic (USSR)	Lithuanian SSR	Republic of Lithuania	
	Latvian SSR	Republic of Latvia	
	Belorussian SSR	Republic of Belarus	
	Ukrainian SSR	Ukraine	Autonomous Republic of Crimea
			Sevastopol – Russian leasing
	Moldavian SSR	Republic of Moldova	Gagauzia (Gagauz Yeri)
Transnistrian Moldavian Republic			
Russian Federal SSR	Russia – Russian Federation	Region of Kaliningrad	

Table 1 (cont.)

1	2	3	4
Hungarian People's Republic		Republic of Hungary	
Bulgarian People's Republic		Republic of Bulgaria	
Socialist People's Republic of Albania		Republic of Albania	
Socialist Republic of Romania		Republic of Romania	
Socialist Federal Republic of Yugoslavia	Socialist Republic of Slovenia	Republic of Slovenia	
	Socialist Republic of Croatia	Republic of Croatia	
	Socialist Republic of Macedonia	Republic of Macedonia	
	Socialist Republic of Montenegro	Republic of Montenegro	
	Socialist Republic of Bosnia and Herzegovina	Republic of Bosnia and Herzegovina	Federation of Bosnia and Herzegovina
			Republic of Srpska
			District of Brčko
	Socialist Republic of Serbia	Republic of Serbia	
	Socialist Autonomous Province of Vojvodina		Autonomous Province of Vojvodina
Socialist Autonomous Province of Kosovo	Republic of Kosovo	Region of Kosovska Mitrovica	

Source: the author's own analysis.

The intensity of political and administrative changes taking place in Europe at the turn of the 20th century calls for in-depth study of the nature of these phenomena. The editors of ESR&P decided to address these questions in a special issue entitled *Political Geography of Contemporary Europe*. It contains contributions dealing with geopolitical transformations in Europe as a whole and in its particular regions seen from the perspective of researchers from Italy, Israel, Poland and Slovenia. The authors of the contributions are mostly political geographers engaged in the study of geopolitical processes occurring on our continent.

Marek SOBCZYŃSKI\*

\* Marek SOBCZYŃSKI, University of Łódź, Department of Political Geography, Łódź, Poland, e-mail: marsob@geo.uni.lodz.pl.



Alessandro VITALE\*

## THE CONTEMPORARY EU'S NOTION OF TERRITORIALITY AND EXTERNAL BORDERS

**Abstract:** The predominant spatial conception of the EU contributes to an evident emergence of a sharpened territorial building of the European space. By all evidence the idea of both the territorial cohesion and territorial continuity shows how relevant the notion of territoriality in the 'European discourse' is and consequently how accepted the instrument of hard and closed border and the sharp inside/outside dichotomy are. Due to this pragmatic notion of territoriality, the idea of the EU as a 'non-Westphalian new empire' (according to the 'neo-medieval paradigm') became at least unrealistic. Its borders are getting more territorial, physical and visible. Hard border policies and practices on the Eastern and Western Balkan borders mirror the existence of a *de facto* barrier and of a deep 'Westphalian memory' in the way of using the territory as support of political unity.

**Key words:** Europe, EU, borders, territoriality, modern state, Eastern Europe.

### 1. INTRODUCTION

The removal of internal borders within the EU and the opening of a common market were accompanied by a continuous strengthening and by an increasing importance of external borders (Ibryamova, 2004). The creation of a common market with economic and social cohesion was followed by acts and policies to demarcate, border and protect the common European space (Geddes, 2001; Zielonka, 2006). In fact, also the EU's concept of political integration, based on a rigorous system of inclusion and exclusion, defined by full membership status and fortified external borders became an instrument of the old conception of

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\* Alessandro VITALE, University of Milan, Department of International Studies, Faculty of Political Science, Milan, Italy, e-mail: [alessandro.vitale@unimi.it](mailto:alessandro.vitale@unimi.it).

territoriality. The Maastricht Treaty that entered into force in 1993 clearly established an increasing importance of the EU's territorial basis. Even if after five decades of non-stop theorising about European integration, scholars are still concerned with the question of what exactly the EU is and what it may become in the future (Sidaway, 2006, p. 4), Commission officials clearly said that the dismantling of Europe's internal borders made it necessary to make sure that the controls at the external borders of their shared territory were reliable (Islam, 1994, p. 40).

The EU's system is characterised, much more than in the past, by a territorially fixed political community. Several recent developments in the European Union, such as the creation of the Schengen area,<sup>1</sup> the Lisbon Treaty,<sup>2</sup> and the Frontex agency, show that the territorial concept, in a modern geographical sense, is still important and seems to evolve towards a polity with the 'Westphalian' characteristics. The EU is now evolving towards a reproduction of the territorial model of modern state by presenting itself as being one single space and by bordering, disciplining and normalising itself with practices similar to those of nation-states (Boedeltje and van Houtum, 2008, pp. 362–363). Most of the member states wanted to move the Community towards a closer economic and political union. Economic and social cohesion became one of the pillars of the Community structure (Fitzgerald and Michie, 1997, p. 20). Due to the concept of territoriality related to a clear inside/outside division, the European project seems to evolve more towards a replication of the modern state structure than towards a form of empire.

Europe has an intrinsic historical openness and cannot be understood with a definite beginning or end; it has never been a clearly demarcated continent or a fixed bordered entity and it has always been characterised by shifting spatialities. The Mediterranean once was a bridge of civilisations between Europe, Africa and Asia. Only recently it became a European periphery and a border. The EU's eastern border is quite recent and it corresponds to that of iron curtain, even if it is located on a more eastern, new line. Nevertheless, the EU's more frequent and widespread concept remains territorially based. Especially the spatial continuity is at the centre of the attempt to construct the European Union as a polity with modern state characteristics.

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<sup>1</sup> The new focus on the controlling of the EU's external borders was also triggered by the Schengen Treaties (Albrecht, 2002, p. 1).

<sup>2</sup> The contemporary tendency towards an Europe with a Constitution, President, Minister of Foreign Affairs and above all a clearly demarcated territory with a sharp inside/outside dichotomy, borders as barriers, is going on. It represents a project of a very restricted and closed EU (cf. Boedeltje and van Houtum, 2008, p. 361).

## 2. THE CONTEMPORARY EU'S NOTION OF TERRITORIALITY

The prevailing discourse about the European spatial development is increasingly littered with references to territory, territoriality and territorial cohesion. Already in the Constitution's provisions (*Treaty Establishing a Constitution for Europe*, 2005) the themes of territoriality and territorial cohesion recur again and again. The cohesion of its territory is explicitly posited as codified and institutionalised, something *to be reinforced* (Burgess, 2009, p. 148).<sup>3</sup> Nowadays the European Commission conceptualises the EU as a demarcated area with a clear inside and outside, surrounded by a ring of friends (European Commission, 2003).<sup>4</sup> The dominant contemporary discourse and metaphors on the EU's political geographical nature are still clearly territorial. Despite the fact that at the beginning of the European Project the aim was to incorporate as many states and people as possible rather than to create a restrictive union, the EU is based on a conception of contiguous territories and territorial integrity, and it needs a clear understanding of what belongs and what does not belong to the Union. The creation of a single space triggered a wish to demarcate and border the European political space and entity (Islam, 1994, p. 38). A new common external border became needed to protect the entire Union (Geddes, 2001; Harvey, 2000) and the external borders have been increasingly policed (Albrecht, 2002), representing a clear conception of hard territoriality. Concerns about the safety of the Union rose very quickly in the 1990s. It is difficult to deny that the EU is now a territorial structure with policing of its physical external borders, walls, hardware, and internal surveillance of the territory, strong immigration laws, and a protectionist economic policy, especially concerning agriculture. Membership of and belonging to the EU automatically creates exclusion, and it is necessary to remember that the right to control and deny admission of foreigners is often seen as crucial to a nation state's sovereignty and territorial integrity (Leitner, 1995, p. 261). As Colin Harvey (2000, p. 374) wrote, 'supranationalism' requires a process of boundary drawing just as much as nationalism.<sup>5</sup> It is not surprising that the demarcation, bordering and securing of the common European space became the permanent conception of scholars, politicians and the media. Bordering is driven mostly by fear of crime and the need to be amongst 'ourselves', hence protecting welfare, security and identity (van Houtum and

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<sup>3</sup> Among the objectives formulated in Title 1 is the promotion of economic, social and *territorial cohesion* (Burgess, 2009, p. 148; *Treaty Establishing a Constitution for Europe*, 2005, p. 17).

<sup>4</sup> This document refers to the European territory as a clearly demarcated space, and uses the definitions 'within and beyond the new borders of the Union' and the concept 'ring of friends'.

<sup>5</sup> Harvey (2000, p. 374) adds that a boundary between 'us' and 'them' and the construction of the mechanism to ensure inclusion cannot be wished away, because it is the consequence of the ambitious aims of the EU.

Pijpers, 2007, p. 303). The EU aspires to become an international actor by extending its institutional power and superimposing its borders on the already existing state borders of European nation-states.

The present conformation of the EU's borders is characterised by rigid border law enforcement, borders controls (Andreas 2003, p. 78) and obstacles to the cross-border mobility. What still separates e.g. Central from Eastern Europe and Western Balkan from Eastern Balkans, maintains the aspect of a 'modern state border'. This EU's border pretends the territorial continuity and is 'parasitical' and 'subsequent' (it adapts itself to the historical subdivisions imposed by a long political occupation) and is 'overimposed' (it does not pay attention to the characteristics of cultural sights). Thus the EU's territoriality is derived from that of its member states (Philipott, 2001, p. 17). The 'exclusive' and 'expulsive' character of the EU's border, its impermeability, its function of rigid delimitation of space and of 'perimetral' barrier, its superposing to existing state borders, can be defined neither as 'post-modern', nor as 'imperial'. Even though some scholars regard external borders of the EU as 'undefined external boundaries' (e.g. Wallace, 1999, p. 519), these borders maintain a clear function of barrier. Pre-modern territories were characterised by variety, fluidity, non-territoriality in the modern sense of the word, or non-exclusive territoriality (Anderson, 1996, p. 141). The territorialisation of politics has been implied to be a long term process of the creation of the 'internal' and 'external' at state borders. Territoriality in the Middle Ages was characterised by an absence of clearly defined borders and sharp inside/outside distinctions (Anderson, 1995, p. 69). Furthermore, within an empire the relationships between territory and sovereignty are weak. The empire includes external relations without creating any sharp inside/outside dichotomy (Anderson, 2007, p. 19). Samuel Pufendorf in his work *De statu imperii germanici* (1667) argued that the Holy Roman Empire completely lacked a distinction between inside and outside. Indeed he wrote that its structure was 'irregular' and a kind of *regimen monstruosum*. In fact, due to its 'trans-territorial' dimension (Ruggie, 1993) it was quite impossible to find a sharp division between 'internal' and 'international' dimensions. Hendryk Spruyt (1994, pp. 35, 51) noted:

The medieval period lacked not only exclusivity but also territoriality. [...] Federalism, the Church and the Holy Roman Empire lacked territorial fixity and exclusivity. [...] The Empire did not define itself by control over a territory.

One of the defining elements of empires is the absence of hard borders. Before the nation-state structure a non-exclusive form of territoriality prevailed, with many forms of personalised and fragmented authorities within and across territorial formations, with inclusive bases of legitimation. The main change in the political structure of Europe was the creation and spread of firm territorial

boundary lines between political formations. States were built around the idea of territorial homogeneity and unity.

The contemporary EU's border resembles neither the Roman *limes*, nor the medieval *marche* of frontier, generated by the complex tissue of historic Europe and created by the 'trans-territoriality' that distinguished it.<sup>6</sup> The 'linear border' is a recent historic reality, characteristic of rigid territorial systems, and does not have the function of 'filter' but that of 'enclosure' (Newman and Paasi, 1998, p. 197): boundaries and territoriality are contextual. From the Roman *limes* to the Habsburg *Grenze* all empires have known only peripheral zones where settler-soldiers served as ever embattled 'buffers' for the imperial centre (Zielonka, 2002, p. 39).

The modern characteristics of the EU's external border stem from the attempt to sharply separate between internal 'law and order' of the internal space (*Innenraum*) and the outside dimension to which all 'disorder' is expelled. This is the typical logic of the modern state: the production of the 'order' inside the borders and the expulsion of the 'disorder' outside. The EU's borders are evidently still characterised by a 'Westphalian memory' in the way to use the territory as support of political unity (Badie, 1995; Reut, 2000) and correspond to the modern idea of 'political territorial exclusivity' (sovereignty).<sup>7</sup>

Furthermore, the EU's political geographical imagination and the visions on the EU's territoriality are dominated by an attempt to assure a 'territorial continuity' for the Union. The reaction to the same reality of the exclave of Kaliningrad into the EU's territory remains emblematic even if self-contradictory because also Switzerland does not assure the territorial continuity to the EU. Generally in this conception it is impossible to admit exceptions, e.g. *enclaves* and the territory of the EU must be continuous, without any interruption. The same process of enlargement was regarded as an acquisition of contiguous territories, excluding 'anomalies'. This conception reveals at least an imitation of the political model of the modern territorial state, even though at 'supra-national' level. Only taking into account the more recent forms of empires (Habsburg or Russian-Soviet)<sup>8</sup> it is possible to define the EU as a 'new empire' but certainly not inside a 'neo-medieval' paradigm.

For many years Brussels pretended that candidate states transformed their borders into a more rigid barrier: otherwise the political 'centre' did not let them to enter in a Union based on a precise and continuous territory. This territorial conception caused through the years an 'involution' of the border and rendered

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<sup>6</sup> 'The archetype of non-exclusive territorial rule is Medieval Europe' (Ruggie, 1993, p. 149).

<sup>7</sup> 'The Westphalian model of international political life presumes a notion of hard borders' (Mostov, 2008, p. 20).

<sup>8</sup> From the mid-16th through the mid-18th centuries, Russia and Austria were transformed into modernised empires with organisational characteristics of modern states but still multinational medieval autocracies in conception.

the borders impermeable (and certainly not 'fuzzy frontiers zone'), letting fall institutionalised Europe into the 'territorial trap' (Agnew, 1994). This process reflected the same conception of the creation (already existent in the cold war period) of a big self-sufficient, autarchic area, closed by a customary and boundary belt, which remembers the ideal of the 'Fichteian' *geschlossene Handelsstaat* (a political territorial, closed and mercantilist area).

Although the EU's territoriality is still less fixed and less exclusive than that of modern states (Mamadouh, 2001, p. 434), and progresses in a complex, multifaceted, and non-linear fashion, the 'supra-national' character of the EU is not enough to make different that unification among states, founded in Maastricht, from other unifications that used modern borders as an instrument of building of state territory. According to Georg Simmel, borders have specific territorial functions: legal, security, social-psychological, and ideological that constitute the construction of political space. The EU is acknowledged to be a political hybrid which eludes conventional categories of national or international political organisation, but regarding the external dimension of European territorialisation, it is becoming an actor involved in spatial ordering within and outside its territory. Of fundamental importance is the fact that the EU continues to display its greatest institutional strength along the territorial lines of the member states. The EU's border seems a particular form of mark of territoriality used by governments to control resources and peoples, by making the bounded territory the primary focus of economic and political identification for citizens. The drawing of any given state or of 'supra-national' border represents a simplification of complex political and geographical problems.

### 3. THE HARD BORDER POLICIES AND PRACTICES

Instead of developing the spontaneous process of rebirth of a porous border as contact and trade zone to the East and towards the Balkans, which appeared not only possible, but necessary in the early 1990s (Layard, Blanchard, Dornbusch and Krugman, 1992), during the last 15 years it was tried to oppose a long, artificial process of tightening that produced the 'involution' of the border, which was made rigid and sealed by a system of visas, reinforced by the 'Schengen curtain'. The perceived 'security deficit' has increased the impermeability of the external border of the EU. Despite the fact that the Schengen Agreement's implementation (after 1990) has had different effects for different parts of the EU's external border, especially in the overseas countries and in the countries that are not part of the EU, hard border thinking and policy are emblematic of the EU's conception of territoriality as an ultimate goal to achieve.

The case study of the EU's Eastern border is the most impressive. What has been a relatively 'soft', easily traversed border in 1992–1994 once again became hard. This border is getting more territorial, physical and visible. The expansion of the EU has involved a redrawing of the boundaries and relationships between the EU and its Eastern neighbours. The hardening of borders in the name of security acts to reinforce the division between 'insiders' and 'outsiders'. It corresponds to an old form of territorialisation of politics and to a building of an 'internal' and 'external' at EU's borders. The distinction between 'EU-members' and 'non-members' is nowadays sharp, relevant and important (Zielonka, 2006, p. 12). This border is characterised by rigid border law-enforcement, borders controls, and obstacles to the cross-border mobility.

As a matter of fact, the Welfare model is one of the pillars supporting the EU's Eastern border and it is linked to an economy based on the 'territorial trap' that shows itself in a 'wealth enclosure' (van Houtum, 2002). This kind of political aggregation mix the model of interventionist (and distributor of wealth) state with the concepts of nationality and of citizenship and produces a kind of 'welfare chauvinism'.

The new EU's Eastern border has many consequences, mainly economic and political, but also involving future security risks, also for Europe. The most evident problems are those determined by the fracture – created by the border – of complementary regional areas. Because of the destruction of spontaneous transborder cooperation it may produce a degradation of the whole regional context.

The political consequences of the border are evident. Countries excluded by the enlargement show serious problems with modernisation, a high degree of disorder and political instability, rising criminality,<sup>9</sup> emigration pressures, populist-authoritarian regimes (Belarus, Ukraine and Moldova), and dictatorial tendencies (Timmermann, 1997; Beichelt, 2004). These political systems are affected by bureaucratic exploitation, institutions and politicians locked in a bitter internal struggle for power, social disintegration, organised criminality, and state-owned land. Old oligarchies and obsolete structures flourish on economic stagnation and, as in the belt of the Western Former Soviet Republics, on the relapse into bounds of Stalinist 'interdependence', crisis and severe underdevelopment, from which it seems difficult to exit. The EU's external border contributes to a volatile political system and deep political cleavages in the region. The existence of barriers, of filters continually renewed by 'strategists of border control' (Andreas, 2003), raises the sense of segregation of excluded populations, the perception to be part of different reality (Kamann in Ratti and Reichman, 1993, p. 92) and the potential revolt against 'included' European countries. Moreover, European protectionism, using the border,

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<sup>9</sup> 'A hard border creates extra demands for organized cross-border crime' (Zielonka, 2002, p. 1).

damages the prevalent agricultural economies of Eastern European regions beyond the border, impeding their development which otherwise is completely possible, because of their resources and immense potentialities, incomparable all around the world. Commerce with countries separated by the European border suffers from barrier effects and these economic activities cannot contribute to creating economic wealth. The frustration is high in the regions beyond the border. The inhabitants of these impoverished countries depend on travel westwards for survival. With the Balkans the EU has built a border that for citizens of former Yugoslavia is even stronger than during the cold war period: in fact even in that period they could travel to Central and Western Europe without visas (Batt and Wolczuk, 2002). Particularly the small developing countries that have seen the reduction of their internal market need to open outwards, otherwise they can fall into stagnation and decline (Pavliuk 1997; Batt and Wolczuk 2002), because of the high cost of autarchy. The economic justification of these barriers does not hold: it is not clear why only 'internal' openness of the Union within the frontiers of the EU can create advantages, while beyond these borders start disadvantages. The reality is that the border depends only on political justification, based on the political principle of 'exclusivity'. The border is regarded as an effective instrument to control the relations of 'internal' and 'external' market, impeding that escape from political control. The EU's enlargement to the East has been done with the intention to create in Europe security and stability, economic development and cooperation. But *de facto* barriers may cause a spiral of insecurity and freeze deep disparities in Europe. The borders, at the same time zones of uncertainty and security (Sibley 1995, p. 183), can provoke polarisation and instability. In fact, the EU's Eastern border maintains a destabilising effect within states left outside the EU, by exacerbating centrifugal tensions and pressures and may cause difficulties in the relationship between the EU and its neighbours. Trying to expel 'disorder', the EU's border could stimulate it.

#### 4. CONCLUSIONS

The spatialities, imagined frontiers of Europe have shifted over several millennia. Paasi (2001) showed that different images of Europe and different narratives on European identity imply different forms and conceptualisation of spatiality. Different scenarios for the future of the EU are possible, but nowadays the building of the 'institutional Europe' still largely contains an old conception of territoriality and boundaries. This conception is related to the popular conviction that the EU/Europe has always been a fixed territory and that some European countries cannot belong to it. The Treaty of Lisbon also makes a step forward in

the creation of a territorial polity at the European level. The contemporary EU's concept of territoriality contains characteristics of a neo-Westphalian model and there is no evidence that the EU is turning into a 'neo-medieval' empire. It is self-contradictory and highly problematic arguing that EU is a polity that evolves towards a weak empire or a 'maze Europe' with soft and flux external borders of 'fuzzy' nature, as e.g. wrote Zielonka (2006, pp. 6, 144) or to say that the inside/outside division is blurred because the EU's authority does not stop at its own external borders (cf. Böröcz 2001, pp. 18–19). External borders and inside/outside dichotomy show the reality of the predominant conception of the EU that is based on the Westphalian clear-cut borders as well defined lines.

Collaboration efforts across the EU's external border, a kind of peculiar mix of regional, national/bilateral, and pan-European/supranational cooperation initiatives cannot be generalised. In any case, the European Neighbourhood Policy (ENP) and soft policy instruments, such as *Tacis* and *Interreg*, are not enough to neutralise the 'barrier's effect' of the renewed border. The demonstration lies in the underdeveloped character of the countries beyond the border such as Belarus, Ukraine, Moldova and so on. More 'inclusionary' initiatives towards the EU Eastern neighbours have had a marginal impact (Debardeleben, 2005). Along the EU's Eastern border, controls and surveillance will not be loosened but, at least for now, intensified: it is a border without a good chance of disappearing. But *reterritorialising* politics seems inappropriate to a new concept of Europe as 'empire'. Reducing and resolving (or partly resolving) these contradictions generally require opening the gateways and reducing the 'barrier functions' of the border (Anderson and O'Dowd 1999, p. 596). Nowadays in Eastern Europe is growing up the necessity of a deeper cooperation, including a visa-free-regime, a free-trade zone for services and agricultural products, an increasing level of people-to-people contacts, and closer cooperation in transport infrastructure. The increasing transnational flows of capital, products, services, labour and information have generated a growing need for border-crossing mechanisms. The rising of pressures towards the development of continuous spontaneous cross-border contacts confirms the existence of a push toward the recovery of optimal dimensions of cooperation, above all on the economic plan.

Softening the borders encourages sustainable resolutions to ethno-national conflicts and socio-economic development. It could better protect or strengthen relationships and associative obligations through border or transnational networks. It offers a possible remedy to a politics of exclusion, facilitating global processes (Mostov, 2008, pp. 3–5, 17). As Anderson (1996) wrote, there is a need for at least a radical rethinking of political borders, of hard border assumptions and territoriality. Softening borders opens up alternatives for cross-border linkages and new spaces of cooperation. The transformation of the modern concept of sovereignty calls for a rethinking of the terms of political and territorial associations.

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Milan BUFON\*

## CROSS-BORDER POLICIES AND SPATIAL AND SOCIAL INTEGRATION: BETWEEN CHALLENGES AND PROBLEMS

**Abstract:** The article is discussing both challenges and problems that emerge from an intensified cross-border integration, particularly in Europe, which is creating a sort of 'cross-border regionalism' that might be sought as a new constituent part of a complex, multi-level system of governance incorporating not only national, but also local/regional agents. Cross-border regionalism is thus not only a system of government, but also a system of 'grass-rooted' social and spatial (re)integration of borderlands. This process is closely related to the question of changing territoriality, preserving on the one hand the regional control and on the other hand re-acting societal and territorial co-dependence.

**Key words:** cross-border politics, spatial integration, Europe.

### 1. INTRODUCTION

Intensified 'diplomatic' activities of sub-national administrative units and the development of new interstate economic and political interactions are undoubtedly indicators of in-depth changes related to the very status and functions of state systems. The intensification of cross-border cooperation is usually associated with the process of increasing economic globalisation and social co-dependence, with cross-border cooperation being expected to contribute to the elimination of actual or potential conflicts in borderlands. In view of that, the so-called *cross-border regionalism* is envisaged to become a constituent part of a complex, multi-level system of governance incorporating not only national, but

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\* Milan BUFON, University of Primorska, Koper, Institute for Geographical Studies, Slovenia, e-mail: milan.bufon@zrs.upr.si.

also local and regional agents. From the normative point of view, such transfer of power would demand from all the parties involved to reach a 'higher' level of international cooperation eventually leading to new forms of regional 'governance' carried out above or below the existing or prevailing 'national' practices. Despite the growing number of cross-border initiatives and connections mostly characteristic of the European area, one cannot really claim that from the institutional point of view there have been any major or in-depth changes related to (1) the very objectives of cross-border cooperation, (2) cross-border frameworks or systems, and (3) dynamics of the cooperation itself with regard to the traditional 'Westphalian' order. According to Scott (1999), cross-border regionalism is a system of regional forms of cross-border cooperation characterised by very heterogeneous institutional strategies as it is constituted through multilateral agreements relevant to not only individual national governments but also local administration and civil society; a system that may be based upon the European regional policy whose most noticeable forms of manifestation are the *Interreg* programme and the Association of European Border Regions (AEBR).

These European policies undoubtedly resulted from positive outcomes of cross-border entities such as *Benelux*, a union operating at wider regional level, or *Euregio*, an association operating at lower regional level along the German-Dutch border. Within such a context, cross-border cooperation envisages the formation of special planning commissions usually composed of institutional 'administrators' of the parties involved, as well as representatives of different professional bodies, in particular local universities and other 'non-government' social organisations mostly from the economic and cultural fields. Cross-border regionalism thus proves to be not only *a system of government*, but also *a system of integration* of different interests and development visions that may have a more 'long-term' and 'sustainable' bases, thus *de facto* facilitating the (re)integration of borderlands, or that may be only a manifestation of short-term opportunism when it comes to obtaining European funding and to 'patching up' local budgets. In the case of *Interreg*, its major objectives are indeed economic cooperation, development of cross-border infrastructure and cooperation in the environmental field, yet the programme also takes into account social and cultural aspects of cross-border cooperation. Naturally, in different borderland situation emphases fall differently: along 'new' internal borders between the former 'western' and 'eastern' Europe, the emphasis is undoubtedly placed on 'harsh' cross-border infrastructural measures the aim of which is, first and foremost, to resurrect cross-border communication, while along 'old' internal borders within the EU 15 area substantial funding is mostly allocated to 'soft' integration at information and social levels and to better coordination of development planning and integration of functional measures (Marks and Hooghe, 2001). Even if joint cross-border social and spatial planning has recorded several notable achievements, such as the establishment of nature reserves and protected

areas and the development of cross-border transport infrastructure and cooperation between universities, it still remains underdeveloped as it is impeded by various administrative and decision-making procedures on both sides of the border on the one hand, and by different forms of local patriotism springing from historical 'conflict-burdened' motives or merely from pre-election calculations of local politicians on the other hand.

The situation is radically different in the North American area where cross-border cooperation is integrated in the system of interstate economic collaboration and has no far-reaching goals of social (re)integration. There is much more recent cooperation given that the first free-trade agreement between Canada and the USA (CUFTA) was signed in 1989, and in 1994 superseded by the North American Free Trade Agreement (NAFTA) in order to include Mexico as well. The North American area is characterised by bigger systemic and social differences, while the border-related element is of a relatively low importance since there are only two border lines in North America, extremely distant from one another (Anderson and Gerber, 2008). The main objective of the bloc is therefore the 'liberalisation' of economic and trade exchange, even if the partner states also try to achieve results in the fields of not only joint management of water and energy resources and pollution, but also collaboration between universities and other public institutions where the most active agents are not federal or national bodies but 'local' communities directly interested in such collaboration (i.e. federal states and their administrative structures). With the latter being much bigger than their counterparts in Europe, the notion of 'cross-border cooperation', particularly in the case of sparsely populated areas in North America, covers a much larger territory than in the EU. In comparison with the situation in Europe, American 'local' communities (at least in the case of the USA) boast, as a rule, much greater autonomy so that from the point of view of functional cross-border cooperation federal states could play a much more important role than the majority of regions in Europe. The main obstacle is state restrictions in the field of free movement of people resulting from the fear of illegal immigration and new security measures introduced in the aftermath of terrorist attacks on the USA in September 2001 owing to which the 'internal' borders within the NAFTA system are very similar to 'external' borders of the EU system. Such restrictions not only pose a great hindrance to cross-border communication, but also impede the disentanglement of 'other' concrete functional cross-border problems; the EU would like to solve such problems through the use of instruments such as the *Interreg* programme or the *European Neighbourhood Policy* whose implementation has mostly been entrusted to local governments. In the North American area, the majority of functional cross-border problems is, by contrast, solved by federal agencies that joined forces in the tripartite Commission for Environmental Cooperation (CEC) or in the bilateral (American-Mexican) Border Environment Cooperation Commission

(BECC) on the one hand and by a number of NGOs dealing with individual aspects and problems of cross-border co-existence at local level on the other. Arizona-Sonora is the only association that could be regarded as a North American 'Euroregion' if one ignores the facts that it operates in a mostly sparsely populated desert area and that its two centres are as many as 355 miles apart (Gonzales, 2004).

The comparison of European and American cross-border 'policies' reveals that it is only in the European case that the issues related to cross-border integration and cooperation are increasingly addressed at the institutional level and therefore primarily a manifestation of *de facto* integration and cooperation of local and regional authorities financially supported by the 'joint' transnational institution, i.e. the EU. Similar incentives cannot be observed in the North American area where informal and non-government organisations and associations play a slightly more influential role and foster more flexible forms of cross-border cooperation. Both cases, however, do not exhibit more sustainable, in-depth and comprehensive forms of vertical (sectoral) and horizontal (spatial) (re)integration (Blatter, 2004). The EU does foster a myriad of cross-border incentives that however may be quite non-transparent and chaotic since in certain areas various 'Euroregions' tend to compose real 'matryoshkas' and that only rarely exhibit real coordination between not only the neighbours but also public and private interests within individual borderlands. Regional cross-border policies thus remain mostly administrative and bureaucratic in character, addressing real life and real needs of the borderland population only to a small extent.

## 2. EUROPEAN INSTRUMENTS FOR CROSS-BORDER POLICIES

Nevertheless, it is precisely these policies that can be regarded as one of the most visible elements of contemporary European 'reterritorialisation' and 'multi-level governance' composing an unprecedented 'network' of co-dependence between transnational macro-regional institutions, states, regions and local communities (Scott, 2002). Since the mid-1980s, individual 'national' politics in Europe have had to respond to the challenge of gradual 'Europeanisation' enabling regional and local communities to get in direct contact with transnational 'authorities' in Brussels. The so-called 'subsidiarity' became the guiding principle of reforms carried out since 1988 in accordance with the European structural policy. The principle of subsidiarity not only calls for a process of vertical coordination between individual decision-making levels, but also introduces non-government agents into the decision-making process itself. Thus it somehow 'breaks up' traditional hierarchical relations within individual

national systems and encourages the ‘regionalisation’ of social and spatial processes both at the top-down and bottom-up levels, which naturally may give rise to new potential conflicts. After 1989, these developments were further complicated by in-depth geopolitical transformations on the European map that on the one hand gave new momentum to tendencies for horizontal (re)integration of the continent, and on the other slowed down the process of vertical integration or federalisation of the European political system owing to not only a great number of new ‘national’ players (which however were mostly centralised in character) and increasing economic globalisation (giving rise to ‘global’ crises), but also unexpected internal conflicts such as the one in the territory of former Yugoslavia. The EU did not manage to provide a unanimous response to all these new challenges since its major members more and more explicitly promoted their own political and economic interests within ‘joint’ bodies.

Europe has thus not managed to shape a more harmonised spatial policy even if the issue has recently been discussed by competent European bodies and addressed by numerous expert studies. The latter mostly focus on urban systems, urban vs. rural relations, accessibility of development systems or structures, and natural and cultural heritage protection in the context of ‘sustainable’ environment protection and the unity-in-diversity paradigm. Such views favour not so much Christaller’s hierarchical spatial organisation as polycentric networks of urban regions, big cities and regions that no longer regard state borders as that utmost limit to which individual development projects, adopted at national level, still apply if they take into account peripheral and borderland areas at all. In 1999, this joint development effort resulted in the adoption of the *European Spatial Development Perspective* (ESDP), which consolidated the vision of the so-called trans-European freight ‘corridors’. The ESDP also promoted the establishment of the so-called ‘virtual’ regions ranging from ‘Euroregions’ to larger regional integrations such as the Baltic region, the Atlantic Arc and the EUROMED region.

All these regional cross-border entities received increased thematic and financial support in the last EU financial period (2007–2013) within the framework of the so-called ‘Objective 3’ dedicated to European territorial cooperation. The EU contribution to this Objective amounts to nearly € 8 billions allocated to as many as 53 cross-border cooperation programmes (which accounts for 74% of the entire funding) and to 13 areas of transnational and interregional cooperation (26% of the entire funding). The most important cohesion programme is most probably the *European Observation Network for Territorial Development and Cohesion* (ESPON). With cross-border integration often being hindered by national legislations and other administrative impediments, in 2006 the European Commission introduced a new legal instrument – *European Grouping for Territorial Cooperation* (EGTC) enabling the establishment of a cross-border legal entity in order to carry out cross-border programmes and projects. The

EGTC is allowed to form its own structure, to manage its own resources and to employ its own personnel. Potential EGTC members sign a convention and adopt a statute in line with the principle of the European legal order, while relevant national bodies have to approve their convention on cooperation, if appropriate, within three months. The EGTCs established so far provide common public services on the basis of already established 'Euroregions' or are re-established with the aim of building cross-border infrastructure, carrying out cross-border transport services and other social services, launching joint agencies in the fields of energy and environmental protection, developing bilingual information systems in borderlands, collaborating in the field of research and education, etc. (Hobbing, 2005) The majority of EGTCs has established administrative bodies the members of which are not only their founding parties, but also other stakeholders and NGOs.

The EGTC instrument is envisaged to facilitate the operation and establishment of new 'Euroregions' – entities that have proved to be the most efficient means for the promotion and implementation of European integration processes and policies in 'the field'. In addition, it is an expression of broader efforts to create a common (European) system of multi-level governance in the fields of spatial planning and regional development practices the aims of which are to assure solidarity and integration on the one hand and growth and competitiveness on the other. Designed as 'open', such a system places emphasis on the 'production' of spatial or organizational concepts, yet is not that well defined when it comes to concrete instructions and guidelines. Fairly undefined relations between society, economy and the environment are reflected in development visions that concomitantly stress the importance of dense economic networks, the sense of cultural heritage and European identity, and innovation capability. The 'system' of European spatial planning thus remains largely symbolic and constantly vacillates between 'functionality' of development practices and situations in the most 'innovative' parts of the EU 15, in particular the European 'centre' delimited by the *London–Paris–Milano–Munich–Hamburg* pentagon which the 'rest' of Europe should simply 'follow' (or even 'submit' itself to), and 'polycentricity' of various subsystems that should co-create the European area and society in an 'equal' (yet 'divided') manner (Faludi, 2000; Richardson and Jensen, 2000). This development 'dilemma' is undoubtedly a representative reflection on broader 'wavering' between the federal and confederate concepts of how to organise the EU: the former presupposes a more integrated, as well as more hierarchical and centralised order with the 'free market' regulating social and spatial development potentials in an 'open' and competitive European system, while the latter gives precedence to 'diversity' and the possibility of fairly large interventions of state 'regulators' in the planning and implementation of development policies. It is the latter that seems more in favour of cross-border policies since they are a result of complex multi-level 'regulation' and channel-

ling to which the very presence of the state border as the principal element of social and spatial ‘discontinuity’ gives its proper sense and motivation, whereas in an ‘open’ system the ‘internal’ borders would be bereft of their importance. As a result, cross-border cooperation and integration ‘management’, ‘regulated’ by the *Interreg* programme and the EGTC instrument, is largely ‘bureaucratic’ in character and does not satisfy actual expectations of numerous ‘Euroregions’ and local communities, especially when ‘Eureregions’ and cross-border programmes are established only at formal level and with the aim of assuring part of the European funding to individual administration units in borderlands or even to central state-directed apparatuses ‘supervising’ them.

### 3. CREATING NEW ‘INSIDES AND OUTSIDES’?

Another relatively complex issue is the ‘management’ of EU external borders as addressed by the *European Neighbourhood Policy* (ENP). The aim of the ENP is to connect the tendency to ‘reaffirm’ the traditional function of the external border, i.e. the separation of the ‘EU system’ from the rest of the world even if only in the socio-political sphere, and the concomitant tendency to ‘overcome’ them and to establish ‘cross-border’ regions of socio-economic cooperation and integration. This troublesome relationship deteriorated after the 2004–2007 EU enlargement when ‘candidate’ states – located in the ‘in-between’ or ‘border’ Central and East European areas that during the transition period functioned as a spatial and social ‘filter’ between the EU and the ‘rest of the world’ – finally joined the ‘system’ and had to completely rearrange their control systems at their ‘external’ borders. The threat of a new Fortress Europe, which would cut off all cross-border ties at the EU ‘external’ borders, gave rise to many protests of local population, in particular along the Polish-Ukrainian, Slovak-Ukrainian and Hungarian-Ukrainian borders (Dimitrova, 2010). The reasons for complaining were not only trivial calculations of numerous minor and major traffickers and smugglers who emerged after the ‘liberalisation’ of border regimes within the former Eastern bloc, but also deeper motives of those who had not expected that the ‘deliverance’ from the undemocratic communist regime would subject them to the new ‘democratic’ discrimination between ‘true’ and ‘untrue’ Europeans. Such division would become even more absurd in many multicultural borderlands where the identification with the same nation or with the prevailing ethnic and linguistic group in the neighbouring country enabled members of the national minority to obtain double citizenship. Inequality in terms of possible cross-border movement would therefore create even greater disproportion between the potentials of *ethnos* and *demos* and lead to further political instrumentation and conflicts (Bufon, 2006a).

The European Commission responded to this issue at the end of 2006 by adopting not only the general principle *Everything but Institutions* applying to neighbouring states that are not envisaged to join the EU (even if the EU itself never clearly declared what its 'final' size was supposed to be), but also a new regulation according to which the EU external borders would be allowed to introduce special border regimes allowing the borderland population easier cross-border movement, naturally on condition that such a regime would be approved by the neighbouring state and defined by an adequate bilateral agreement. Concomitantly, the European Commission embarked on talks with EU 'neighbouring' states in order to reach necessary agreements related to the return of illegal immigrants. At the level EU-closer neighbourhood, such agreements were reached with Ukraine and Moldova; some member states reached special *ad hoc* bilateral agreements, as in the case of Italy and Libya, even if officially the EU does not recognise Libya as a state with sufficient level of democracy to 'entrust' it with the procedure of returning illegal migrants (allegedly, Libya subjects them to forced labour); whereas certain transition states, such as Morocco, do not intend to sign an agreement as they believe that such a procedure would incur huge expense. Slow development has also been characteristic of the vision of enlarged free zone market, which would economically tie the EU with its close neighbourhood states in the areas of eastern Europe and the Mediterranean, thus compensating for their full membership in the EU. Many a decision-maker in the EU would implement such a regime in the case of Turkey as well, a long-standing candidate for EU membership and as such an important player in the 'European' free zone market. In practice, the former *buffer zone* composed of candidate states from Central and Eastern Europe would now be relocated to the ENP area (Apap and Tchorbadjiyska, 2004).

Such 'selective' or 'Eurocentric' practices spurred many authors (cf.: Weaver, 1997; Zielonka, 2006) to ponder over new (Western) European 'imperialism' interested in its external 'marginal' areas only if they could bring it economic profit or pose it a safety threat even if, owing to its internal split, the EU is not able to provide a unanimous and efficient response to it as it was the case in former Yugoslavia where the conflicts were somehow 'mitigated' only under 'external' American constraint. Such an 'imperialist' stance, if present, is apparently based on economic rather than military and strategic grounds and is supposed to count on comparative economic advantages arising from a large discrepancy in the development stage between the centre and the periphery within the system conceived in such a way. However, contemporary authors also highlight that in the long run the maintenance of diversity costs more than its abolishment (Marchetti, 2006), and so the EU has launched an assistance programme (ENPI with a budget of € 15 billions for the 2007–2013 period) within the ENP programme, which is in many ways modelled upon the regional policies developed within the EU. The combination of 'internal' and 'external'

regional policies thus creates a complex system of 'concentric circles' based on a bigger or smaller spatial distance from European development centres and on higher or lower degree of 'integration' in the EU system built upon not only the 'free market', but also the monetary union and the Schengen area. Owing to the special decision-making system based on the power and importance of individual member states, differentiation can also be observed within the EU system itself, e.g. between the EU 15 states and the new members and even between the EU 15 group itself (that is between the real 'engine' of the integration – the German-French connection, including the 'in-between' Benelux – and the other EU 15 states). The enlargement and deepening of the EU therefore also entails the spread and deepening of ideas and incentives launched and developed in the centre of this integration and then 'adopted' by other members. From such a point of view, European 'imperialism' is multifaceted, operating according to the system of 'soft' spread and implementation of certain 'values' and 'mechanisms' of co-dependence.

'Internal' and 'external' co-dependence, however, changes the nature and function of political borders, transforming them from 'separators' of social spaces into their 'integrators'. European 'cross-border' policies have thus expanded the classic, 'closed' linear concept of political border to an 'open', dynamic geographical area of cooperation and integration within which the standard enforcement of visa regime and strict border control would undoubtedly function as a highly disturbing element. What actually arises here is the old 'discussion' on which 'typology' of border regime contributes more to the elimination of potential cross-border conflicts: is it the 'open' border or the 'closed' border? By preventing communication between the populations on the both sides, the latter 'automatically' eliminates potential conflicts, while the former 'brings together' potentially quarrelsome sides and, by encouraging their co-dependence, turns them from 'enemies' into 'friends'. Naturally, the process of European integration should spur all stakeholders in the field of cross-border policies to choose the 'open option', with EU's attitude towards its 'external' borders being relatively 'softer' than USA's attitude towards its 'external' borders within the NAFTA association even if some EU members would prefer to employ American 'methods' owing to their calculations in the field of domestic policy, especially when it comes to the limitation of the 'invasion of foreigners', that is the 'threat' that has proven to be such an efficient generator of various populist stances in the 'old' and 'new' Europe (Kepka and Murphy, 2002).

Political interests of individual states in the preservation of the 'old' Westphalian (closed or state-centric) concepts are therefore not always in complete accordance with (open or integration-oriented) 'visions' and 'policies' of the EU or its 'joint' bodies. Within such a context, the 'reality' of European cross-border policies and practices along internal and external borders is inevitably fairly labile and contradictory, reflecting perpetual vacillation between not so

much the 'abstract' federal and confederate concepts of European organisation as the 'real' tendency to preserve and emphasise separate ethnic and national identities and positions on the one hand and the search for possible common European *demos*, as well as between historical 'memories' and concrete needs of the 'present'. These 'dilemmas' and development 'splits' are also related to the question of how to regard and manage different territorial and social dimensions recently addressed by several authors (e.g.: Anderson, 1996; Beck, 2007; Brenner, 1999) who pointed out the contradictory intertwining of various co-existing forms of territoriality and the changing relation between 'internal' and 'external' spaces in Europe.

#### 4. 'EUROREGIONS' AS NEW ACTORS OF CROSS-BORDER POLICIES

In any case, it can be argued that the European practices have recently made real progress as far as the development of cross-border policies is concerned, making them an integral part of the European integration 'system'. Cross-border cooperation, for which the abbreviation CBC is generally used, was 'born' and developed in the area of Benelux and western German borders as early as the 1950s and 1960s. The area also coined the term 'Euroregion', generally used today for institutionalised cross-border cooperation of borderland municipalities or administrative units 'managed' by special joint bodies such as a wider *assembly* and a narrower *presidency*, composed of elected representatives and local units, a *secretariat* for the execution of regular duties and special *working bodies* addressing common issues. The assembly and working bodies may also be composed of other stakeholders such as economic, professional and non-government organisations, as well as individuals who can contribute to the attainment of shared objectives.

Such a practice proved to be fairly innovative as all 'policies' with a cross-border dimension had traditionally been directed by the central authorities either on a unilateral or on a bi- or multilateral basis (in the case of special international agreements with other countries). It was only the initiative of the Council of Europe that gave a new, 'international' dimension to local communities and peripheral national authorities: by launching the *Interreg* programme, the EU somehow 'incorporated' such a dimension into its regional policy.

In practice, the initiative proved difficult to realise at legal level since legislations of individual countries did not make it possible, and so the majority of 'Euroregions' operated on the basis of agreements with a different level of formality. In most cases, two or more 'associations' of local communities integrated on the basis of internal legislative rules. Local communities obtained new options to formalize cross-border cooperation in 1980 when the Council of

Europe launched the *Madrid Convention*; the new instruments were first used by 'Euroregions' in Benelux and in the area between Benelux and Germany. In the course of time, there appeared the differentiation between *real Euroregions*, which incorporate all the above-mentioned elements for actual institutional cross-border cooperation and which had been officially established on the basis of the Madrid Convention, and *instrumental Euroregions*, which operate only to the extent necessary for obtaining and using funding from the *Interreg* programme. In the latter, the most active agents are usually various public and private 'agencies' operating separately on both sides of the border and specialised in lobbying and technical preparation of projects through which they finance their own operation. As a rule, 'instrumental Euroregions' boast no permanent joint bodies of cross-border management characteristic of the 'real Euroregion' (Bufon, 2006b).

Another element of differentiation between the two types of 'Euroregions' is territorial size as 'real Euroregions' usually cover a territory within which there develops functional cross-border co-dependence and real need for solving common issues, while 'instrumental Euroregions' are composed of *NUTS 3* that are, according to EU criteria, entitled to *Interreg* funding. In short: the former operate mostly in accordance with the *bottom up* approach the main aim of which is to solve a shared problem, the latter mostly employ the *top-down* approach the main aim of which is to obtain European funding. Another difference lays in the fact that in 'instrumental Euroregions' local communities, for which the *Interreg* programme has been designed, have no say in decision-making processes as decisions are mostly made on 'their behalf' by provincial or regional authorities within whose territory 'Euroregions' are located or even by central national apparatuses that 'take care' of the allocation of funding among individual regional authorities and individual project teams via 'political' (and anything but transparent) channels, that is via *ad hoc* established 'joint' management committees (Perkmann, 1999). Naturally, this contamination of the process of CBC with 'Eurocracy' and state bureaucracy, if not even with pronouncedly partial party-related interests, has harmed 'genuine' cross-border initiatives and needs arising at local level in many ways and in many places even prevented 'real Euroregions' from being established or submitted them to interests of 'instrumental Euroregions', which can rely upon increasing political and economic power of regional authorities.

In view of that, the time of establishment of a certain Euroregion plays a fairly important role in its functioning as it has been proved that the *Interreg* programme helps old 'Euroregions', on the basis of which the entire system of the implementation of cross-border policies described above had actually been created, to preserve their role in the complex multi-level system of management, while younger 'Euroregions' find it very difficult to adopt a fairly discernible or independent role or may not even be established at all. Another important factor

is the management structure in individual countries: e.g. in Germany, states are usually too big to be the main agent of cross-border integration, and so 'Euroregions' tend to be fairly efficient as they are not rivalled by other administrative units; moreover, as a federal republic, Germany is much more decentralized than neighbouring France where CBC is under greater control of the central authorities, and so 'Euroregions' along the German-French border are less developed than their counterparts along the German border with Benelux. Another question posed by Perkmann is related to the very objectives and results of CBC. In his opinion, they can be divided into the following three groups: (1) spread and implementation of European policies; (2) establishment of territorial coalitions that are otherwise instable; (3) creation of conditions for the emergence of new players in borderlands.

As mentioned-above, borderlands have been witnessing the development of new forms of horizontal and vertical co-dependence and co-management involving both European institutions and central or peripheral authorities and other stakeholders from two or more countries, which can entrust the management of cross-border policies to special joint bodies or 'Euroregions' in order to make it as efficient as possible. In short, 'Euroregions' are a very good manifestation of a new, multi-level European regional and integration policy within which, however, different relationships between co-dependence and co-management are anything but determined and stable, which naturally crucially affects the level of success of the 'Euroregions' themselves and the 'multi-level' management approach taken in order to strengthen cross-border territorial entities and their functions. If the realisation of European policies goes hand in hand with their regionalisation, such developments may be regarded as a more or less conscious attempt to lessen the influence of the state since the state still remains the main and most influential agent in the process of social and spatial planning. Even in the EU, the state remains the main bearer of spatial and social identity of the population (Paasi, 2002). Cultural diversity is most probably the most distinctive characteristic of our continent, with the prevalence of nation-states in this part of the world indicating that political representativeness in the region is mostly based on ethnic and linguistic differentiation of the European population. Inasmuch as the element of 'representativeness' is present in the process of the regionalisation of the European area, regions can take over from the state the function of new ideological 'containers' of the identity represented in a certain regional environment, which in turn takes over the status of dominant social group through regional political autonomy or self-government (Bufon, 2004).

'Cross-border policies' are most probably the most discernible manifestation of the new system of governance and planning gradually developed within the 'EU system'. This process of 'Europeanisation' of spatial and development policies has led to the emergence of new institutional structures and ties that

perforce 'transcend' state borders and 'annul' traditional hierarchy in the decision-making process. According to some authors (e.g. Castells, 1998), such developments bring about the formation of a new, postmodern socio-political 'network' structure or authority manifested in the system of the so-called 'multi-level governance' involving not only inter- and supra- but also sub-state dimensions. The first dimension is somehow personified by the European Council, the second by the European Commission and the European Parliament, and the third by different 'Euroregions' and cross-border associations of regions. Within such a context, the *Interreg* programme functions as an actual possibility of implementing multi-level, network governance, and can be regarded as a 'success story' of European integration policies 'in the field'. This project-oriented cross-border cooperation and integration is also a reflection of a typical 'European' practice that on the one hand brought about the boom of different pragmatic 'Eurocratic' agencies and committees, and on the other the realisation of new and unimagined development scenarios and 'visions' for the future. The latter are mostly a subject of the ESDP, which however has to constantly cope with various development and spatial regulations since the perspective of the 'open' European social and planning area is still divided into 'closed' national systems that get their 'meaning' in the very European principle of subsidiarity.

## 5. CONCLUSION

In any case, changes in the function and status of different territorial units and levels lead to changes in the function and status of their borders, which in today's Europe mostly move in the continuum between socio-cultural 'divergence' and socio-economic 'integration'. It is this relationship that gives rise to major problems with cross-border cooperation as in many places there arises a big discrepancy between expectations and needs of the local population and the practice of cross-border 'policies'. The two communities meeting the other one along the border are both spatially 'close' and socially 'apart': spatial 'closeness' is mostly dependent on the typology of the border regime, which can pose major or minor obstacles to cross-border movement, while social 'distance' depends on the level of socio-cultural homogeneity and better or worse functional integration of the borderland population and area. The term 'cross-border cooperation' itself presupposes that there exists a certain 'obstacle', that is the border, that has to be 'overcome', while the term 'social and spatial (re)integration' calls for complete removal of the 'obstacle' (Houtum and Struiver, 2002). In such a context, analysts of border situations and potentials of cross-border co-dependence have to consider both the symbolic and functional nature of this 'obstacle' since it can be established that it is precisely because

'internal borders' no longer function as functional 'obstacles' in the EU that they increasingly assume the role of 'symbolic', mental borders, which can be a real 'obstacle' to actual (re)integration of the border area and society. Borders therefore everywhere 'produce' environments of simultaneous potential opportunity or danger, contact or conflict, cooperation or competition, convergence or divergence. The feasibility of prevalence of one or the other option depends on time and place, while in some cases even both options can co-exist in one and the same area (Anderson and O'Dowd, 1999). Another problem, characteristic of Europe in particular, springs from the genesis of the border line itself since one and the same political border can be regarded as an object of historic 'victory' by one side and as an object of historic 'defeat' by the other; in addition, this perception may differ in state centres and the borderlands themselves where the very presence of national minorities can generate the existence of two contradictory views of the past that often have a crucial impact on the feasibility of cross-border communication and even social and spatial (re)integration in the 'present'.

When discussing the level of cross-border co-dependence or integration 'measurable' with several indicators (Bufon, 2008b), it would make sense to compare this level with those related to the co-dependence or integration between the borderland in question and nearby areas within the same state system, as well as to observe changes in these various spatial and social forms of integration through time. In such a manner one can test the hypothesis that traditionally connected historical regions 'split' by the political border resulting from the formation of nation-states tend to be better connected or more co-dependent than traditionally separated borderlands. That is especially the case in various historically multicultural regions in Central and Eastern Europe exhibiting not only a great capacity for functional (re)integration, but also a relatively high degree of potential conflicts owing to divergent historical 'memory' and, consequently, underdeveloped forms of institutional cross-border integration. Underdeveloped forms of institutional, that is to say social and political cross-border integration can also be met in a number of 'old' borderlands in western Europe due to a centralised form of state organisation; such borderlands usually also foster underdeveloped ties of functional cross-border cooperation, whose existence is otherwise facilitated by social and cultural affinities on the one hand and social and economic disparities on the other. With the latter diminishing, social and cultural affinities along EU 'internal' borders play an increasingly important role in the EU. Along 'external' borders, the main 'drive' of cross-border interactions is usually social and economic disparities as it is evident especially in the case of the American-Mexican border.

The issues of borders and cross-border (re)integration are therefore closely related to the question of changing territoriality, which is characterised by the

tendency to preserve social control within state 'property' on the one hand and by the tendency to (re)activate 'suppressed' social and spatial co-dependence at regional level on the other. Changes in the function of political borders and the (re)activation of old and new forms of territorial co-dependence are a result of the simultaneous processes of de-territorialisation and re-territorialisation allegedly caused by globalisation which is believed to weaken the traditionally exclusivist or 'closed' nature of state systems and to intensify cross-border as well as wider international co-dependence (Berezin and Schain, 2003). Globalisation therefore exhibits the tendency not only to do away with political or any other borders and to shape a new, completely 'open' social space, in which both history and geography would make no sense as such processes can be partly monitored only in the economic field, but also to reconstruct the existing social spaces where along traditional horizontal political borders there also exist other, vertical levels of social and spatial organisation that can be integrated only through a new, multi-level system of governance. Classic interstate relations are therefore integrated into macro-regional systems, while deconcentration of political and economic relations facilitates the formation of inter-regional and cross-border ties primarily based on existing local potentials, yet not immune to broader geopolitical and geostrategic influences.

Certain authors (Anderson, 1996) saw in this deconstruction of the European state-centric system, resulting from supra- and sub-state challenges, the threat of regression to the pre-modern, feudal era, with the fragmentation of unitary and federal states creating a new *Europe of region*. In such a 'neo-feudal' system, borders would make no sense at all owing to the prevailing complex system of various authorities whose areas of competence would intertwine and overlap, while classic one-dimensional identity would be replaced by multiple identities, with people identifying themselves not only with national, but also regional and macro-regional or global territorial and social dimensions. This potential of multiple, 'discreet' identity is, naturally, related above all to functional organisation of society and space, that is to *demos* rather than *ethnos* since in the course of time the latter exhibits much greater stability and regenerative capacity (Bufon, 2008a). The *Europe of states* is thus challenged and strengthened at the same time by both the *Europe of regions* and the *Europe of nations* since they both would like to assert themselves and develop by modelling themselves upon the unitary state that, however, differs from the classic 'model' in its greater international integration and co-dependence. Last but not least, both 'visions' have their starting point and their 'goal' in borders no matter how we understand them since it is through borders that they define their 'exclusivity' and assert their 'network' character in the international arena. It is on the competence to 'channel' integration processes in borderlands that both the current and future forms of our society and its development perspective will depend.

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**Roman SZUL\***

**GEOPOLITICS OF NATURAL GAS SUPPLY IN EUROPE  
– POLAND BETWEEN THE EU AND RUSSIA**

**Abstract:** The article analyses possible interests, attitudes and activities of the major actors in the ‘natural gas supply game’ in Europe after 1990: Russia/Gazprom, alternative suppliers like countries in the Caspian Sea area, the main consumers of gas and transit countries. It stresses that behaviour of the actors depends on the changing international political and economic situation and conditions in individual countries. Special attention is paid to pipeline projects: Nord Stream, South Stream and Nabucco, and reactions to them, such as building a LGN terminal at Świnoujście (Poland), North-South (Baltic-Adriatic) energy corridor and the Polish-Russian gas contract of 2010.

**Key words:** natural gas resources, geopolitics, Europe, Russia.

**1. INTRODUCTORY REMARKS**

International energy trading is one of the major political issues in contemporary Europe. At stake are energy security of energy importers and consumers, big profits of energy producers and exporters and of firms related to this activity as well as possible political influences exerted by national governments and international institutions like the EU. Given technological characteristics of natural gas industry and trading: lack of conditions for ‘normal’ competition, high dependence on pipelines as the way of transportation (and thus on governmental decisions on their routes), big amounts of capital for investments in exploitation of new fields and in transportation and in other infrastructure (e.g. in terminals for importing LNG), etc. This sector is especially dependent on

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\* Roman SZUL, University of Warsaw, Centre for European Regional and Local Studies, Warsaw, Poland, e-mail: r.szul@chello.pl.

governments and thus politicised. The pressure for ‘clean energy’ and reduction of emission of air pollutants in Europe even more strengthens the importance of natural gas as a source of primary energy and makes its supply a more political issue.

The intertwining and interplay of money and politics, in other words, of economic, technological and political considerations, makes the game of international gas trading very unclear. What is especially unclear are long term intentions of some players. A special source of lack of transparency in this issue are the changing political relations between the major players resulting from developments in activities not related directly to energy trading, such as the Russian-Georgian war in 2008, the ‘orange revolution’ in Ukraine in 2004/2005 and the resulting worsening of political relations between Russia and some EU members (first of all Poland), and then the improvement of Polish-Russian relations in 2009 and 2010, etc. This changing political climate influences the way of perceiving intentions of individual participants of the game by their counter partners. Economic instability (e.g. the economic crisis in 2008/2009 resulting in declining demand in major European markets) and technological changes (e.g. increase in shale gas production in the USA in 2010 leading to a drop in price for NLG world-wide) add to the instability and complexity of the gas trading business.

In sum, international gas supply in Europe has become a really geopolitical game. This article tries to outline some crucial elements in this game. The focus is the situation in Poland against the broader background of relations between Russia as the main supplier and European countries as consumers of natural gas, and the European Union as a rule-setter in the gas trading industry. The paper concentrates on developments after 2000, with only a short comment on the previous situation.

## **2. THE MAIN PLAYERS AND RULES OF THE GAME**

To describe any game it is necessary to present its participants (players) and rules of the game. In the geopolitical game for gas trading in Europe it is rather difficult to single out the players and to determine rules of the game as these are also the subject of the game.

What concerns the players, the problem is especially Russia and the relationships between its government (in a broader sense including both ‘Kremlin’ and the government proper) and Gazprom: to what extent Gazprom is economic instrument in geopolitical games of its main shareholder, i.e. the Russian government, or *vice versa*, to what extent the Russian government acts as ‘political arm’ of Gazprom promoting its economic interests internationally.

Given the activities of the government and of Gazprom in recent years, several interpretations are possible, and the choice of interpretation to a large extent depends on political attitude towards Russia: those who perceive Russia as a reliable partner tend to consider Gazprom as a 'normal' business company pursuing economic goals and interested in its reputation as reliable trading partner,<sup>1</sup> while those who are afraid of Russia's imperialist tendencies see expansion of Gazprom as a tool in Russia's foreign neo-imperialist policy.<sup>2</sup> For instance, interruptions in gas supplies to Belarus and Ukraine by Gazprom/Russia could be interpreted as an economic decision of Gazprom motivated by the necessity to force partners to pay for deliveries (economic interpretation) or as an element in political games of Russia to force these countries to political concessions for Russia (political interpretation).

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<sup>1</sup> Such an opinion is presented by several German politicians, experts and businessmen (see as an example opinion of German expert Roland Götz: 'Moskau nutzt seine Energie nicht als Waffe' [Moscow does not use its energy as weapon]; 'Moskau nutzt...', 2009). A similar opinion is expressed by Bernhard Reutersberg, Head of E-ON Ruhrgas in an interview for *Süddeutsche Zeitung*: 'Russland ist ein zuverlässiger Partner' [Russia is a reliable partner]; 'Russland ist...', 2009). According to them, Russia is a reliable supplier of energy to Germany and Europe and never uses energy as a political weapon: it supplied gas to (West) Germany during the cold war, *perestroika*, collapse of the USSR, times of Yeltsin and Putin. Problems (interruptions in supply of Russian gas to Europe in recent years) were due exclusively to others – to the transit countries, mainly to Ukraine which did not pay in time for Russian gas and/or was stealing it. According to this opinion, Gazprom, although owned mostly by the Russian state, is an independent commercial company behaving as a commercial firm in line with wishes of (minority) private – including foreign – shareholders. Gazprom does not want and can not use energy supply as political weapon, e.g. by stopping supplies or threatening to stop them because it would damage its main asset – reputation. This expert is consequent in denying existence of political game played by Russia in the area of gas exports – when asked by journalist about Russia's attempt to create a 'gas OPEC' with such countries as Venezuela, Iran and Qatar, he downplays these attempts as only a meaningless psychological pressure. Accordingly, harmful political game is played by those who hinder realisation of Russian projects of Nord Stream and South Stream and force unrealistic alternative projects as Nabucco which introduce unnecessary mistrust in the fruitful Russian-European cooperation.

<sup>2</sup> This opinion is best represented by Hungarian Tamás Varga (2008). His article relates to Nord Stream. According to the author, the idea of building a pipeline directly connecting Russia and Germany and bypassing Poland and the Baltic countries has a strictly political significance. It is element in Russia's long term and large scale political strategy. Its main aim is to make Germany dependent on Russia (on Russian energy supply and on profits resulting to Germany from its role as distribution centre of Russian gas in Europe) and thus to make Germany Russia's ally or assistant, and, at the same time, to 'draw' Germany out of the European Union and thus to 'neutralise' the EU as a political player. A secondary aim, fully compatible with the main one, is to weaken Poland and the Baltic countries by making them vulnerable to Russian energy blackmail (by possible turning off supply of natural gas to them in existing pipelines without affecting supplies to Russia's main partner – Germany). According to this reasoning, it is up to Germany to accept the role of Russia's strategic assistant and 'neutraliser' of Europe and Russia's partner in weakening and blackmailing Poland and other countries between Germany and Russia.

Anyway, the government of *Russia* and *Gazprom* are very important, sometimes and for some even the most important player(s). Regardless of the relationships between the Russian government and Gazprom, their short and medium term interests seem to be common: preserving or strengthening their position as a major supplier of gas for European countries, if possible by obtaining (preserving) their monopolistic position on the European gas market, reducing dependence on transit countries (by direct connections with each partner country) and thus imposing as high prices as possible. Controlling gas pipelines from Russia to final consumers is also in their interest. These common interests enable both Gazprom to gain high profits and the Russian government to exert political influence on European countries.

Other players are governments of *Western European countries*, first of all of *Germany, France* and *Italy*, as importers of gas from Russia and from elsewhere. Given that imports from Russia is only a part of their gas consumption (not exceeding 25%, and even less in their total energy consumption), these countries do not feel being dependent on Russian supplies and are not afraid of (some) increase in imports from Russia. They are strongly pushed for cooperation with Russia by their *firms* (so called national champions), both from the energy sector and others, interested in doing business in Russia. As a result, these governments are ready for cooperation with Russia even while neglecting opinions of those countries (including other members of the EU) who may object such a cooperation.

Between Russia and Western Europe are *countries of Central and Eastern Europe*, including *Poland*. They are both importers and transit countries for Russian gas exports. As importers they are highly dependent on Russian gas. Therefore they are interested in reducing this dependence, among other things by having access to alternative sources of supply, such as imports from the Caspian Sea area, imports of LNG, etc. As transit countries they are interested in retaining this position, both for economic and political reasons. Poland being on the gas pipeline route from Russia to its major customer – Germany hopes that Russia would not ‘turn off’ gas supply to Poland because this way it would harm Germany.

The difference between some Central European countries (like Poland, Lithuania, Latvia and Estonia) and Western European countries in their attitudes towards Russia results also from their history dating back to the times of Russian empire. Therefore the former countries are more inclined than the latter ones to interpret Russian decisions as elements of the geopolitical game aimed at restoring the empire.<sup>3</sup>

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<sup>3</sup> German analysts Florian Baumann and Georg Simmerl describe in detail differences between EU member states resulting from different energy mixes, different dependence on energy imports, different geographical sources of imports, different geographical location, role of state and market in energy business, etc. In their opinion, these differences create ‘path dependency’ determining, for instance, different attitudes to cooperation with Russia (see Baumann and Simmerl, 2011).

Of special importance as consumers of Russian gas and transit countries are *Belarus* and *Ukraine*. Their role in the geopolitical game of gas supply is a part of their larger and very complicated political and economic relations with Russia, highly dependent on volatile attitude towards Russia, towards their own political and economic independence, etc. Generally, they are interested in retaining their position as transit countries and in getting economic concessions from Russia including reduced prices for Russian gas, if necessary by granting Russia political concessions.<sup>4</sup>

A special position is taken by the three *Northern Baltic countries* – Finland, Sweden and Denmark – as potential transit countries (for the pipeline on the Baltic seabed). Sweden differs from the other two as not being interested in imports of Russian gas and being less politically dependent on Russia than, for instance, Finland. All the three are interested in preserving natural environment, including that of the Baltic Sea, and, at the same time, their firms and local governments would not reject contracts with Gazprom in building pipelines and fees for exploitation of the pipelines.

As mentioned earlier, some European countries (and EU institutions) would like to diversify sources of gas supply by importing gas from the *Caspian Sea area*. This makes gas producing countries of this area, in first instance Azerbaijan, then Turkmenistan and, possibly, Iran as well as the transit countries – Georgia and Turkey – players in the game. As regards Azerbaijan and Turkmenistan, they are interested in getting access also to other markets than Russia. For the former it is primarily Europe, for the latter it is China. Russia, in turn, would like to take (retain) control of the Caspian gas by importing it from Azerbaijan and only then to re-export it to Europe. Azerbaijan does not reject Russian competition for its gas as it raises prices but it must not eliminate direct contact with European partners, otherwise it would be totally dependent on Russia as importer and/or transit country.

Georgia and Turkey try to make use of their transit position in their economic and political bargaining with Europe and the West in general. For the present pro-Western leadership of Georgia this role is a way of securing Western support for Georgia's ambitions to join the West.

*Norway* being a gas exporter to Europe is another player in the game. Its position strengthens after the recent enlargement of its territory in the Arctic Sea with possible new gas deposits. As a producer, Norway can be to some extent an alternative to Russia.

Not negligible is the intentional and unintentional role of the *United States* in the European geopolitical gas game. The unintentional role consists in influencing the global gas market. It can be seen in the recent declining prices of LNG as

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<sup>4</sup> On complicated relations between Russia and other post-Soviet countries in gas industry see Wyciskiewicz (2008).

the result of exploitation of shale gas in the USA and the related reduced global demand for LNG. The intentional role of the USA is its political support for Georgia. Activity of American firms in searching for shale gas, for instance in Poland, is also worth mentioning.

The last but not least player in the game is the *European Union*, and especially the *European Commission*. The European Commission plays a double role – as a regulator of the gas industry in the European Union and as (potential or actual) participant in projects, first of all in building infrastructure. Given the nature of the EU and the composition of the European Commission, it is not clear to what extent the Commission is an independent player and to what extent it represents interests of the most influential EU members. It is worth mentioning that in the present Commission the commissioner for energy is a German national. Nevertheless, the Commission seems to pursue three objectives in the gas game: (1) increasing supply (imports) of gas from outside the EU, (2) encouraging competition in the European gas market by regulations preventing monopolies of supply, (3) enhancing energy security by integrating transport (pipelines) infrastructure. Apart from the European Commission the *European Parliament* should also be noted as a place where various political opinions are presented and thus influencing political climate in the EU.

While participants of the game are more or less discernible, rules of the game are less clear. As mentioned earlier the main source of uncertainty is Russia and its intentions, when it became assertive after 2000. Uncertainty about Russia's intentions and possibilities to fulfil them makes that there are various and changing interpretations of Russian intentions and attitudes towards Russia among European countries, and among individual politicians, businesspersons and experts.

Several propositions as to Russian intentions can be developed:

1. Russia as a global superpower engaging Europe's potential. According to this proposition, Russia aims at (re)gaining the position of a global superpower, equal to the still powerful America and the rising China (and other possible global players). To do so Russia needs to harness Europe's economic, technological, demographic and cultural ('soft power') potential to serve Russian global political interests, while marginalising Europe politically and preventing it from being another global player. Therefore Russia tends to disunite the European Union by picking out 'good' and 'bad' boys. 'Good boys' – countries, firms, individual politicians, etc. who can be useful and are ready to be useful in the Russian strategy are offered (bought by) economic rewards – contracts, positions in Russian-controlled companies, etc. A special role in this strategy is ascribed to Germany due to its potential and its position in the EU (the UE without Germany can not be a superpower). Making Germany dependent on Russia is therefore of paramount importance. The best, if not the only, way to make Germany dependent on Russia is to offer Germany and German firms and

individuals lucrative contracts and positions, first of all in energy industry (Russia has few alternatives outside this sector). The direct gas pipeline from Russia to Germany on the Baltic seabed (bypassing transit countries and making Germany 'distribution centre' or 'hub' of Russian gas in Europe) and the related contracts and positions are in line with this strategy. 'Bad boys' – countries which oppose this strategy are punished (by not offering advantageous conditions in mutual trade, by bans on their exports to Russia for 'sanitary reasons', if necessary by 'turning off' the gas tap, etc.). Gas pipelines bypassing the 'bad boys' can be useful in blackmailing and punishing such countries. Productive in this way of policy is also isolating and marginalising the 'bad boys' in Europe by presenting them (directly or via friendly or hired 'good boys') as irresponsible Russophobes, short-sighted nationalists, etc. Instrumental in this strategy is also preventing Europe from access to alternative (non-Russian) sources of imports of gas, for instance from the Caspian Sea area.

2. Russia-Europe strategic partnership. The difference between this strategy and the previous one is that Russia admits active political role of Europe as its partner and strategic ally. Consequently, it is less interested in disuniting Europe, in rewarding some and punishing other countries, in preventing Europe from access to the non-Russian sources of energy. The key problem here is to persuade Europe to be Russia's, and not America's, let alone China's, strategic ally. Offering advantageous cooperation to European countries and firms, according to their economic and technological capacity rather than according to 'divide and rule' political considerations, makes this goal more possible.

3. Regaining the Soviet empire. Russia is interested first and foremost in regaining (or retaining) political and economic control over former Soviet republics (possibly except the three Baltic countries already in the EU and NATO), first of all over Belarus and Ukraine by preventing their access to the Western zone of influence, mainly to NATO. Russia's policies towards the rest of Europe is only a side effect of this strategy. For instance, the main aim of the gas pipelines on the Baltic seabed ('Nord Stream') and on the Black seabed ('South Stream') is to bypass Belarus and Ukraine respectively, and thus to exert pressure on these countries. That these pipelines bypass Poland or other countries of Central and Eastern Europe is only a matter of geography. Russian military, political and economic activity in the area of Caucasus (including the Russian-Georgian war of 2008) is only a result of Russian attempts to secure its vulnerable southern regions, to stop Islamist Chechen terrorism and to defend Russian citizens in this area, and is a defensive response to provocations by others (Chechen rebels, Georgian government, etc.). While trying to regain/retain its control over its 'near abroad' Russia is all the time interested in retaining mutually beneficial relations with European countries.

4. Changing or non-existing long term political goals. According to this interpretation, Russia does not pursue a coherent well defined long term foreign

policy. This policy is the resultant of changing mood and attitudes of political and military leaders, pushed by nationalistic and anti-Western sentiments among Russians, tending to restore Russian political might globally or, at least, pretending to do so, and interests of the powerful ‘oligarchs’ desiring to continue advantageous commercial relations with the West. As regards the latter factor, it is worth underlining that the oligarchs keep in the West their most valuable assets: their children (most children of oligarchs study in Western European countries or America, or simply live there), their property (including expensive houses and villas in fashionable resorts) and money (in bank accounts). Therefore the last thing they strive to is to break economic cooperation between Russia and the West or to worsen Russia – the West political relations to the point that the oligarchs can not continue their way of life and doing business (selling Russian raw materials to the West and enjoying living, buying and spending holidays in the West and sending there their children). While interested in doing business with the outside world, Russian oligarchs (and other businesspeople) tend to create and exploit all opportunities to force their foreign partners to accept less favourable conditions, for instance higher prices for Russian exports, lower fees for exploiting foreign infrastructure by Russian firms, higher shares for the Russian partners in joint ventures, etc. Instrumental in such a behaviour of Russian businesspeople is, among other things, avoiding (bypassing) intermediaries and transit countries and making use of their monopolistic position by imposing higher prices to their customers. There is a notable exception to this behaviour: it is Belarus and Ukraine where political considerations (low, politically determined prices) compete with economic consideration (high, world market prices). The resultant of political and economic interests depends to a large extent on the economic situation in Russia and abroad, first of all on energy prices and revenues. In times of rising prices of oil and gas, rising revenues of the Russian budget and rising profits of Russian firms, Russia is more inclined to pursue the neo-imperialist global policy, while in times of declining prices and revenues Russia is better disposed to see its limitations and tends to cooperation with the West, including Europe.

The choice of interpretation of Russian intentions depends on geopolitical and economic situation, and historical experiences of individual countries, on political attitudes of persons concerned as well as on the general international political climate.

In comparison with unclear rules of the game played by Russia, the ‘gas game’ played by European countries and the EU seems to be clear and simple: getting access to Russian gas supplies while avoiding excessive dependence on them, and profiting from other forms of cooperation with Russian gas industry. In other words, it is an economic game. Politics here is in reactions to Russian initiatives.

From the point of view of the broader political and economic context in which the geopolitical gas game between Russia and Europe takes place, the period after 1989/1991 (when the game really began) can be divided into three stages:

1. 1989/1991–2000. Weak and confused Russia, relatively strong Western Europe. In this period Russia underwent political, economic and ideological crisis. Dramatically declining living conditions of the Russian population, growing external indebtedness of the Russian government, collapse of the socialist economic and political system and attempts to introduce Western-style economy and democracy, inexperience of the emerging entrepreneurial class all that made Russia highly dependent on the West, including Western European countries, as sources of investment capital, credits and advice. For the affluent, stable West, Russia was an area of political instability that eventually could affect the West, and an area of great opportunities, including as location of natural deposits to be exploited by Western firms. The West was relatively united and self-confident after the end of the cold war and collapse of communism.

2. 2000–mid-2008. Growing assertiveness of Russia, growing prices of energy on international markets, confused Europe. The political and economic consolidation of Russia under the new leader – Vladimir Putin, growing prices of energy and the resulting growing revenues of the Russian budget and rising incomes of Russian ‘oligarchs’, paying off external debt and accumulation of a huge amount of foreign currency reserves, all that made that both the Russian leadership and business became more assertive in relation with Europe (and the rest of the world) and felt they could carry out an active long term policy (that some called ‘neo-imperialist’ or ‘divide and rule’) towards Europe. At the same time Europe, scared by the growing prices of imported energy and insecurity in the Middle East, disunited in its attitudes towards the USA (for its wars in Iraq and Afghanistan and reluctance to accept ‘European values’), confused by the enlargement of the EU (in 2004 and 2007) and lacking sense of common goal became the weaker player of the geopolitical gas game with Russia. Different approaches to Russia appeared among governments, politicians and experts, even within one country. While some saw Russia as a counterweight for the adventurous USA and a reliable economic partner, others, mostly in Central and Eastern Europe, but also in Western Europe, were afraid of the new assertiveness of Russia and its policy to use energy as a political instrument, and were disappointed for Russian neglect for principles of democracy, state of law, freedom of speech, etc.

3. Since mid-2008 until now (beginning of 2011). Less self-confident Russia, more suspicious Europe, both hit the economic crisis. Declining price of energy since mid-2008 and the economic crisis of 2008–2009 reduced Russian capacity

to carry out assertive foreign policy towards Europe, the crisis itself revealed interdependence of Russia and Europe and pushed Russia to cooperate with Europe rather than to divide it and reward some and punish other countries. The growing power of China also made Russia looking for tighter relations ('strategic partnership') with Europe. On the other hand the Russian-Georgian war in August 2008, recognition by Russia of the break-away regions of Georgia (Abkhazia and South Osetia) as well as the prolonged gas conflict of Russia with Ukraine at the beginning of 2009 (switching off Russian gas supply to Ukraine and further to other countries) all strengthened suspicions in Europe as to Russian intentions and made arguments of the 'Russia-sceptics' in Europe more acceptable. It seems that also Russian society and leadership are undergoing a mental transformation from acceptance of authoritarian rule in exchange for stability and growing well-being towards a more open, democratic and 'modern' society. In this context Europe is becoming, again, attractive for Russia.

Behaviour of individual countries in the geopolitical game depended not only on the above described general framework, but also on country-specific characteristics. In the case of Poland these characteristics consisted, first of all, in its attitudes towards the EU, Russia and Ukraine. Since the outbreak of the USSR (or even before it) Poland supported independence of Ukraine and its democracy considering it as a barrier to re-emergence or expansion Russian imperialism and autocracy. This attitude was especially evident during the so-called orange revolution in Ukraine in 2004/2005. Polish support for Ukraine and opposition to the growing influence of Russia in Europe irritated Russia and was only half-heartedly backed, if not ignored, by West European countries. This situation directly influenced positions of all parties in the gas game (see below). Possibilities of Poland to influence EU's stance towards Russia and Ukraine were especially reduced in 2005–2007 when Euro-sceptic anti-Russian and strongly pro-American right-wing parties were in power. The situation changed after parliamentary election in Poland in 2007, presidential election in Poland in 2010, the change of power in Ukraine and the US-Russia 'reset' by president Obama. In Poland the power was overtaken by pro-European and more pragmatic in relation to Russia and Ukraine parties. The change of power in Ukraine in favour of the pro-Russian party was regarded in Poland as the final loss of Ukraine and was received by some in the government with relief as opening up new prospects for cooperation with Russia. Russian leadership also seems to make use of the new situation by improving its relations with Poland, maybe in order to improve its image in Europe or recognising Poland's strengthened role in the EU. This new Russian attitude towards Poland manifests itself, however, in symbolical gestures, without direct effect on economy, including the gas game.

### 3. ACTIONS AND REACTIONS

Below are presented some initiatives in the geopolitical gas game between Europe and Russia, with special reference to Poland (see figure 1).

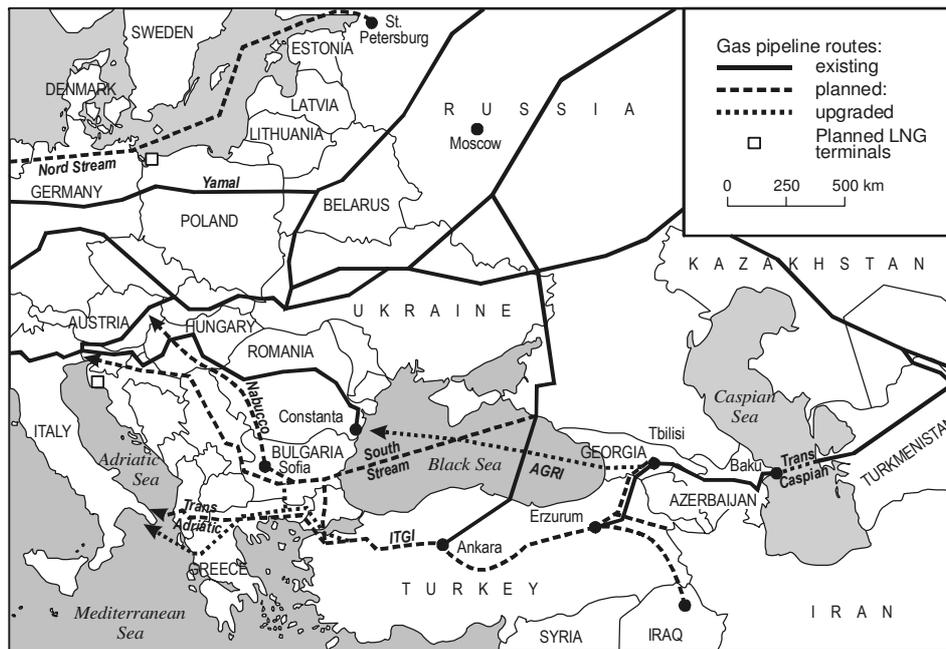


Fig.1. The main existing and planned gas pipelines and LGN terminals in Central and Eastern Europe, Russia and the Caspian Sea area

*Yamal I* gas pipeline from Russia *via* Belarus, Poland to Germany proposed and built in the 1990s. This was a result of the growing demand for gas, especially in Germany, and of the necessity for Russia to increase its gas exports to earn much needed hard currency. The route of the pipeline was mostly determined by economic and technical factors as it was the shortest possible and easiest to build route from Yamal peninsula (north of the European part of Russia) to Poland and Germany. It had also some political significance as it diminished dependence of Russian export of gas to Europe on pipelines leading through Ukraine, and further through Slovakia, and then westwards to the Czech Republic, Austria to Germany or southwards to the Balkans. This dependence on the Ukrainian-Slovakian corridor bypassing Poland was, in turn, the result of mistrust of Russia to Poland as an unreliable partner in the socialist block in the 1980s. (It should be added that before building *Yamal I* Poland imported gas from the USSR by some small pipelines crossing the Polish-Soviet border).

In the 1990s Polish and Russian governments also agreed upon building *Yamal II* pipeline, but it never started. At the beginning of the next decade, in a new political situation, Russia proposed that *Yamal II* cross the Byelorussian-Polish border, then go along the Polish-Ukrainian border to eastern Slovakia where it should join the existing pipeline connecting Russia with Central and Western Europe. In such a way *Yamal II* would have bypassed Ukraine. Polish government rejected this proposal arguing that there is no sufficient demand for gas in south-eastern border areas of Poland and that the building of the pipeline would be harmful for the there rich natural environment. Instead, Poland suggested that the route of the pipeline should go more to the west, through more industrialised and urbanised areas of south-central Poland. This was, in turn, rejected by the Russian side. An unofficial, but very important reason for the Polish government to reject the original Russian proposal was that it was too much provocatively and ostensibly anti-Ukrainian and that its political aim was to demonstrate that Poland relinquished Ukraine, its strategic partner, and joined Russia. The rejection of the Russian side of building the pipeline in an area more distant to the Polish-Ukrainian border confirmed Polish suspicion that the aim of the proposal was to provoke a conflict between Poland and Ukraine.

*Nord Steam* pipeline connecting Russia with Germany under the Baltic Sea. It was agreed by Russian and German governments in 2005. It is theoretically an undertaking of commercial firms: Gazprom (majority shareholders with 51% of shares), and German firms E-ON Ruhrgas and BASF (jointly 49% of shares). Later on Dutch firm Gasunie was admitted with 9% shares conceded by the German firms (which now possess 20% each), and France (EdF) also joint the project. The pipeline will connect Russian Vyborg (near St. Petersburg) with German town Lubmin (near Greifswald) a few kilometers west of the German-Polish border. Then, it would be divided into two lines: one (called 'Opal') leading southwards along the German-Polish border to the Czech Republic, and the other westwards to the Netherlands, and possibly further. Construction works officially started in April 2010, but production and storing of pipes began earlier. Now, in February 2011, construction of the *Nord Steam* is under way.

The idea of *Nord Stream* emerged in a specific economic and political atmosphere of the first decade of the 21st century: growing prices of energy (oil and gas) and perspectives of even greater increase in prices and demand for gas, strengthening Russian assertiveness, tensions between the USA and the main Western European countries (first of all Germany and France) resulting in creation of the Paris–Berlin–Moscow axis and plans to build a gas pipeline from the Caspian Sea area to central Europe bypassing Russia called *Nabucco* (see below). The *Nord Stream* project can be subject to various interpretations. First, as a commercial undertaking connecting directly the supplier with its main customer bypassing transit countries (in this case Belarus, Poland and Ukraine) and making gas deliveries independent on the situation in these countries.

Although the short term costs of building this line is higher than costs of a possible alternative (on the land, along the Yamal I pipeline through Belarus and Poland) long term benefits for the two parties concerned would compensate for the initial expenses. The weakening of the position of the transit countries is only a side-effect and not a deliberate aim of the project. A second interpretation is that the aim, apart from directly connecting Russia with Germany, is to weaken the position of Belarus in its relations with Russia. It should be taken into account that these relations were quite tense and there were frequent conflicts between the two countries over prices of gas, fees for transportation of Russian gas *via* Belarus, overtaking of Byelorussian pipelines and other objects by Russian firms, etc. A more radical and political interpretation is that it is element of the Russian neo-imperialist strategy and German consent to play the role of Russia's main ally in this strategy.

The two parties – Russia and Germany – officially declare that it is a commercial undertaking, not aimed at harming any third party, although in analysis of the project presented to the broad public opinion its negative impact on third countries is usually ignored. Germany also invites Poland to build an interconnector from Germany to Poland, in order to export gas to Poland, and to make this undertaking economically viable.

The European Union approved the project as securing additional imports of gas to the UE.

The idea of building a pipeline under the Baltic Sea raised concerns of governments and protests of environmentalists in northern Baltic countries (Finland, Sweden and Denmark). (The pipeline bypasses territorial waters and economic zones of the southern Baltic countries: Estonia, Latvia, Lithuania and Poland). The most suspicious towards the pipeline was Sweden, which, unlike Finland and Denmark, could not be persuaded by deliveries of gas from the pipeline as Sweden did not need Russian gas. Finally, however, all the three countries gave their approval to the project. It should be mentioned that, for instance, Swedish firms and local governments are engaged in the project (e.g. by transporting and storing the pipes on their territories) and their fishermen are offered substantial compensation for the lost income during the construction works, and local governments will benefit from transportation fees.

The Nord Stream project provoked negative reactions in Poland and the three Baltic states. It was interpreted as an attempt to circumvent these countries, to weaken them by giving Russia possibility to blackmail them by turning off gas supply without doing harm to Germany-Russia's strategic partner. To Poles the route of the pipeline – on the bottom of the sea bypassing Poland and then along the German-Polish border – resembled very much the Russian proposal of Yamal II. As the Yamal II was interpreted as a Russian attempt to drive a wedge between Poland and Ukraine and to demonstrate Poland's neglect for Ukraine, Nord Stream was interpreted as a (successful) attempt to drive a wedge between

Germany and Poland and to demonstrate that Germany neglected Poland. It also revoked historical memories of anti-Polish German-Russian plots in the 18th and 20th century (e.g. the ill-famous Ribbentrop-Molotov treaty of 1939). Absence of any consultation with Poland-Germany's partner in the EU and NATO – was also striking and significant. For the new Polish political elite Nord Stream became a lesson of *Realpolitik* and rules of the game in the EU.

Polish authorities since 2005, despite changes of persons in the office of prime minister and president of the republic, let alone ministers, invariably criticize Nord Stream and undertake or consider some reactions. In this regard three kinds of ideas can be mentioned: (1) looking for additional, non-Russian, supplies of gas, (2) persuading the EU to stop building Nord Stream, or to soften its possible negative impact on Poland by introducing solidarity emergency mechanism of energy deliveries to countries affected by interruptions in deliveries and/or to introduce other mechanisms in the EU safeguarding interests of gas importing countries, (3) ensuring functioning of the Yamal pipeline.

Among ideas of diversifying sources of gas imports were the recurrent idea of importing gas from Norway by a pipeline that should be built between Scandinavia and Poland. This proposal, analysed in early 1990s and then after the Nord Stream, was finally scrapped as economically not viable (too small demand to build a pipeline). Another idea is to import LNG. To do so Polish government decided in 2006 to build an LNG terminal. Its location in Świnoujście Port was determined later, and a contract with Qatar for deliveries of LNG after the terminal is completed was concluded in 2009. Then the preparation for realisation of this project accelerated. The construction of the terminal encounters some problems that deserves comments. Świnoujście is located in extreme north-west of Poland not far from Szczecin and a few kilometers from the Polish-German border, and what is especially important, a section of the fairway leading to the port is on German territorial waters, in the area where the Nord Stream pipeline will be put. According to the construction project of Nord Stream, the pipeline will be put just on the sea bottom thus hindering access of bigger ships, such as LNG tankers, to the port. Despite appeals of the Polish authorities to the German government and to the Nord Stream company to dig in the pipes into the sea bottom so that they not block the access to the port, the problem until now has not been solved. It seems that German response to Polish request in this matter will be a test of German intentions and of its attitudes to Poland, and of Poland's ability to defend its vital interests *vis-à-vis* Germany.<sup>5</sup>

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<sup>5</sup> Needless to say, that Polish experts often express opinion that the German obstinacy is not an accident, but a deliberate action to derail the project. Some experts also hint that the choice of Świnoujście was not only not the best one (a better option was port of Gdynia–Gdańsk) but also that consulting firms responsible for selection of the location were also engaged in Russia and Germany, so they in fact served interests of these countries when choosing Świnoujście which can be blocked by Germany. See e.g. 'Dlaczego Niemcy...', 2010 (in Polish).

The LNG terminal at Świnoujście is to be element of a broader international project called 'North-South gas corridor' entailing another LNG terminal in Croatian island of Krk and a network of pipelines between Poland and Croatia in Central Europe (Austria, the Czech Republic, Slovakia, Hungary, Slovenia, and Romania besides of Poland and Croatia), for which some interconnectors have already been built and others should be built in the near future. To fulfil this idea Poland is active in the EU (which otherwise supports building interconnectors as an element of creation of the European energy market) and in the Central European region (for instance, in the Visegrad Group, an intergovernmental consultative body established in early 1990s by Poland, the then Czechoslovakia and Hungary, now a lobby group in the EU).<sup>6</sup>

Despite its backing for interconnectors, Polish government so far rejects the German proposal of building a pipeline from Opal pipeline to Szczecin, and thus to export Nord Stream gas to Poland. Accepting this proposal would mean accepting the idea of Nord Stream and of the position of Poland as an end-of-pipe receiver which Poland tries to avoid. Importing Russian gas *via* Germany from Nord Stream would undermine viability of Polish LNG.

Another possible source of natural gas for Poland is shale and tight gas, and in 2010 Poland gave several (altogether 70, including mixed concessions – for shale/tight and conventional gas) concessions, mostly to American firms, for exploration and exploitation of shale gas ('70 koncesji ...', 2010).

In the European Union (European Commission, European Parliament, etc.) Poland (the government, Polish MEPs of various orientations) tried to persuade the EU to stop Nord Stream or at least to demonstrate that the true motives behind this project were far from just supplying gas to Europe, and that it does not serve European interests. To do so Poland, together with the three Baltic states, planned to submit an alternative pipeline project called 'Amber' leading from St. Petersburg (in the point where Nord Stream starts) *via* the Baltic countries and Poland to Germany. The aim of submitting this proposal was to force the EU to compare the two projects and thus to draw the conclusion that Nord Stream was economically, technically and environmentally worse. The Amber project was, however, not presented officially to the EC because Latvia, in the last moment, withdrew its support, probably not without pressure from the pro-Nord Stream lobby. (One of ways of acting of this lobby is offering high positions in the Nord Stream corporation, as in the case of the former German chancellor Schröder who as chancellor concluded the agreement with Putin and who shortly afterwards became president of Nord Stream AG).

The Polish (and Baltic) campaign to stop Nord Stream in the EU failed, but the suspicion as to intentions of the Nord Stream proponents and to the role of

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<sup>6</sup> For more on the North-South corridor project see Kublik (2011).

Russia and Germany in Europe remained.<sup>7</sup> Maybe Russian leader drew the conclusion that Poland should not be completely ignored and Russian symbolical gestures to improve relations with Poland after 2008 are a result of such a conclusion. At the same time German leaders may have concluded that energy matters in the EU should not be left to accidental persons in the Commission and proposed their candidate – Günther Öttinger – as commissioner for energy in the new EC that took office in 2009.

Another way of Poland's action in the EU was to strengthen the solidarity emergency mechanism of gas supplies. Despite opposition of such countries like Germany and the UK arguing that such a mechanism would distort the functioning of the gas market (and not feeling a threat of switching off of gas supplies from Russia or elsewhere),<sup>8</sup> Poland and other countries managed to introduce the idea of energy solidarity to the Lisbon Treaty. This success is, however, incomplete, as there are various interpretations of this idea, and there are several technical details that should be cleared, as well as technological conditions (interconnectors!) must be met to make the idea working.

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<sup>7</sup> See for instance opinions expressed by Dieter Helm (2007), professor of energy policy, Oxford University. When analysing motives of Russian energy policy he underlines: 'Its [Russia's] interests are to maximise the economic and political leverage of its energy assets, and this is a reality that the EU needs to come to terms with – rather than continue to imagine that Russia will adopt an open third-party access regime to its gas pipes and open up its oil and gas reserves to all comers' (p. 2). Describing president Putin's background as an important factor of Russia's policy the author adds: 'He developed an affinity to Germany in the process, which has helped in shaping the "special relationship" with Germany, and the attempts to use Germany to drive a wedge between Poland and the Baltic States, on the one hand, and Germany, on the other' (p. 20). He also denounces attitudes of Germany and France in their dealing with Russia in energy industry, especially the Nord Stream pipeline, as detrimental for European interests: 'The reluctance of member governments to allow a similar role for the EU [as in the case of Kyoto protocol, reduction of CO<sub>2</sub> emissions, etc.] in security of supply matters has already had real costs to the EU, and the choice is now between the national interests of the dominant countries – particularly Germany and France – and the wider EU interests' (p. 2), 'in the case of energy the fear in other European countries is that Germany's national interests in energy are rather different from those of Europe as a whole, and the bilateral relationships which Germany has been pursuing with Russia are at the expense of the European wider interests. Of all the manifestations of this tension, the Baltic Pipeline is the most obvious example' (p. 35). 'The Baltic Pipeline not only increases Russian power in respect of Ukraine, but it also serves to remind Poland and the Baltic states of their historically somewhat precarious position sandwiched between Russia and Germany. [...] Unsurprisingly, then, there is suspicion that the Baltic Pipeline is a German-Russian enterprise, rather than a European-Russian, and a divisive rather than inclusive step' (p. 36). 'As noted above, the Russian strategy has been to pursue bilateral agreements with individual EU member states, against the backdrop of "special relationships" with Germany. In this, it has been largely successful. Germany is the Russian hub, with all the strategic, industrial and security benefits that follows' (p. 52).

<sup>8</sup> On the controversy about solidarity mechanisms in cases of energy supply interruptions see Baumann and Simmerl (2011, p. 20).

As mentioned earlier, Poland supports EU initiatives aiming at liberalisation of the EU energy (in this gas market). One of instruments of this policy is the so called ‘unbundling’ – separation of the function of pipeline ownership and pipeline operation. According to the EU ‘third energy packet’ approved in 2009 (to come in force in March 2011) pipeline owners must let independent pipeline operators current maintenance and administration, including admitting third parties to the pipeline so that there can be competition between gas suppliers. This mechanism should prevent monopolies and thus rising prices and black-mailing customers. Therefore, it defends such countries like Poland from abuses of monopolist suppliers.

Polish support for the unbundling, however, turned out to be in contradiction with Poland’s aim to ensure functioning of the Yamal pipeline and securing Russian supplies. In 2010, in September, Polish-Russian contract on gas supplies expired. Before that Poland and Russia had to conclude a new contract. Polish-Russian negotiations were protracted and difficult (especially for the Polish part). The disputed questions were amounts of gas to be sold to Poland, prices for gas, fees for gas transit in Poland (and other issues related to the EuRoPol – a Russian-Polish company transporting Russian gas through Poland), time of duration of the contract and conditions of functioning of the Yamal pipeline, for of all competences of the ‘independent operator’. The Russian side wanted to export high amounts for a long period and to have practical control over the Yamal pipeline (contrary to the idea of ‘unbundling’). Although Polish negotiators never admitted it publicly, there is impression that the Russian side suggested that after completion of the Nord Stream (and South Stream) Yamal pipeline can be switched off. To avoid this perspective Polish government was ready to accept conditions proposed by the Russian side. A government representative admitted that the contract was ‘in line with the 2nd EU energy packet’ implying that was not in accordance with the famous 3rd packet. It raised negative comments within Poland and, what is more important, negative reactions of the European Commission. EU Commissionaire for energy Günther Öttinger came to Poland and warned Polish government from making too big concessions to Gazprom and Russia. A process of renegotiation of the contract started, this time between three parties: Russia, Poland and the European Commission. Paradoxically, the EC, led by a German, tried to prevent too close cooperation between Poland and Russia while not long ago it was Poland who used to warn against too high dependence of Europe on Russia. Obviously, the change in the attitude of the Polish government is determined by the perspective of the Nord Stream. Without the Nord Stream Russian negotiators could not have blackmailed Poland. The gas contract with Russia is a matter of internal disputes in Poland: some oppose it arguing that it will extend Poland’s dependence on Russian gas supply (until 2037), while others, notably the ministry of

economy, defend it as securing supplies (until 2037) and functioning of the Yamal pipeline.<sup>9</sup>

Anyway, the contract makes that Poland will not need to buy Russian gas from Germany *via* Nord Stream. Thus, the contract weakens the position of Germany as ‘gas hub’ and as Russia’s ‘special partner’. If this reasoning is correct, it would mean that Russia has given up its long-term large-scale geopolitical plans to ‘conquer’ Europe with a little help from Germany.

*Nabucco and South Stream.* Nabucco is a European pipeline project to bring gas from the Caspian area (Azerbaijan, maybe also Turkmenistan, Iraq, Iran) to South-Eastern and Central Europe (Bulgaria, Romania, Hungary, Austria) *via* Georgia and Turkey, this way bypassing Russia. First the idea appeared in 2002 in an agreement between firms from Turkey, Bulgaria, Romania, Hungary and Austria. In 2004 Nabucco Gas Pipeline International GmbH was established by the mentioned companies. In 2009 German firm RWE joins the Nabucco Project as its shareholder. The same year Nabucco receives blessing of the European Union and of governments of countries concerned. Construction works should start in 2012 and be completed in 2015.<sup>10</sup>

The aim of Nabucco is to bring gas to Central and South-East European countries and to diminish their dependence on Russia. It can be considered as a response both to the growing demand for gas and to the more assertive attitude of Russia and fears that Russia can use gas supplies as a political weapon. It should be stressed that the process of materialising the Nabucco project is rather slow (at least ten years from the agreement to the supposed start of the construction works) when compared to the Nord Stream (5 years from the agreement to the start of the construction). This slowness can be attributed to the relatively weak position of the countries engaged and their companies in the European Union, doubts as to economic and political viability of the project and a counteraction of its rival – the South Stream project (below). Access of the German RWE in 2009 is of great importance. It seems to illustrate that some German politicians and businesspeople share doubts about Russia. It should be remembered that the decision of RWE to join Nabucco was taken after the Russian-Georgian war in August 2008 and after the January 2009 gas conflict between Russia and Ukraine.

South Stream can be analyzed both as an element in Russia’s coordinated gas policy (together with the Nord Stream) and as a response to the Nabucco project. South Stream is a joint Russian (Gazprom) and Italian (ENI) venture established

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<sup>9</sup> As *The Economist* puts it: ‘Russia’s new gas contract with Poland could tie that country to supplies from the east until 2037. Some Poles like this. Others, chiefly in the foreign ministry, think it could jeopardise the country’s plans to develop its own reserves, and to build a terminal to import LNG’. See ‘Europe’s Gas Pipelines...’ (2010).

<sup>10</sup> For more details see: [www.nabucco-pipeline.com](http://www.nabucco-pipeline.com).

in 2007 to transport Russian gas from Russia across the bottom of the Black Sea (thus bypassing Ukraine) to Bulgaria, Serbia, Hungary, Austria, Slovenia, northern Italy, with possible extension to France, and from Bulgaria to Greece and southern Italy. In 2009 the French EdF joint the company (receiving shares from ENI). Strong support from Italian government, and then access of France strengthens the position of the South Stream, and weakens that of Nabucco (Vetturini 2009).

As can be seen some countries: Bulgaria, Hungary and Austria belong to both projects. The problem is to what extent these are competitive and to what extent – complementary. It seems that at least governments and experts of the three countries consider them as complementary. Nevertheless there is strong lobbying for or against one or another. The most prominent persons engaged in this lobbying are two Germans: former chancellor Schröder very actively promoting the South Stream and discouraging Nabucco<sup>11</sup> and former minister of foreign affairs in Schröder's cabinet, Joschka Fischer, supporting Nabucco.<sup>12</sup>

Apart from Nabucco and Southstream there are other projects, too, to bring gas to South-Eastern Europe. One of them is AGRI from Azerbaijan to Georgia, then after liquefying by tankers across the Black Sea to Romania and then after re-gasification by a pipeline to Hungary. As *The Economist* suggests '**AGRI will not carry as much gas as Nabucco's planned annual target of 38 bcm. But it is cheaper to build [...], and will save on Turkish transfer fees. Despite noisy political backing, AGRI's real role is probably to soften Turkey's negotiating stance.**' ('Europe's Gas Pipelines...', 2010).

As to Poland, it backs the Nabucco project as it complements the aforementioned North-South European energy corridor (Kublik, 2011).

#### 4. CONCLUSION

Energy security in general and natural gas supplies in particular have become a political issue in Europe, indeed a geopolitical game in which convergence of the general interests of gas suppliers, consumers and transit countries coexists with divergence of detailed interests concerning prices of gas, fees for transport, conditions of deliveries, routes of pipelines, ownership and control over pipelines, etc. It is also the game where common interests of Europe and Russia in

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<sup>11</sup> For instance after Schröder's visit to Romania one Romanian journal called him 'Russia's advocate in Romania', another Romanian journal stated that 'Moscow spoke German' (thanks to Schröder) (Dobravie, 2008; 'Moscova vorbește...', 2008).

<sup>12</sup> See about the conflict between the two former politicians and now commercial lobbyists: 'Fischer keilt gegen Schröder...' (2009).

the global system vie for priority with an idea of ‘special relationships’ of Russia with some EU countries, notably Germany and France and Italy, at detriment of countries of Central-Eastern Europe. Finally, it is a game where the centripetal forces of the European Union are confronted with centrifugal interests of its individual member states. In this game some actions, undertaken in specific economic and political conditions produce reactions in other circumstances changing the whole setting.

From the Polish point of view such an action was first of all the Russian-German agreement on building the Nord Stream pipeline across the bottom of the Baltic Sea bypassing Poland. It was interpreted as dangerous for Polish national security. It imbued Polish leaders with a sense of distrust towards Germany and the EU which backed the project. As a reaction Polish government decided to build LNG terminal in the port of Świnoujście. This, in turn, has produced a new problem in the Polish-German relations, namely the above mentioned problem of blocking the access to the port by the Nord Stream pipeline in German territorial waters. Furthermore, having seen its negotiating stance weakened by the perspective of the Nord Stream and of switching off the vitally important Yamal pipeline, Polish government decided to accept conditions in the Polish-Russian gas contract in 2010 imposed by the Russian side that not entirely comply with EU energy policy and thus provoked tensions in relations between Polish government and the European Commission.

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**Gideon BIGER\***

**ON NATIONS AND INTERNATIONAL BOUNDARIES  
– THE EUROPEAN CASE**

**Abstract:** It seems that our world is made of mainly nation states – independent states based on one particular nation, sometimes with some minorities in that state. Thus the model seems to be ‘a nation is establishing its boundaries’. On the other hand, our world also has the ‘boundaries that made a nation’ model, in which a nation was created after boundaries were drawn. Most independent European countries belong to the first model but Spain, Belgium, and five tiny states belong to the second model.

**Key words:** international boundaries, nations, Europe.

**1. INTRODUCTION**

The European continent is divided today between more than 40 independent states. The number varies according to the way people are looking at the inclusion of Georgia and Armenia in Europe as well as the attitude toward the independent status of Kosovo. The political map of Europe was created during a long historical process, which is a never ending process. Each independent country has its special historical context concerning its existence. Anyhow, a basic historical-geographical model can present the current situation, although without predicting the future.

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\* Gideon BIGER, Tel Aviv University, Department of Geography and Human Environment, Tel Aviv, Israel, e-mail: [biger@post.tau.ac.il](mailto:biger@post.tau.ac.il).

## 2. NATION STATES AND NON-NATION STATES IN THE GLOBAL CONTEXT

Our world is divided today between more than 200 different independent countries and the number seems to continue growing (CIA 2010). Those countries have more than 300 territorial boundaries between them, defining their territory (Biger, 1995). Many of them, especially the new independent states which were established during the last decades, were formed according to national criteria. Thus united multi-national Yugoslavia became six or seven (the independence of Kosovo is still under debate) independent national states as well as the sixteen new national states created out of the former Soviet Union. The creation of the Czech Republic and Slovakia as well as of East Timor, were also based on the national criteria. Moreover, the revival of ethnic nationalism, with many peoples claiming and fighting for political freedom and territorial integrity on the basis of ethnic identity and solidarity, can create more independence states in the future. On the other hand, there are many independent states, such as Canada, South Africa or even Belgium, established in the late 19th century or the beginning of the 20th century, which are not based on national or ethnic criteria. Establishment of the European Union as a multi-national entity, as well as the world-wide discussion about 'borderless world' might point to another direction, in which the national identity would not be a major characteristic of a state.

## 3. NATIONS AND PEOPLES

There is not a single definition of what constitutes a people, nation or ethnic group. The Oxford American dictionary described nation as 'a large community of people of mainly common descent, language, history, etc., usually inhabiting a particular territory and under one government' (McKear, 2005). Thus 'people' are the persons composing a community or tribe or race or nation. Lanyi and McWilliams said that 'a nation implies a common culture, common symbols, and a particular view of the world which is distinct from other world views. What makes a nation different from other cultural groups, however, is that one of the symbols associated with the values and attitudes is a particular piece of territory' (Lanyi and McWilliams, 1966). The *Encyclopedia of the Peoples of the World* (Gonen, 1993) used some criteria for the definition of a people, either alone or in combination. Thus common history; distinct language, shared traditions, religion, or folklore; common identity maintained in the face of strong pressures to assimilate; self-designation; and territorial concentration, are all used in defining a nation. Using these criteria this encyclopaedia presented about

2,000 entries dealing with different peoples, nations and ethnic groups which still exist in our world. Comparing it with less than about 150 nation-states, raises the question of who is entitled to have an independent state of its own, but this article does not deal with this issue.

The basic characteristics of an independent state were defined as: a territory of its own, defined by recognised boundaries, population, governability and an international recognition as a sovereign state (Muir, 1975, p. 28). Thus the aim of this presentation is: first, to deal with two of those components, namely the territorial boundaries and the population, by examining the overall pattern of the nation states vs the non-nation states from a world-wide perspective, with a particular focus on the relations between nations, boundaries and states, and second, to look at the European case.

#### **4. NATION STATES VS MULTINATIONAL STATES**

The majority of independent states existing today in the world are those which are based on their national character. Back in 1975, Muir (1975, pp. 88–89) presented, after Minogue (1967, pp. 13–17), three forms of nationalism which are attached to the existence of nation state (originally six, but the other three are not within a state):

1. Ante-state nationalism which developed before becoming a nation state.
2. Post-state nationalism which was developed from integration of diverse cultures, cocooned within an existing state.
3. Third-world nationalism, which is the nationalism of peoples who came together under a program of resistance to colonialism.

As the world knows now more than one new state which emerges without resistance to a colonial power, the second and the third category can be mingled into one. Thus a world-wide view can present two main models for the relation between nations and states. One is a European-Asian (the Old World) model, and the other is the American-African (the New World) model. As one of the main characteristics of a modern state is its international boundaries, which marks its territorial sovereignty, one can present this nation-state model as the nation-boundaries model.

#### **5. THE NATION-BOUNDARIES MODEL**

There are two simple situations which can describe the relation between nations and boundaries. The first model presents the classical nation-state – a situation in which a nation existed long before its state's international boundary is demarcated, and the

boundary is established in order to include as much as it is possible of the people of that nation inside the boundaries of the independent state.

The second model presents a situation in which the demarcation of the boundary is the basic force in creating a nation. In this situation a new state is formed, with boundaries which have nothing to do with the dispersion of tribes, peoples or nations, and the inhabitants of this particular political area, became, through a long process, a nation, which never existed before.

## **6. THE NATION-BEFORE-BOUNDARY MODEL**

Examples of the 'nation before boundaries' situation are Italy as the country of the Italian nation or Sweden and Thailand as the countries of the Swedish and the Thai nations. In a world-wide view, this model applies mainly to the European and the Asian continents. The Old World, Europe, which will be discussed later, is basically a nation-states continent. Asia's independent states mostly fit this pattern. Thus Japan is the country of the Japanese nation, China is the country of the Chinese nation, with some minorities. The Laotian nation and Cambodian nation, as well as the Uzbek and the Kazakh nations existed long before the modern boundaries of their independent states of Laos, Cambodia, Uzbekistan and Kazakhstan were established. The same hold true for Mongolia, Afghanistan, Kyrgyzstan and other east and central Asian states. The Vietnamese nation, as well as the Korean nation, were cut into two separated independent states, but today united Vietnam is a nation state while we still have two Korean states. Even India and Pakistan were formed according to the dispersion of the Hindu and the Muslims living in the Indian sub-continent. All those independent states have some national minority, which do not see themselves as connected to the dominant nation, within their political boundaries, but they are based on a majority of one ethnic nation. Although most of the present boundaries of the Asian states were formed by the European colonial powers, they basically were drawn according to the dispersion of the dominating nation inhabiting the area. There are, however, some exceptions in the Asian continent, mainly in the Middle East, a situation which will be discussed later.

## **7. THE BOUNDARIES-BEFORE-NATION MODEL**

The 'boundaries-before-nation situation' can characterise the American and African continents – the New World countries. Thus the Argentine and the Canadian nations, as well and the Nigerian and the Kenyan nation were created

as mingling by those who live in the area demarcated by a line, as they never existed as a special nation before. Although there are, in Africa, some exceptions, it seems that in all independent countries on the American continent, from Canada to Chile, all of which nowadays try to present their nationhood, no nation that ever existed before the independent state were created, got its independence (Giro, 1994). The pre-Colombian map of America has nothing to do with the modern political map of the American continent of today. There never had been a Colombian nation or Guatemala nation before independence (Ireland 1971) and even the American nation was created by people who lived and are still living between two boundary lines, the northern one with Canada and the southern one which separates the United States and Mexico. Some of the local tribes and nations, together with new immigrants from all over the world, mingled and created the new American nation.

In Africa the process was a bit different. With some exceptions, like Ethiopia, and to some extent Morocco and Egypt, most of the new African states were created as emerging from the administrative colonial lines, which never took into consideration the existence of nations and tribes. The modern political map of Africa is an outcome of the colonial division of the late 19th century, combined with local imperial divisions of mainly the British and the French colonies of Africa (Brownlie, 1979). Thus, nearly all African independent states have a multi-national or multi-peoples society, which is trying to form a united nation within its boundaries. From South Africa in the south, through Namibia, Zimbabwe, Tanzania, Kenya, Uganda to Congo, Chad, Mauritania, Ghana and others (Touval, 1972), all the countries fit to this pattern.

The European states of Spain, Belgium, Switzerland, which will be discussed later, and the Middle East region can be said to fit this model, although they are not situated in the New World realm. The Middle East, apart from Egypt, is in the south-western part of the Asian continent. As the cradle of civilisation, it belongs, in historical sense, to the Old World. Anyhow, its nation-boundaries relations fit more the New World model rather than the Old World Model. Up to about a 100 years ago, the whole area was inhabited mainly by one nation – the Arabs, with some minorities, all under the regime of the Turkish Ottoman Empire. The main exceptions were the Turks, a nation which migrated from central Asia and became Muslims, and the Persians, another non-Arab Muslim nation. European Mandatory regimes, mainly held by Britain and France, dictated lines that separated the Middle Eastern Arab nation into different mandate territories, later becoming independent states (Biger, 2008). The mandatory powers never looked at the dispersion of inhabitants of the area, thus creating independent states none of which had its unique old history.

By this process, which took place in the 1920s, the states of Iraq, Lebanon, Syria, Jordan (then called Transjordan) and Palestine (Biger, 2004) were created, 'out of the blue'. This process led to the creation of the Syrian, the Lebanese, the

Jordanian, and the Iraqi nations which never existed before and were created by the boundaries imposed on the Middle East by the Europeans. Most of those independent states are trying to develop their unique nationhood but it seems that the tribal, religious and other attitudes have prevented it so far. The same holds true for the Palestinians. A true Palestinian is one, or a descendant of one, who lived in the area which Britain created in 1920 and called Palestine, a name which did not exist in any formal division of the Ottoman Empire (Biger, 1981). Those who lived in British Palestine in between 1920 and 1947 and their offspring are Palestinians, never were united as a nation before Britain created Palestine. Later on, the boundaries in the Arabian peninsula were established according to the areas ruled by local tribes' leaders and not according to any national characteristics (Al Baharam, 1975).

## **8. THE EUROPEAN CASE**

Of more than 45 independent states of Europe, only eight are not built around a dominant nation. The others, from the northern Scandinavian states of Iceland, Norway, Sweden, Finland and Denmark to the southern states of Portugal, France, Italy, Malta, Greece and others, are 'nation states' built around a dominant nation. The same holds true for most of the west-east axis of Europe, from Ireland, *via* the Netherlands, Germany, Poland, Latvia, Estonia to Russia, Ukraine, Byelorussia, Moldova and Romania. Bulgaria, the other Balkan states of Slovenia, Serbia, Montenegro, Macedonia, Croatia (Englefield, 1992) as well as Austria, the Czech Republic, Slovakia, and Lithuania, all are nation states. Armenia – the country of the Armenian nation, as well as Georgia, can be included in that model. Many of those countries have some ethnic or even national minorities. Thus the Laps of the north, the Austrians in south Tyrol of Italy, the Scots and Welsh people in Britain, the Basques in France, the Hungarians in Romania, the Gypsies and now, the millions of Muslims living all over Europe.

The exception to that model are the five tiny states of Lichtenstein, Luxemburg, Monaco, Andorra (the only country in which the Catalan language is the official language of the country) and San Marino, which are not classic nation states. All of them were established as a continuation of the old Middle Ages regime of an area ruled by local noble family.

Thus the local 30,000 Monegasques of Monaco (Gonen, 1993, pp. 408–409) became a nation of those who lived inside the boundary between France and Monaco, which is one of the oldest boundaries in the world, established in 1070 under the Grimaldi family (Biger, 1995, p. 227).

The Grand Duchy of Luxembourg was established in 1815 but its boundaries were changed in 1831, after the Belgian revolution, and its final boundaries were established in 1839. The Luxembourgers who had never been a nation but a mixture of Celtic, Germanic and French origin, became a people with a collective identity, supported by a separate German dialect (Letzeburgish) and later became an independent state, living within the created boundaries.

The story of Liechtenstein began in 1342, when the County of Vaduz became a separate political territory. Its political independence was established in 1806 but its boundaries with Austria and Switzerland were established earlier, in 1719. Thus the people who lived in that area became a nation, without any pre-characteristics of a nation. (Kranz, 1981).

San Marino, the tiny state located in the Appenine Mountains of central Italy, completely surrounded by Italian territory, was a medieval city state, in which Italian people lived under a special independent regime. Its independence was recognised in 1740 by the Papal State, in 1797 by Napoleon I and by the Congress of Vienna in 1815. Its 25,000 people are one of the smallest European nations.

Andorra, which is situated in the Pyrenean mountain range between France and Spain, which drew its boundaries, was established back in the Middle Ages, in 1278, to calm the French-Spanish border area. Its 60,000 Andorrans are Roman Catholics and their only unique national characteristic is their language. They are using the Catalan as their official language, but also Spanish and French.

The other three exceptions to the 'nation-before-boundaries' model are Belgium, Switzerland and, to some extent – Spain.

Belgium was created in 1830–1831 as a buffer state between Catholic France and Protestant Netherlands. Thus it is a two-nation states, in which the Flemish people and the Walloon people, both mainly Catholic, live in an independent country, trying to form a national identity of those who are living within its boundary line, but with a non-predicted future regarding the continuation of this situation.

Switzerland was formed back in the Middle Ages, in 1 August 1291, when the three forest cantons established the 'eternal alliance'. By 1353, five other cantons had joined the confederacy. All these allies were called Swiss. The 7 million Swiss (Scweizers, Suisses, Svizzeri) are divided among the speakers of German (70%), French (20%), Italian (c. 4%) and Rheto-Romanche speakers. The Swiss are about evenly divided between Catholics and Protestants. Although they have a long historical tradition, their nationhood was created inside their borders, established first by the 1648 Peace of Westphalia at the end of the Thirty Years' War. Its present boundaries were established in 1815, at the Congress of Vienna, following the Paris Peace conference of 1814. Its boundaries were guaranteed for the first time in the Federal Pact of Zurich in 1815 (Heller and Long, 1970). Thus the Swiss nation is formed by those who are

living within those boundaries. More than 1 million foreigners, mainly Italians, Spaniards and Middle East Muslims, cannot become citizens, even if born in Switzerland.

The case of Spain is special. The Spanish state was formed in 1492 by the marriage of Isabella of Castile and Ferdinand of Aragon and its boundaries with Portugal and France were established in 1297 and 1479 (with Portugal) and in 1659 with France. Thus Spain's united territory is more than 350 years old. Anyhow, the Spanish nation, the 40 million Spaniards (Españoles) which today are overwhelmingly Catholic, have an extremely heterogeneous background. The contemporary Spanish people are composed of the Andalusians, Castilians, Catalans, Galicians, Basques and Gypsies. The Basque people are resident also in southern France, the Gypsies are dispersed all over Europe, the Catalans form the majority of those living in Andorra, the Galicians form part of the Portuguese nation and only the Castilians and the Andalusians are living only inside the boundaries of modern Spain. Thus although the Spanish nation seems to present one nation, it is an agglomeration of many different peoples, living in one united territorial area. As such, it represents the 'boundary-made-nation' category rather than the 'nation-creates-boundary' situation.

## 9. CONCLUSIONS

Although the Model presented above cannot predict anything about the future, it can point to the way the independent states of today were established. As the future is not to be seen, and the present situation is such that on one side the European Union is created, trying to avoid the nation-state idea, and on the other side nations continue to achieve their independence, one cannot predict the future political map of the world, but, using the Model, we can see the way our political map was established. The notion of the nation state as a basic model is best known, the case of the boundaries which created nations is less discussed, and never those two models been presented as a *continent* pattern. The presenting of the Two-Way Model can help to understand the political map of the world and by this, might enlarge our understanding of our fragmented world.

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## PART II

### ARTICLES

**Aleid E. BROUWER\***, **Pieter H. PELLENBARG\***

#### THE IMPORTANCE OF PLACE IN CORPORATE IDENTITY AN INVESTIGATION ON THE PRESENCE OF OLD DUTCH FIRMS ON THE INTERNET

**Abstract:** This paper investigates how old Dutch firms display their corporate identity on the Internet, with special attention paid to location and place. Several scholars argue that the Internet would create the 'end-of-geography'. Current empirical investigation found that incumbent firms display a strong sense-of-place in the presentation of 'self' on their websites. Location is important for old firms' images, underlining the importance of embeddedness. Location remains important when firms compete on the 'global level' on the Internet. This paper therefore contributes to the understanding of place and local embeddedness of firms in the 'global internet space'.

**Key words:** firm behaviour, embeddedness, corporate identity, local environment, sense-of-place.

#### 1. INTRODUCTION

This paper endeavours to contribute to the understanding of place and embeddedness of firms in the Internet era. How do firms present themselves in the worldwide market? Is there still a need for a sense-of-place, even when due to the Internet, firms can be considered to be 'footloose'? The time-space compression debate, where frequent use of ICT is considered to lead to the end-of-geography and a redefinition of space (Mitchell, 2003), could bring the conclusion that location loses importance (Castells, 2004). Companies might even be

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\* Aleid E. BROUWER, \* Pieter H. PELLENBARG, University of Groningen, Faculty of Spatial Sciences, Department of Economic Geography, P.O. Box 800, 9700AV Groningen, The Netherlands, e-mail: a.e.brouwer@rug.nl; e-mail: p.h.pellenbarg@rug.nl.

unconnected to physical space (Gordon, 2008) and make the physical business location completely irrelevant (Värlander, 2007).

The focus of this paper is on old firms, for reasons which will be explained below. The study of how old firms present themselves on the Internet investigates whether location plays an important role for corporations, even in the Internet era. The Internet is a place for global marketing and therefore has become more important for entrepreneurs' vitality. All companies that market themselves and their product over the Internet are by definition global firms (Javalgi, Radulovich, Pendleton and Scherer, 2005). The question remains how this 'global feature' of firms affects their embeddedness? And how does local embeddedness fit in this 'global environment' which is the Internet. According to Bellandi (2001) the strength of firms comes from the territories they are located in, shaped by the history of local and regional actors and the embeddedness of the firm with the local environment. Bellandi argues that the safeguarding of the local sources of trust and reciprocity that are embedded within a firm is a successful strategy. Also Värlander (2007) argues that arm's-length transactions are in general more successful, generating a 'market feel' with the local customers.

E-commerce is increasingly influencing business operations, with the rapid intensification of Internet use for commercial activities since the mid-1990s. Placing corporate websites on the Internet became part of corporate strategies. Being active on the Internet enables actors to carry out their business at a world wide level (van Geenhuizen, 2004). According to Duranton (1999) there could be spatial impacts of this business transformation, for example in the value chain where physical segments might disappear from particular places such as offices, due to the rise of new 'digital offices'. However, many of the firms investigated in this paper are foremost 'bricks-and-mortar shops', where the customer has to go to purchase the product or get access to the firm's services. The Internet is mostly used as information provider for (potential) customers. This is described as 'click and mortar strategies' (Gulati and Garino, 2000). The Internet provides information for customers while transactions take place at a physical location, to increase and maintain trust with customers. These physical locations satisfy the customers' need for proximity (van Geenhuizen, 2004). The results of Teerling (2007) indicate that though most customers search for product information on-line, they still purchase off-line in the more traditional brick and mortar companies. Nowadays, websites are the first introduction to firms. Therefore, websites play an increasingly important role in building and retaining relationships with customers (Ernst and Young, 2004). However, according to Teerling (2007) location in real place is still important, for customers to visit the companies. We want to see whether the attachment to location (sense-of-place) of firms has the same importance in the non-space of the Internet as it does in real space.

We chose to focus on the distinct category of old firms in an explorative interdisciplinary investigation and thus to *research to what extent old firms display their sense-of-place in corporate communications on the Internet*. This question arose from a larger research project, investigating the relationship between survival and embeddedness of firms. In this larger project the total population of old firms in the Netherlands (firms founded before 1851 and still in existence in 2003) was investigated from a geographical perspective. The outcomes of that particular research indicate that old firms in the Netherlands partly survived this long by two mechanisms: adaptation and inertia. The latter creating increased levels of reliability and trustworthiness. Tradition and path dependency create inert behaviour in old firms concerning their location, product and culture, and this keeps levels of trustworthiness high. With this, firms create a sense of belonging at a specific location (Brouwer, 2005). The embeddedness plays a significant role in the local economy, since it generates trust between the links between firms and customers. For young firms the market and the local environment seem to be inseparable (Littunen, Storhammar and Nenonen, 1998), but the importance of the reciprocal relationship between local environment and firms persists (Kilkenny, Nalbarte and Besserr, 1999), even when firms expand their market beyond the local environment.

In that larger project an emphasis was placed on the part played by continuous identity of firms in long-term survival and therefore a specific question concerning corporate identity was incorporated into the inquiry. From a telephone survey among the population of old Dutch firms, several determinants of corporate identity came forward. The managers of the firms were asked to describe their firm's identity. This allows for categorising several identifying elements. We adopted the Strathclyde identity statement: 'Every organization has an identity [...] that can help to differentiate the organization within a competitive environment' (van Riel and Balmer, 1997, p. 355), which corresponds well with the way the managers described their firms' identities.

From these results subsequent issues arose: *do old firms underline this embeddedness in communication with their customers? And; does place play a role in on-line corporate communications?* By performing a content analysis of the old firms' websites we investigated which determinants were used in constructing websites. Thus, it is possible to discover whether place is important in commercial communications.

The next section elaborates on the debate over sense-of-place on the Internet, followed by an overview of corporate identities and images. The fourth section will discuss the applied method and the results of the investigation. In section five, some conclusions are formulated.

## 2. SENSE-OF-PLACE AND THE INTERNET

Did place disappear with the time-space compression, or did it adapt in ways adequate to this era? Place certainly needs redefinition with the emergence of the Internet, since the accumulation of electronic communications alters authentic sense-of-place (Mitchell, 2003).

The Internet can be perceived as a non-space. Due to large flows of people and goods those spaces are not localised sites. Castells (2001, 2004) argues that there is a global space of flows which causes the undermining of 'local' ways of life and place. Space becomes less significant now that communication has become more without distance. But even so, the emergence of the Internet does not entail the destruction of local uniqueness (Harvey, 1989) and there is also still interconnectedness between on-line space and off-line space (Gotved, 2002). The Internet, as a global environment, increases the importance of the local context and creates understanding of the local constructions.

A sense-of-place can provide a stable and unproblematic identity. The specificity of place needs to be reproduced to introduce places to a wider world (Massey, 1991). Castells (2001) argues that the Internet itself represents a new kind of space, but is not placeless, it re-defined space and therefore actual places get more distinct.

Over time, firms can feel that they belong to a particular place: a sense-of-place. The meaning given to a place by a firm may be so strong that it becomes a central part of the identity of the firm. A sense-of-place for a firm is a social construction. One old firm in our survey is called 'Pelikaan' and is located on 'Pelikaanstraat'. The street was named after the firm, not the other way round. The firm was located there for so long, the municipality named the street after it. This can be symbolic of the 'connection' the firm has with this 'place'. According to Hall (1995), putting something in a specific background, putting it in a frame, helps to shape and identify it. Identity is connected to a particular place by the feeling that you belong to that place. For firms this means embeddedness in the local environment, belonging there, and that the firm would not operate as efficiently elsewhere. Alongside the spatial structure of the organisation, this also includes the buildings and the emotional connection with a specific location or region (Lux, 1986; van Riel and Balmer, 1997). Old age can underline this sense-of-place when firms are embedded in their local environment over long periods (Kilkenny, Nalbarte and Besserr, 1999). Age and descent are important factors in determining the firm's identity. These relate the present firm to its past. Specific ways, culture and traditions in the firm are a heritage from the firm's past to the present identity (Lux, 1986; Marzilliano, 1998).

Why would firms display their identity on websites? They do so to create an image (image vs identity will be discussed in the next section). Firms are

interested in a good image since it might positively influence the behaviour of customers. The identity firms present on the Internet is therefore important for their recognisability. The question is no longer whether a firm should engage on the Internet, but much more how can they benefit most from the Internet (Teerling, 2007).

Old firms in the Netherlands are just 0.1% of the total firm population in the Netherlands, but have an employment impact of 4% and are therefore important economic actors. Old firms also need to exploit marketing tools such as the Internet (Gulati and Garino, 2000). Websites are sources of information about firms and to let the public know who they are, such as by presenting the history of the firm, the board of directors, or product-development. The impression the public obtains is to a large extent dependent on the information the firm provides (Teerling, 2007). Firms have different objectives in establishing and maintaining a website; a means for introducing itself and its product, inform the market, a means of advertising and marketing, getting feedback, and informing new customers (Pitt, Berthon and Watson, 1996). Websites reflect the identity of the firm and are a tool to influence the image from the managers' view. Therefore, it is crucial for firms to find their unique characteristics and how they want to broadcast this (Teerling, 2007). The Internet is very well suited for such communications, since the firms choose which aspects they wish to present (Peterson, Balasubramanian and Bronnenberg, 1997; Castells, 2004).

### **3. IMAGE AND IDENTITY OF FIRMS**

It is necessary for firms to make a clear distinction between 'identity' and 'image'. Barke and Harrop (1994, p. 94) describe this as follows:

Every individual, every business, local authority or nation has an identity. It is the projection of who you are and what you stand for, what you do and how you do it [...]. Naturally, image may be strongly influenced by 'objective' identity and image-makers will seek to structure the perception of others but cannot finally control them.

Image and identity are thus not the same. The identity of a firm can be provisionally defined as the impression the firm has of itself (in other words, the view held by the members of the organisation) through a certain culture, product, location, and quality; these are all part of the corporate identity. The image of the firm is the way the firm is perceived by the public. This corporate image is partly determined by the corporate communications, and gets stronger over time (Marzilliano, 1998).

There is a continuous debate about how to define corporate identity. There is the objective identity, something that is fixed and needs no discussion, but

corporate identity can also be regarded as what the firm is on a more intuitive basis, what members believe its identity to be. The former way of thinking, the concept of the objective identity, has found its way into organisational theory. An organisation's identity is seen as that what its members believe it to be – its distinctive, central and enduring characteristics (Albert and Whetten, 1985; Brown, Dacin, Pratt and Whetten, 2005).

The Strathclyde statement considers firms' identities from the essentialists' perspective. Firms have an essentialist identity, defined by the members of the organisation as corporate identity. It is an interrelated network of visible and invisible elements, referring to an organisation's distinct attributes: 'what is this organisation?' (Puusa, 2006). The corporate identity literature is largely silent on which features an organisation will select or claim as identifying. Albert and Whetten (1985, p. 267) argue that 'Often the issues will become important for a purpose' and members of an organisation are capable of verbalising the specifics that identify their organisation (Brown, Dacin, Pratt and Whetten, 2005).

Identity serves the function of identification and is, in part, acquired by identification. This means that the actual identity is a description of the facts of self-classification of the firm (Albert and Whetten, 1985; Simões, Dibb, and Fisk, 2005). The identity is shared and displayed by the members of the firm. It is the firm's 'personality' (Dröge, 1998; van Riel and Balmer, 1997). In line with Albert and Whetten (1985) and van Rekom (1997), the following argument can be advanced. There is a measure of facts that are important in corporate identity, represented by the results of the telephone survey, which reflect the opinions of managers about their firms. When we asked the respondents to describe their firms' identity, actually two implicit inquiries were posed. The first: 'what kind of firm is this?', to be addressed in categorisations: age, commercial or non-profit, number of members, activities and location. The second: 'who is this firm?' must be addressed using more specific, sensitive and central characteristics such as ethical, entrepreneurial, employee-oriented, stagnating and acquisitive instincts, referring more to the attitude or position of the firm.

Images becomes important because of the various associations of recognisability, prestige and reliability (Harvey, 1989). When people come in contact with a company or its advertisements they will inevitably form an impression of the firm: the image of the firm. An image is a set of meanings by which a firm is known (Dröge, 1998). In order to increase profits and customer commitment, it can sometimes appear worthwhile to change the firm's image, and accordingly the corporate communications. However, images are hard to change. Firms, however, can try to change it by placing more or less emphasis on certain firm characteristics in their external communications. The image is in this way a reflection of the identity, the total of the visual and non-visual artefacts that a firm uses to profile itself towards the public (Hatch and Schultz, 1997; Schlottmann and Miggelbrink, 2009). A firm's management has an influence on

the image by directing its external communications in the direction of the desired image (Simões, Dibb and Fisk, 2005; Puusa, 2006).

In this investigation, we concentrate on how firms express their identities. The identity and external expectations should match to a certain level to work efficiently. The image needs to be partly integrated with the firm's identity (Marzilliano, 1998). However, for the consumption by outsiders, firms can try to intentionally mould the image the audience keeps. In websites, this means that the management can choose to display those features of their corporate identity that can be useful in creating the proper image by its audience.

#### **4. CONTENT ANALYSIS**

In this section we will first shortly introduce the results from the telephone survey about old firms' identities followed by our expectations for the images. From this we move forward to the applied method and the results of the content analysis of the websites.

We compare the results of our analysis at the level of the organisation. First we analyse the individual business unit (the managers that responded to a telephone survey) and then the individual firm's website, which is analysed by means of content analysis. Brown, Dacin, Pratt and Whetten (2005) and van Rekom (1997) argue that where the manager is speaking on behalf of the organisation, this automatically assumes an organisational level of analysis.

##### **4.1. Identity of Old Firms**

How do organisations answer a question on identity and how are their answers affected by the context of the question? To try and limit the influence of the context, all the respondents were given the same request ('Please describe your firm's identity') and the answers were categorised by careful content analysis by the same coder. By analysing the elaborated answers given by the managers in the telephone survey, eight different categories were constructed as determinants of identity. Following Mayring (2000), we used summarising qualitative content analyses in order to establish the categories from these answers, leading to the following eight main categories: product / activity; tradition, culture and age; location / sense-of-place; family firm; size; structure; name; and market. The survey underlined that the corporate identity of old firms is mostly represented by the nature of the product or activity of the firm. Since the firms were selected on keeping the same name and the same product range since founding, this result is due to the criteria of this investigation. Furthermore, 'continuous family-

involvement', 'tradition, culture and age' and 'location' were given as important elements in old firms' identities. Firms' structure, market, and size were less important as indicators of corporate identity. For location / sense-of-place examples of respondents' answers are that the firm has known several generations of clients and employees from their region, or the firm produces a regional product, or the firm has been located somewhere so long that name and place are mentioned in one breath. Relocating out of the city or region would harm the firm's image. This indicates that for old firms next to the product, the elements 'name', 'location / sense-of-place', and 'tradition, culture and age' are the most identifying elements. This finding can be supported by the results from Kilkenny, Nalbarte and Besserr (1999). They argue that small towns are likely to be places 'where everybody knows everyone' and therefore businesses in small places are very much integrated into the local environment, even if they participate in larger markets. Therefore, it can be argued that when participating in a global market *via* the Internet, the local connection must be carefully maintained, in order not to lose the 'community support', or at least to keep their local customers' trust. Trust is important in creating commitment to a firm. Trust develops over time through periods of interaction (cf. Puusa and Tolvanen, 2006).

These outcomes lead to the following expectations for old firm's images. With the focus on websites, it is expected that the product and name of the firm will have a high score. One of the goals of websites is to make the firm's name and product known to the public. But how important are the other identifying elements? From the literature discussed earlier, it is expected to frequently see the combination of 'location / sense-of-place' and 'tradition, culture and age' on websites. Furthermore, only firms that produce region-specific products are expected to have high scores for sense-of-place on their websites, since the firms need their specific location as a marketing element. Moreover, 'tradition, culture and age' will probably score high as well, exploiting the traditional quality and since... feeling, reflecting the firm's old age. The elements 'size' and 'market' are expected to have much higher values for the image than for the identity, because these possible are of more interest for existing and potential customers. The value for 'family firm' is expected to be of equal importance as 'tradition, culture and age' for the image in some sort of 'trust-statement' in combination with a traditional product and a long history of continuity (Santerelli and Lotti, 2005). The value for 'structure' is expected to have a very low score since it is a more firm-internal matter. For this reason it is expected that this element will not be exploited as such in creating images.

## 4.2. Method

The goal of content analysis is to statistically describe the measure in which certain characteristics appear in the studied material and how often certain characteristics appear in relationship to other characteristics (Weber, 1990).

Content analysis is mostly applied to written text, but it can also include the meaning of visual elements, such as in the case of websites (Slater, 2004). Following Weber (1990), for this content analysis of websites, the coding scheme is as follows:

For the definition of the recording units, the choice is words and/or word-groups per sentence. Also images, such as pictures and logos are taken into consideration (Schlottmann and Miggelbrink, 2009) and one visual aid has the same weight as a single sentence. By analysing at the level of sentences, the larger context of the words is also considered.

The categories used here correspond with the eight dimensions as found for identity. Since the categories were established by *a priori* coding, established prior to the analyses based on either theory or previous research, we made sure the categories maximised mutual exclusivity and exhaustiveness.

On each website, everything that could be downloaded under the specific URL was studied. If by a hyperlink another server was accessed, this information was ignored. Furthermore, adverts unrelated to the firm itself, database information and other extensions were not included.

The scores were categorised into the eight categories mentioned in item 2. A word, phrase or illustration is counted as one. Since the recording unit are words and paraphrases per sentence, the overall score for an element can be higher than the total number of sentences.

The frequencies per category are counted, through which the dominant elements defining firms' wished identities can be revealed. Since the studied websites differed in length, the measurements are normalised by the total number of sentences and pictures per website. The relative frequency is calculated per category by dividing the number of hits per category by the total of the number of sentences and visual aids on the website. Since words and phrases are both collected in this analysis, the coding unit is called a context unit which need neither be independent or separately describable: they may overlap.

See figure 1 for examples of the coding process.

By an Internet search-engine it was found which of the old firms that responded in the telephone survey had a website. 70 of the Dutch old firms that responded to the telephone survey had a website in December 2003. These 70 websites were analysed. The counting of the characteristics is based on the assumption that the more often a category is mentioned, the higher importance the category has. This assumption can only be made bearing into mind several counterpoints. Not all words used represent each element equally well, but since there are no real workable weighting procedures they are all weighted similar in this analysis. This is a limitation to be aware of. Furthermore, not all elements are equally easy to mention. Last, some words may have multiple meanings (Weber, 1990), therefore analysing the word in context can help to strengthen the validity of the inferences that are being made from the data. Therefore, following Rosenberg, Schnurr and Oxman (1990) this analysis was done by hand rather than a faster, but less discriminating, software packages (Lowe, n.d.).



Fig. 1. Examples of classifying identifying elements on websites

In order to make sure that all websites were measured in the same way, the same person carried out the analysis. To measure the intra-rates reliability; one can measure the reliability by measuring the percent of agreement between rates. Since only one coder was involved in this analysis, this coder re-analysed ten websites two years after the original coding. The count for all categories was compared on the 10 websites and the differences for all categories were between 0% and 2% (positive or negative) compared to the first analysis. In this way 'coder agreement' is established (cf. Erlandson, Harris, Skipper and Allen, 1993).

#### 4.3. Results

In figure 2, the initial results of the content analysis are displayed. It shows which identity categories were mentioned at all on the websites and therefore can be marked as an image-maker. A website got a score for the concerned category if it was mentioned at least once. When the category was not mentioned at all on the website, either in words, phrases or pictures, the website got no score. For the 'product / activity' and 'name', the score was 100%, which is not surprising since the main purpose of websites is the marketing of the name and the product of a firm to the public. The results for 'family firm' are quite different. As can be seen, only 40% of the websites mention this category. This can be for two reasons. Either the firm is not family owned, or this feature of the

firm is not considered an important element for the desired image. In the telephone survey we found that 90.7% of the old firms are family-owned, so the latter explanation is more likely.

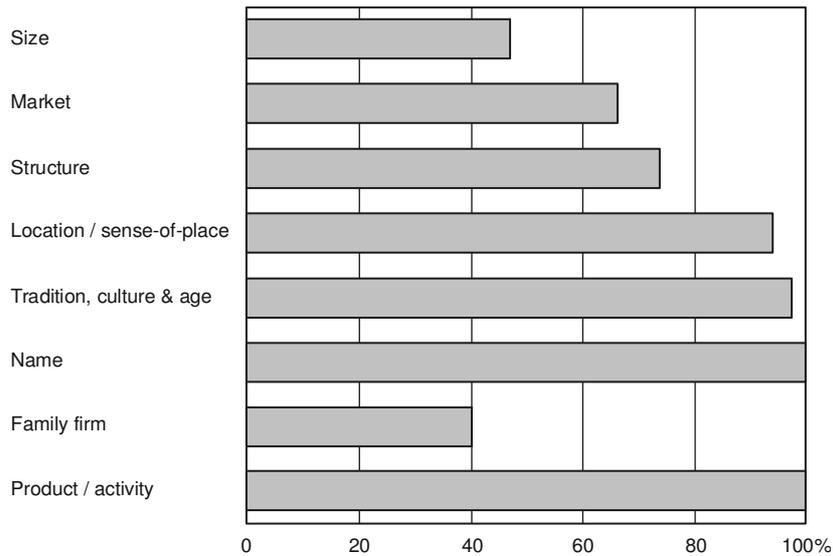


Fig. 2. Score per category on websites. A website received a positive score provided the category was mentioned at least once

However, figure 2 does not give any indication of the relative frequencies of the categories as mentioned on websites in comparison with the total of all sentences and pictures they contain. This information is given in figure 3. As can be seen, it is clear that the most important category for image is ‘product / activity’ of the firm. This is followed by ‘name’, ‘tradition, culture and age’, and ‘location / sense-of-place’. From the average relative frequencies per element some expectations are confirmed. Striking is the relatively low average frequency for ‘name’. This element was expected to be as prominent as ‘product / activity’. This much lower score can be explained by the fact that the name of the company, very often in combination with the firm’s logo, was prominently shown on the home page of the firm’s website, but not much mentioned after this first page. Also, the average frequencies for ‘market’ and ‘size’ are much lower than expected. Apparently, those are not such important image-creators as anticipated. This can partly be explained by the fact that some information concerning these categories could be found in links on the website.

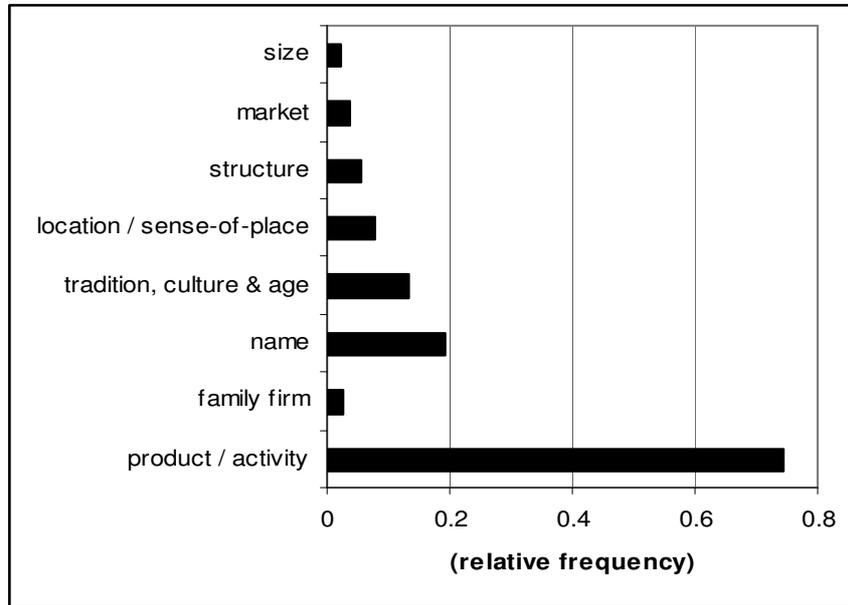


Fig. 3. Relative frequency of categories in all websites in relation to the total number of sentences and pictures per website

The results for ‘family firm’ are as expected, although this result might be better explained by figure 2. The analysis showed that when ‘family firm’ was mentioned on the website, then quite often these individual websites had quite high relative scores. If indeed the firm uses ‘family firm’, they seem to have a tendency to use it as an element underlining continuity and creating trustworthiness. This consistency of authenticity is best emphasised when the identifying element remain constant over longish periods of time (Santarelli and Lotti, 2005). ‘Structure’ had the expected low relative frequency. The exercise indicated that only very large firms – registered on the stock exchange – give some attention to the firm’s ‘structure’ on their website. ‘Tradition, culture and age’ and ‘location / sense-of-place’ scored relatively high averages. For the first this was expected since all firms were founded before 1851.

Nevertheless, large differences are found between the relative frequencies per website varying from 0 to high scores such as 0.471. Firms with a particularly high score had dedicated parts of their websites describing the history of their firm, and very often these were also the firms that had ‘since 18xx’ incorporated in their name, logo or slogan. The relatively high average frequency for ‘location / sense-of-place’ is higher than expected. From figure 2 it can be seen that 97% of the investigated websites mentioned this element at least once. Note that in this content analysis the mentioning of the location in the address information

was not taken as a hit. It was expected that only firms that produce a regional product would score high on this category. This assumption is thus rejected, since place was mentioned on almost all the investigated websites. Among these, there were many firms that do not produce a specific regional product.

## **5. CONCLUSIONS AND DISCUSSION**

From the results, it can be underlined that identity and image relate very much, also for location / sense-of-place. Most old firms underline their continuity and use 'expressions that connote the local and that aim to make customers feel "at home"' (Värlander, 2007, p. 411). Van den Bosch and De Jong (2005), who investigated the supporting value of visual identities for reputation, also find that authenticity is very important; those firms that do use visual identities are seen as real, genuine, accurate, reliable and trustworthy. This consistency of authenticity is best emphasised when the identifying categories remain constant over longer periods of time and revalues the intrinsic significance of the local (cf. Värlander, 2007).

The main purpose of this paper was to see whether old firms display a sense-of-place on the Internet. The results indicate that the identity categories as described by the firms in the telephone survey were also used to construct their images. Furthermore, by means of a content analysis of the websites, it was found that the most important of these categories in presenting firms' images on websites is 'product / activity', followed by 'name', 'tradition, culture and age' and 'location / sense-of-place'. Overall, this exercise emphasised the strong connection old firms have with their location and history. Clearly, location / sense-of-place and history are important for old firms. It emphasises the embeddedness of old firms in their location. The weight that old firms put on using this in the corporate communications underlines this. The results found in this exercise are also backed up by previous research done in related fields. Also Javalgi, Radulovich, Pendleton and Scherer (2005) and Bellandi (2001) argue strongly for retaining relationships with customers in the local environment. It is argued that firms on the Internet must recognise that a presence of trust in brick-and-mortar locations is crucial. Placing emphasis on the existence of the actual brick-and-mortar shop on the websites might lead to higher levels of trust. Gulati and Garino (2000) and Teerling (2007) underline the same argument, customers use websites to search for available products, but most of them prefer to purchase in the physical store, having greater trust in brick-and-mortar stores.

It can be argued that mentioning a sense-of-place on a website can be beneficial in two ways. First, it creates a sense-of-belonging with long-term customers

and creates trust and loyalty. Second, since brick-and-mortar shops still prevail for actual purchases, it can attract those customers that do find information on the Internet, but prefer to do the actual shopping in physical locations. Future research in this field should focus on the exact moment in the firm life-cycle when the identification process starts to be determined by age and place – this is probably much earlier than after 150 years or more as investigated in this particular paper. Results from that kind of research might be very valuable for policy-makers and for marketing purposes.

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**REVIEW ARTICLES AND REPORTS**

**Anna-Lisa Sayuli FRANSSON\***, **Ingemar ELANDER\*\***, **Rolf LIDSKOG\*\***

**FRAMING ISSUES AND FORMING OPINIONS: THE BALTIC  
SEA PIPELINE IN THE SWEDISH MEDIA**

**1. INTRODUCTION**

In November 2006, the Nord Stream project was announced to concerned states around the Baltic Sea, as the building consortium Nord Stream AG requested permission to lay a 1,200-km-long seabed pipeline on the Baltic Sea floor to transport natural gas from Russia to Germany. It was proposed that the pipeline would cross the economic zones of Finland, Sweden and Denmark. Its parallel pipelines would provide a transport capacity of 55 billion cubic metres per year, equivalent to 25% of the estimated increase in European gas demand by 2025. The pipeline is included in the Trans-European Energy Network Guidelines (TEN-E) and will make an important contribution to Europe's energy supply (EC, 2006). The company describes the pipeline in these terms:

Nord Stream is more than just a pipeline. It is a new channel for Russian natural gas exports, and a major infrastructure project that sets a new benchmark in EU–Russia cooperation (Nord Stream, 2010).

Three years after the announcement of the project, in November 2009, when Sweden was chairing the European Union (EU), the Swedish government approved Nord Stream's gas pipeline route, extending 480 kilometres along the seabed of the Swedish economic zone in the Baltic Sea. The Swedish Minister of

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\* Anna-Lisa Sayuli FRANSSON, Örebro University, Political Science, the Research School of Urban and Regional Studies, Örebro, Sweden, e-mail: [anna-lisa.fransson@oru.se](mailto:anna-lisa.fransson@oru.se).

\*\* Ingemar ELANDER, Rolf LIDSKOG, Örebro University, Centre for Urban and Regional Studies (CUREs), Örebro, Sweden, e-mail: [rolf.lidskog@oru.se](mailto:rolf.lidskog@oru.se).

the Environment, Andreas Carlgren, summarised the government's arguments in favour of the project:

Now the government's conclusion is clear: no serious government can refuse an application for a pipeline, when the environmental provisions have been satisfied (Carlgren, 2009).

Construction of the first pipeline started in April 2010, and by October, pipeline laying was underway in the waters of all five countries through which it will pass; the first pipeline is scheduled to be in operation in 2011, followed by a second in 2012.

A Baltic Sea pipeline raises many questions. It will constitute an immensely extended infrastructure for natural gas, helping satisfy West European energy demand but prolonging European use of and dependence on fossil fuels. The gas will originate from Siberia, making Russia an interdependent trading partner and empowered actor on the European political scene. The political and economic impacts of the project are huge. Poland and the Baltic states largely rely on Russia for their gas supplies. Russia has earlier declared that it sees the transit countries – the Baltic states and other former soviet bloc countries – as barriers to reliable gas deliveries to Western Europe. The pipeline will make Russia more autonomous of these countries, raising the risk that they will experience problems meeting their own gas needs (Kern, 2008). Nord Stream is a new source of geopolitical tension in the region (Bouzarovski and Konieczny, 2010); Polish politicians have even called Nord Stream a 'geopolitical disaster' and a 'Russian-German conspiracy' (Sikorski, Olex-Szczytowski and Rostowski, 2007).

Although gas is cleaner than coal or oil, it is still a non-renewable fossil fuel and contributor to global warming. The submarine pipeline route is shorter than the land-based alternatives, although a submarine pipe still needs to be anchored to, maintained on, and later removed from the seabed. The pipeline, especially during its construction, poses substantial risks to marine life in the Baltic Sea. The project means many things, offering opportunities and potentially causing damage.

This paper analyses Swedish media reporting on the planned Baltic Sea pipeline, focussing on how the environmental, economic, and national security aspects of the project have been presented and discussed. To what extent has environmental information been included in the reporting on the pipeline? In the coverage, how have environmental concerns been related to economic and national security concerns?

The media are vital players in democracies by virtue of their role in keeping citizens informed of important issues. The media do not, however, function as a neutral mechanism for transferring knowledge and presenting views and standpoints to readers. On the contrary, they are active producers of meaning and play a crucial role in framing issues and forming opinions by selecting, amplifying, and configuring news production (Dahlgren, 1995; Thompson,

1995). Domestic media are also embedded in national contexts that influence how issues are framed to catch reader attention (Billig, 1995; Höijer, Lidskog and Thornberg, 2006).

Aside from this introduction, the paper comprises four sections. The next section describes the pipeline and its regulatory context. The third section presents theoretical and methodological considerations, highlighting the role of the media in society and presenting the selected empirical material: all articles published in the biggest Swedish daily newspaper, *Dagens Nyheter*, from when the pipeline was first mentioned in the newspaper to some months after Nord Stream submitted their original application to the Swedish government. The results are reported in the fourth section, followed by the conclusions, in which the questions raised are addressed with a particular emphasis on why environmental concerns have been so downplayed in media reporting on the pipeline.

## **2. SWEDEN AND THE BALTIC SEA PIPELINE**

The Baltic Sea is among the most heavily regulated sea areas in the world as regards protection of the marine environment (Governmental Commission Report, 2008; SEPA, 2005). Despite this, its environmental situation is precarious. In the early 1970s, the Baltic Sea was considered one of the most polluted seas in the world (Räsänen and Laakkonen, 2008). Warnings of algal blooms and oxygen-deficient seabeds are still issued almost every summer (Piechura, Pempkowiak, Radziejewska and Uścińowicz, 2006), and the status of fish stocks is worse than ever. The volume of shipping is accompanied by a considerable risk of shipping accidents with extensive oil discharges as a result. Approximately 10% of the world's sea transport, calculated in number of vessels, occurs in the Baltic Sea. Approximately 2,000 large vessels (not counting fishing vessels) operate in the Baltic every day, and 300–500 of these are tankers (Governmental Commission Report, 2008; Hassler, 2010). In 2005, the UN International Maritime Organisation (IMO) designated the Baltic Sea a Particularly Sensitive Sea Area (PSSA), creating possibilities for extended environmental protection, putting the Baltic among the top ten most threatened waters in the world (Uggla, 2007).

The Swedish Governmental Commission on Marine Environment states that there is an urgent need for

[...] a holistic approach and full integration of environmental issues into all policy areas, stronger political leadership and, to a much greater extent, an international focus [...]. All relevant policy areas must be incorporated into a common strategy for the marine environment (Government Commission Report, 2008, p. 59).

The Baltic Sea is environmentally damaged, and concerted political action is needed if it is to recover.

According to international legislation, a state has the right to lay submarine pipelines or cables on the continental shelf of another coastal state (UNCLOS, 1982, article 79). The affected coastal state, however, can influence and even prevent this on environmental grounds. Under the Espoo Convention (adopted in 1991), an environmental impact assessment (EIA) must be prepared by the state or enterprise that intends to lay a pipeline or cable on the shelf. Environmental considerations (associated with their construction or regular use) represent the only legal way that affected coastal states can influence or impede the laying of such pipelines or cables.

Nord Stream AG (formerly known as the North European Gas Pipeline Company) was established in December 2005. This joint venture today comprises five main parties: the Russian gas company OAO Gazprom (major shareholder, 51% stake), the German companies BASF/Wintershall Holding GmbH and E-ON Ruhrgas AG, the Dutch company NV Nederlandse Gasunie, and the French company GDF SUEZ SA. In December 2007, Nord Stream applied to the Swedish government for permission to lay pipelines on the continental shelf and to erect a service platform in the Swedish economic zone. The application was found to be incomplete by the government, and the company was forced to produce an EIA for the full length of the pipeline through the territorial waters and economic zones of all the countries concerned. The Swedish government also demanded a report on the trans-boundary consultations required under the Espoo Convention. After Nord Stream had completed the application no fewer than four times, the Swedish government finally decided to grant permission on 5 November 2009. The decision unconditionally refers to the EIA process in stating that there is no legal reason to reject the Nord Stream proposal to lay the pipeline according to its plans, thus offering access to 480 kilometers of Sweden's economic zone in the Baltic Sea.

The decision prompted reactions from political parties at the national level and from local politicians from the island of Gotland in the Baltic Sea and municipalities near the east coast of Sweden (Ministry of Environment, 2009; *Svenska Dagbladet*, 2009, November 5; SVT, 2009). Questions were raised concerning the strength of the environmental argument vs other important arguments in national and European politics. Notably, four central governmental agencies argued against laying the pipeline on the Swedish part of the Baltic seabed: the Swedish Environmental Protection Agency (Naturvårdsverket), the Swedish Transport Agency (Transportstyrelsen), the Swedish Maritime Administration (Sjöfartsverket) and the Swedish Armed Forces (Försvarsmakten). They based their opposition on different, but complementary, arguments, mainly regarding environment protection and/or national security. They also wanted the decision to be based on a broader consideration of the alternatives, including

a serious investigation of a land-based alternative route on the eastern side of the Baltic Sea (Ministry of Environment, 2009).

The coalition government (i.e. the Conservative, Liberal, Centre, and Christian Democratic parties) decision was heavily criticised, not only by political parties outside the government (i.e. the Social Democratic, Left, and Green parties), which stated that the government was selling out Swedish environmental interests to the benefit of Russian gas interest, but also by members of coalition parties. One Member of Parliament, also a member of the Liberal Party steering board, said: 'the government decision to approve of the Russian-German pipeline is deeply unfortunate. It runs contrary to Sweden's long-term interests in energy and security policy' (Carl B. Hamilton, as quoted in *Svenska Dagbladet*, 2009, November 5). Notably, the approval decision was not made inside a restricted group comprising just the applicants, the Swedish government, and some national agencies. Several initiatives were taken to frame the issue in a way that facilitated permission being granted for the pipeline; in this framing, the media played a pivotal role.

### **3. THE MEDIA STUDY**

Studies demonstrate that people use three main information sources when considering matters of public interest: media discourse and coverage, personal experience, and popular beliefs (Gamson, 1996). The influence of media discourse on people's attitudes varies, but is strongest in international affairs and other areas in which people normally have little or no direct personal experience (Gamson, 1996; Höijer, Lidskog and Thornberg, 2006; Johnson-Cartee, 2005). The media play a key role in framing and forming public opinion on issues such as that of the pipeline. How, then, did the media cover this issue?

#### **3.1. Media Power: Agenda Setting, Priming and Framing**

Despite developments in information technology and the social media, newspapers still constitute an important arena for public debate, as they generally enjoy the leading agenda-setting power in the media family. An 'elite' group of newspapers can be distinguished, the agenda-setting powers of which are so profound that they even set the agenda for the rest of the media (Strömbäck, 2000, p. 154 *et al.*). The 'independently liberal' Swedish newspaper *Dagens Nyheter* (DN) was established in 1864 and is recognised as an elite newspaper in the Swedish media. Its circulation encompasses the entire country and the paper is read daily by 10% (almost 900,000 people) of the Swedish population. Having

the most comprehensive geographical circulation and being the most read daily does not necessarily make *DN* reporting representative of the Swedish media in general. It does, however, make it an influential – perhaps the most influential – political voice in Swedish public debate.

Our analysis is based on articles collected from the newspaper's website ([www.dn.se](http://www.dn.se)), where the electronic news articles largely correspond to their print-edition counterparts. The Swedish compound word for 'gas pipeline' (*gasledning*) was used in searching for relevant articles in the *DN* web archive. Our study examines all articles on the Baltic gas pipeline appearing in the Swedish newspaper *DN* from March 2002 to May 2008. The mere presence of a category of information in an article, whether the article spans three columns or two pages, qualifies as one occurrence. In total, 100 articles were found.

Our analysis makes particular use of three analytical concepts: agenda setting, priming, and framing. Agenda setting is the power or capacity to qualify certain issues for discussion by putting them on the agenda (McCombs and Shaw, 1972; Shah, Mcleoad, Gotlieb, Lee, 2009). Its power is not primarily one of determining what to think about a matter of concern, but of determining what should be seen as a matter of concern. Gate keeping concerns the capacity to keep issues off the agenda (Shoemaker and Vos, 2009; White, 1950). The media exercise both powers as they report abundantly on certain public affairs while keeping fairly quiet about others.

Having been presented with particular issues by the media, readers then decide which of the presented events and actors to pay attention to, i.e. the readers have been affected by media priming (Roskos-Ewoldson, Klinger, Roskos-Ewoldsen, 2006, 2009). The media have not told us what to believe, but have given us a cognitive yardstick of 'important questions' to use when forming opinions on events of public concern. The media thereby influence our preferences. Theories of framing refer to the media's power to choose what available attributes will be used in describing issues, i.e. the media hold a priority right of interpretation (Nilsson, 2004). Complex realities are often simplified to fit an agenda (Höijer, Lidskog and Thornberg, 2006, p. 279). Empirical studies have demonstrated that the way the media interpret issues and events becomes the way we will interpret them (Strömbäck, 2000, p. 217 *et al.*). The media have, for example, taught us to think 'climate' as soon as we hear about greenhouse gases, 'terrorist' at any reporting on the Taliban, and perhaps 'cod death' or 'algal bloom' when the Baltic Sea is mentioned. With what, however, do the media associate the pipeline under the Baltic Sea?

The information on the pipeline provided by *DN* was analysed in terms of three identified public interest categories: the economy, national security, and the environment. The study did not distinguish between factual coverage, editorial or opinion pieces, and interview quotations; any statement about the pipeline was considered 'information' on the pipeline. One simple question was

used in categorising the information in the articles: ‘What has this article taught the reader about the pipeline?’ If we learned anything about the pipeline’s economic features, such as related business activities, timetables, pipeline-linked stockholdings, or gas-related economic factors, the article was considered economic information. If we learned anything about the international aspects of the project, such as military exercises, bi- or multilateral negotiations, and national security politics, the article was categorised as foreign affairs information. If we learned anything about the marine biology or ecological conditions in the Baltic Sea, as related to the pipeline or the implications of natural gas, the article was categorised as environmental information. One article could convey more than one category of information, in which case the article was placed in more than one category. The three information categories seem nearly exhaustive, as only three of the 100 articles fit none of them.

Statements too brief or insignificant to qualify as ‘information’ were considered passing mentions. This indicates that the information category was touched on in discussing the pipeline (and contributed to the priming), but without any indication of how or why it refers to the pipeline. Crucial to the analysis is assessing to what extent an information category receives undivided attention in an article. Such attention is a crucial indication that a theme is associated with enough information content to qualify as a substantial message about the pipeline. Undivided attention to one information category is in a sense the mark of media framing, as it indicates what the pipeline, discursively, is indeed about.

#### **4. ANALYSIS: ECONOMICS AND SECURITY PRECEDING THE ENVIRONMENT**

##### **4.1. Amount of Coverage: Economics and Security at the Expense of Environment**

Passing mention analysis determines the most and least thoroughly reported information categories in terms of word count. The analysis counts the number of articles in which an information category is mentioned in one or a few words with no follow-up information. Whereas passing mention occurs every sixteenth time international security and every thirty-sixth time economic aspects are discussed, it occurs every third time the environment is mentioned. Thus, in contrast to economic and security aspects, the environment is often mentioned without giving any substantial information. The following quotation exemplifies the environment being mentioned in passing in an article otherwise about the Russian presidential election:

[Larsson] believes a lot is at stake. Nord Stream is a pilot case – if the EU does not stand up for its principles now, Russia will know that it is possible to force energy projects through against European objections.

But is the pipeline really something to worry about, apart from the environmental consequences? ‘Yes’ is Larsson’s answer, and his arguments are as persuasive as they are frightening.

The entire power balance of the region will be affected, as Russia’s means to exert pressure will increase at the same time as the EU could encounter more difficulties speaking with a single voice (*DN*, 2008, February 28).

The hint that the environmental consequences are worrisome makes the above passing mention even more intriguing. Nowhere in the article is anything said about *how* environmental consequences actually constitute a problem. These consequences are either treated as self-evident or simply cited as a dramatic enhancer of no specific interest to the reader.

Counting the articles indicates that the economy is the information category covered most frequently in the material, as it figures in 71 of the 100 articles. Information linked to national security is the second most frequent category, appearing in 62 of the articles, while environmental information appears in 39 of the articles. Excluding passing mentions, 68 of 100 articles provide substantial information on economic aspects, 59 on national security, and 25 on the environment.

That the economy and security are emphasised at the expense of the environment is even more obvious when looking at articles that pay attention to only one of the three categories: 20 articles exclusively discuss the economy, 18 national security, and only one the environment. The article on the environment is a report on Gotland where – aside from the Prime Minister’s view of the pipeline – full information is provided on the planned pipeline route along with possible seabed complications arising from the project. However, it makes no comment on whether gas use should be seen as good or bad, though the article mainly concerns a future wind power station on Gotland (*DN*, 2006, August 17).

## 4.2. Content: Top Stories and Themes

That a theme is identified in an article does not necessarily mean that the article deals only with that theme, but that the article provides substantial treatment of it and uses it as the context for reporting on the pipeline. Figure 1 briefly describes the content of the most common top stories.

**Security: Fear of Russia.** The national security theme ‘fear of Russia’ was by far the dominant story in pipeline coverage. While Russian presence in the Baltic Sea (37 articles) is a classic fear treated in the Swedish media, discussion of Russia as a politically empowered gas provider (i.e. gas as a political weapon, 26 articles) is a new fear, mainly affecting countries dependent on Russian gas

deliveries. Together, these security themes form the most common pipeline reporting context – fear of Russia (49 articles) – leaving little space for terrorism (2 articles) or scandalous bilateral contracts (4 articles).

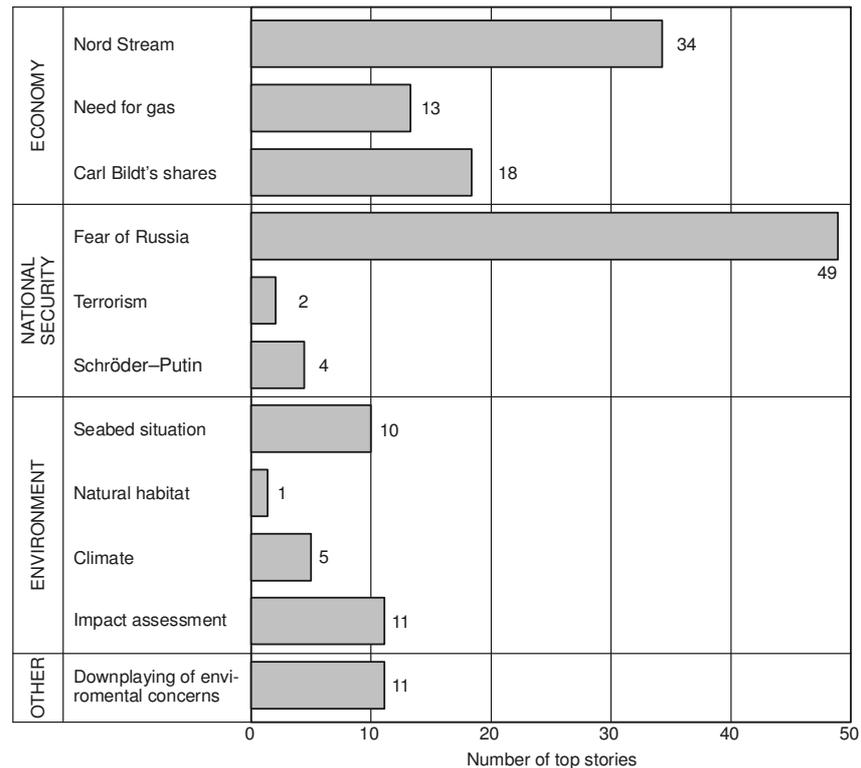


Fig. 1. Number of top stories in each information category; to the far right is the number of articles downplaying environmental concerns

**The Economy: Nord Stream in Business.** Information on the pipeline company and the project’s business aspects was found throughout the six studied years. Information about the building consortium and its endeavours is to be expected in reporting on any project, but, starting from mid 2007, stories on Nord Stream’s daily operations seem more like press releases than critical journalism, for example:

Nord Stream, the company that will be building the pipeline through the Baltic Sea from Russia to Germany, will soon be ordering the pipes for the line (*DN*, 2007, September 25).

Thus, despite the fact that formal permission for the project had yet to be granted, the journalist seems convinced that the pipeline will be built. Another

characteristic of the coverage is that the Nord Stream spokesperson is often effectively given the sole right to interpret, one-sidedly and without critical comment from the journalist, the Baltic Sea situation and domestic public debate:

‘A second reason [for the delay] is that there is a large amount of dumped ammunition in the sea north-east of Bornholm, something that complicates the project on a purely technical basis’, says Matthias Warnig [Nord Stream CEO] (DN, 2007, July 12).

According to the company, much of the criticism is due to ‘ignorance’ and the fact that the Swedish people are unfamiliar with natural gas pipelines. ‘We haven’t heard the type of noise from Denmark as [we have] from Sweden’, says Matthias Warnig (DN, 2007, May 8).

The theme ‘Carl Bildt’s shares’ (18 articles) concerns the fact that the new Swedish foreign minister Carl Bildt was found to be holding shares and stock options of Vostok Nafta, an investment company linked to Gazprom. ‘The need for gas’ (13 articles) concerns the projected energy deficit in the European Union and the need to develop the pipeline.

**The Environment: The Seabed and EIA.** The top environmental story concerning the pipeline, figuring in 10 of the 100 articles, concerns the disturbing of the seabed by construction, which could stir up the phosphates and toxins accumulated in sediments, jeopardizing Baltic Sea health and worsening algal bloom, and dislodge naval mines from the Second World War. The upcoming environmental impact assessment figures in 11 articles, though often only in passing. Several articles mention the gas carried by the pipeline in terms of either contributing to or alleviating climate change (5 articles). ‘Natural habitat’, referring to a protected bird habitat along the pipeline route, is mentioned in one article.

### 4.3. Downplaying Environmental Concerns

As the analysis above demonstrates, the environment was not paid as much attention as were issues of the economy and national security. However, environmental aspects were not simply ignored; many articles (11 articles) in fact explicitly downplayed environmental concerns, stating that other aspects were more important than environmental ones:

We already know a good deal about pollution and the environmental risks inevitably posed by a seabed pipeline. Their seriousness, however, is a matter of opinion. Most of us are not environmental fundamentalists, but ready to accept certain environmental risks if the benefits to society are great enough (DN, 2008, February 12).

A first step that must be taken is to look at energy not only as a matter of the environment and the economy but also as a matter of national security (DN, 2006, January 6).

The environmental threat [posed by the pipeline] has received considerable and deserved attention, whereas another at least equally important factor has been ignored. The pipeline has an undeniable military and national security aspect (*DN*, 2006, November 14).

The above examples from 2006 imply that there had been considerable, or even enough, discussion of the pipeline in environmental terms, implying that it was now time to talk about other aspects. Our empirical study, however, demonstrates that there had not been that much talk about the pipeline's environmental aspects. On the contrary, there had been as little talk about the environment as about anything else concerning the pipeline and, as of November 2006, only 6 of 28 articles had raised environmental issues.

To sum up, the coverage of the proposed Baltic Sea pipeline in the studied articles clearly frames the project so as to downplay the environmental theme; instead, the lion's share of the coverage deals with the national security or economic aspects of the project. Although the environment is regularly mentioned in the reporting, little light is actually shed on the specific environmental conditions of the Baltic Sea or on the environmental implications of the pipeline. On the contrary, the environment is simply invoked in passing to pay lip service to the issue, but not to serve the public's need to be informed about the project. The word 'environment' is used as an enhancer, to 'dress up' another pipeline storyline concerning national security and the economy.

Comments such as 'It's time we talked about something else' (e.g. *DN*, 2007, December 18) refer to a debate elsewhere, indicating that media 'gate keeping' has excluded the environmental theme from the pipeline story. This exercise of media power gives the false impression that the environmental theme has already been assiduously treated. As the tone shifts to one of scorn, the reporting frames the pipeline story in a way that downplays environmental concerns. The message to the reader suggests: 'If you are well informed, you will not think of environment whenever the pipeline is mentioned'.

Although the pipeline has environmental consequences – both direct and indirect – the planned construction is not referred to as primarily an environmental issue, and never as a solely environmental issue, as indicated by the almost total lack of articles paying undivided attention to this theme – in sharp contrast to articles that focus solely on the economy or security. In addition, the coverage tends to let Nord Stream and other corporate spokespeople interpret the pipeline construction and the Baltic Sea environment in their own terms, despite the fact that the future of the pipeline is a legal and political matter. Whether or not such press release- or advertisement-like reporting is due to journalist idleness, economic reasons, or inappropriate goodwill to the company, by neglecting alternative interpretations, it tells a story perfectly in line with company interests. Instead of framing the planned project in environmental terms, the main story conveyed in the reporting concerns Russian presence in the

Baltic, and the potential effects of the project from a European point of view. The tendency to make this association explicit is illustrated by a signed editorial entitled: 'Prioritize right: Put security before the environment in the Nord Stream case' (*DN*, 2008, November 19). Briefly stated, the message conveyed by the newspaper is that the pipeline concerns national security, and has little or trivial impact on the Baltic Sea environment – a message likely to affect the Swedish public's conception of the project.

## 5. CONCLUSION

Although our study of one single newspaper, albeit a major one, is too narrow in scope to allow far-reaching generalisation, the story told by the 100 analysed articles tells us something about the framing of the pipeline issue. Briefly stated, the coverage of the Baltic Sea gas pipeline tells us that national security and the economy are more important considerations than the environment, despite the documented environmental risks of such projects as well as criticisms from environmental organisations and from representatives of political parties, national public agencies, and municipalities on the east coast of Sweden. In addition, doubts about the environmental soundness of the pipeline were raised not only in Sweden, but also in other states on the Baltic Sea, namely, Finland, Estonia, Latvia, Lithuania and Poland (Karn, 2008).

Despite years of reports on the critical Baltic Sea environment, ambitious European targets to reduce greenhouse gas emissions, and Swedish efforts to curb fossil fuel dependency (Commission on Oil Independence, 2006), media reporting on the pipeline evidenced a poor memory of prior debates. From reports on saving a particularly sensitive sea to updates on the dredging, blasting, and filling of its seabed, or from reports on how to cope with global warming to newscasts on Europe's need for cheap natural gas – the pipeline project marked a turn in public debate (Lidskog and Elander 2011). Instead of fierce environmental debate on the pipeline, environmental coverage fell short of previous media and other coverage of acute conditions in the Baltic Sea.

This analysis also reveals that the media can run concurrent discourses that do not relate or refer to each other. At the same time as the Baltic Sea pipeline was mainly framed as a non-environmental issue by *DN*, there was ongoing discussion of the precarious ecological situation of the Baltic Sea, including the considerable oil leakage from a ship collision in the Baltic Sea in 2003, the political struggle (2001–2005) to designate the Baltic Sea a Particularly Sensitive Sea Area (including the frustration that Russia did not support this effort), and HELCOM's 2007 adoption of a Baltic Sea Action Plan, according to which

all Environmental Ministers around the Baltic Sea decided that the sea should attain good ecological status by 2021. These and other events were reported in the media and publicly discussed, but in the studied media coverage of the Baltic Sea, no connections were made between the environmental aspects of the pipeline and efforts to protect the Baltic Sea from environmental degradation. Instead, the environmental aspects of the Baltic seabed pipeline were largely de-emphasised in favour of national security, the domestic economy, and energy security for parts of the European Union.

The relationship between issue framing and public opinion formation, however, is complex. A dominant media message can be interpreted differently by different audience segments, and many studies demonstrate that the public can be critical of media reporting on risks (Hall, 1996; Reilly, 1999; Wilson, 2000). However, in cases in which citizens have no or very limited opportunities to gain personal experience of an issue, media coverage plays an important role in shaping citizen comprehension. It is therefore reasonable that how the media portray the pipeline project should frame the debate and have a crucial impact on public understanding. Arguably, the media framing of the pipeline project also facilitated the Swedish government decision of November 2009. By de-emphasising the environmental aspect, the media made it easier for the government to approve the pipeline route along the Swedish economic zone. Once having been defined as a 'common sea' facing environmental threats, the Baltic Sea was suddenly challenged by another storyline stressing the importance of Russian and Western European (primarily German) economic and national interests.

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**Ivana KRAFTOVA\*, Tomas CHLADEK\*, Jakub MINARIK\***

**DO GLOBALISATION AND ECONOMIC CYCLES REDUCE  
THE SECTOR INEQUALITY OF SUPRA-REGIONS?**

**1. INTRODUCTION**

This research presents data accumulated to assist in the testing of the validity of assumed development conditions and relations. The world economy has reached staggered levels of development across the different continents throughout a long period in history. Geographical continental determinants in relation to the climatic and natural conditions across the continents, as well as natural resources, have remained more or less stable. And aside from these aforementioned conditions, there are numerous internal and external factors – among others: the respective states social and political situations, their scope of involvement in the processes of international labour distribution, involvement in the globalisation phenomena and economic cycles – which influence the economy of a continent as a sum of its individual economies. Globalisation, as well as market mechanism principles, reflects the trend of stronger subjects to accumulate advantages at the expense of weaker ones (Smith, 2001; Kraft and Farek, 2008).

On the other hand, globalisation is connected with processes which act to reduce the differences between the centres of wealth and poverty, and may contain potential to reduce the spatial dispersion and sector diversification of the continents. The process of economic internationalisation and globalisation has been gradually intensifying since the Second World War, i.e. in the 1950s, and

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\* Ivana KRAFTOVA, \* Tomas CHLADEK, \* Jakub MINARIK, University of Pardubice, Faculty of Economics and Administration, Pardubice, the Czech Republic, e-mails: [ivana.kraftova@upce.cz](mailto:ivana.kraftova@upce.cz); [tomas.chladek@gmail.com](mailto:tomas.chladek@gmail.com); [akub.minarik@centrum.cz](mailto:akub.minarik@centrum.cz).

its intensity increased during the 1980s, underlining the suitability of a holistic approach in the search for an answer to the problem indicated in the title of this article, although spatial economics usually explores differently determined lower level economic areas.

The truth is that a more common exploration of trend topics in different relations on the level of individual countries or group of countries (Renski, 2010; Otsuka, Goto and Sueyoshi, 2010; Barta, Czirfusz and Kukely, 2008; Cheshire, 2008) would advisedly be carried out parallel to economic research into specific problems focusing on continents/supra-regions (Venables, 2010; Leeuwen, Strijker and Terluin, 2010; Kraftova and Kraft, 2008).

It is often asked to what extent globalisation processes help to remove the forms of economic inequality that are viewed as being responsible for an upsurge in social problems and political instability across all parts of the world. The United Nations effort aims at their removal within the term it takes to complete the Millennium Development Targets adhered to at Summit 2000 (UN, 2000), and the way the cyclical character of economic development affects balance.

Among the expressions of economic performance inequality in different regions is their different sector structure,<sup>1</sup> and the different degree of representation of the primary, secondary and tertiary sector in the formation of gross domestic product or total value added. A developed economy is characterised by a high proportion of citizens inside the tertiary sector, i.e. the services that include globalisation supporting branches and market appropriation (transport, information technologies and telecommunications),<sup>2</sup> and also the human cultivation branches (education, health care, culture, sports, tourism, social welfare, etc.).

Taking an historical perspective into consideration, economic development was reflected through a strong primary sector. The growth of labour productivity and needs diversity resulted in the growth of the secondary and later tertiary sectors. To develop the tertiary sector, it is essential to achieve sufficient productivity in the secondary and primary sectors. The significance of total factor productivity is an integral part of growth accountancy, being viewed rather more generally than in terms of sectors (Baier, Dwyer and Tamura, 2006; Klacek, 2006).

Economically developed countries usually experienced such a process, but the scope of the primary sector involvement may differ: e.g. the islands of Japan

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<sup>1</sup> Sector structure is in question, statistically depicted through the classification of branches, not being purposeful such as for example an inspirative division of sectors to, 'M-T-I', i.e. Manufacturing sector, Traditional sector and Innovation sector (Dupont, 2007).

<sup>2</sup> Fujita and Mori (2005) differentiate between two types of impediment to trade in space: transport of goods, and communication costs for doing business over space... The two cost types exert different effects on the spatial organisation of economic activities.

with a highly developed fishing industry versus inland European countries, such as Luxembourg and Switzerland. In recently developed countries we can often see a low representation of the secondary sector compared with the primary sector (countries rich in natural resources), or the tertiary sector (countries with favourable natural and climatic conditions enabling the development of tourism).

World economic inequality may be manifested in either the spatial concentration of sectors or by the sector specialisation of supra-regions (continents). We can assume that globalisation trends will affect the development of economic inequality in the same way as economic cycles (Kraft and Kraftova, 2010).

An assessment of the above indicated problem gains significance also in context with the stress put on the new economic geography, on the identification of strategic branches and on relevant economic growth (Partridge and Rickman, 2009; Blazek and Hampl, 2009; Kraftova, 2008; Capello, 2006; Fujita and Krugman, 2004; Los, 2004; Aroche-Reyes, 2003).

It is obvious that the latest synchronous financial and economic crisis will be reflected in the worldwide spatial efficiency distribution. According to H. W. Sinn, the Western World has been experiencing the introduction of a new portfolio balance that turns the international order of growth pace inside out, compared to the pre-crisis situation. Former champions trudge along the race course while former turtles sprint like gazelles (Sinn, 2010).

## **2. OBJECTIVES AND SELECTED METHODOLOGY**

The objective of the research is to assess the supra-regional inequality of wealth formation and its development during the period of intensified globalisation processes, and in relation to cyclical economic development in view of sectors structure and its trends. The authors verify whether:

- globalisation contributed to the reduction of wealth formation inequality and to the equality of the sector structure of supra-regions;
- the economic cycles relate back to the spatial concentration change and sector specialisation of supra-regions;
- the intensity of sector changes correlates with the economic cycles during the period of globalisation (after 1970).

For an assessment of the above indicated problems, comparative regional analysis tools have been used (Bucek, 1992), a particular sector-modified branch specialisation index, concentration index and sector changes intensity indicator, similar to an analysis of the Central and Eastern European branch analysis (Landesmann, 2000), or Visegrad Group (Melišek, 2008), i.e.:

Regional concentration index:

$$I_{RC} = \frac{TVA_R^S}{TVA^S} / \frac{TVA_R}{TVA_T} \quad (1)$$

Sector specialisation index:

$$I_{SS} = \sum \left| \frac{TVA_R^S}{TVA_R} - \frac{TVA^S - TVA_R^S}{TVA_T - TVA_R} \right| \quad (2)$$

The coefficient of sector changes intensity:

$$k_{IS} = \sqrt{\left( \frac{TVA(t)^S}{TVA(t)_T} - \frac{TVA(t-1)^S}{TVA(t-1)_T} \right)^2} * \frac{TVA(t-1)^S}{TVA(t-1)_T} / 100 \quad (3)$$

Explanations

$I_{RC}$	regional sector concentration index	$TVA_R^S$	sector total value added $S$ in supra-region $R$
$I_{SS}$	regional sector specialization index	$TVA^S$	overall sector total value added
$k_{IS}$	coefficient of sector changes intensity	$TVA_R$	overall supra-regional total value added
$t, t-1$	period $t, t-1$	$TVA_T$	overall total value added

Special attention was paid to the period after 1970, the era of the so-called ‘petroleum shocks’, considered a starting point for globalisation trends intensification. Statistical data of the United Nations serves as a total value added sector indicators database presented in stable 1990 prices in USD, where International Standard Industrial Classification of All Economic Activities,<sup>3</sup> Rev. 3.1 has been applied.<sup>4</sup> GDP data have been used for the assessment of overall wealth formation, being the elementary aggregate characteristics in the evaluation of the absolute economic effectiveness of individual continents. To assess the sector shares the TVA indicator is used, derived from GDP and monitored according to individual branches. All of this is applied despite construction in terms of economic growth and development shows certain difficulties (Hájek, 2005).

<sup>3</sup> International Standard Industrial Classification of All Economic Activities = ISIC.

<sup>4</sup> This means that the primary sector is an accumulation of branch A – Agriculture, hunting and forestry, B – Fishing, C – Mining and quarrying, E – Electricity, gas and water supply; secondary sector involves D – Manufacturing, F – Construction, with the tertiary sector covering all the remaining branches G to Q, i.e. the service sector.

### **3. THE DEVELOPMENT OF GDP AND ITS SECTOR STRUCTURE ACCORDING TO THE CONTINENTS IN THE PERIOD 1970–2008**

The GDP absolute value development shows different dynamics during the period monitored – a worldwide average is significantly exceeded in Asia, in Africa; America and Oceania move slightly under the worldwide average; Europe is a bit slower.

While the worldwide GDP share has not changed much in the Americas, Oceania and Africa, the shares of Europe and Asia experienced major changes that are by over 11 percentage points in favour of Asia at the expense of Europe (table 1).

Table 1. GDP 1970–2008 by continents (mln USD)

	GDP 1970 (mln USD)	Share in world GDP in 1970 (%)	GDP 2008 (mln USD)	Share in world GDP in 2008 (%)	Growth 2008/1970 (%)
Africa	272,641.5	2.4	999,394.3	2.7	366.6
Americas	3 939,581.2	34.2	12 619,080.9	34.0	320.3
Asia	2 069,355.8	17.9	10 950,464.1	29.5	529.2
Oceania	207,714.6	1.8	653,799.3	1.7	314.8
Europe	5 039,565.3	43.7	11 901,452.2	32.1	236.2
World	11 528,858.5	100.0	37 124,190.7	100.0	322.0

Note: Oceania = Australia, New Zealand, Melanesia, Micronesia and Polynesia.

Source: processed by the authors based on the online data: <http://unstats.un.org/unsd/snaama/dnlList.asp> (cit. 31.12.2009).

Leaving the TVA absolute values aside and focusing on its sector structure, we can state that the worldwide growth of the tertiary sector share includes roughly three-fifths of the secondary sector decline and two-fifths of the primary sector decline. This was caused by the development of two more developed continents that is Europe and the Americas. Such facts can prove that the proposition about an inter-sector shift caused by the productivity growth indicated in the beginning of the article is applicable. The growth of the tertiary sector in Asia and Africa is temporarily related to a moderate growth of the secondary sector and any decline in TVA structure is then reflected in the primary sector decline. Oceania has a controversial position, since the secondary sector share in the given period falls against the expected development and the primary sector slightly grows alongside the secondary sector (figures 1–3).

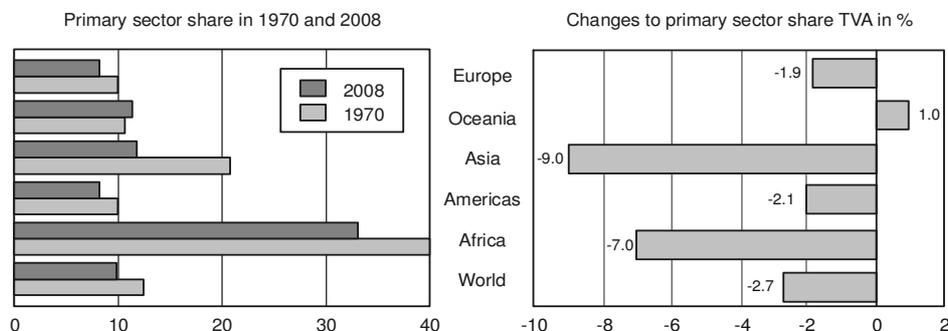


Fig. 1. Comparison of the primary sector share development in economy of the world and continents in 1970 and 2008

Source: processed by the authors based on the online data:  
<http://unstats.un.org/unsd/snaama/dnlList.asp> (cit. 31.12.2009)

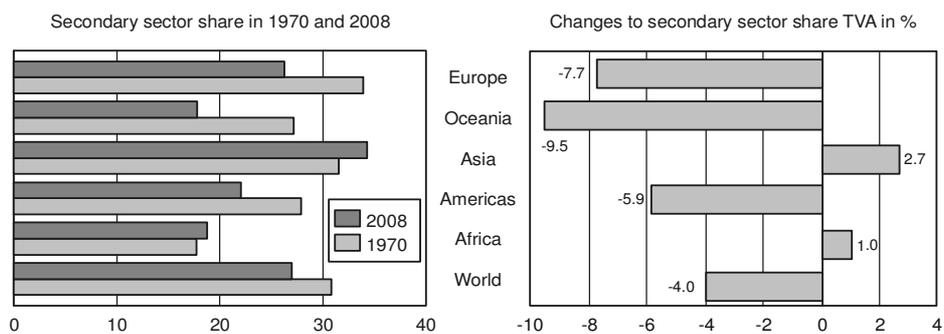


Fig. 2. Comparison of the secondary sector share development in economy of the world and continents in 1970 and 2008

Source: processed by the authors based on the online data:  
<http://unstats.un.org/unsd/snaama/dnlList.asp> (cit. 31.12.2009)

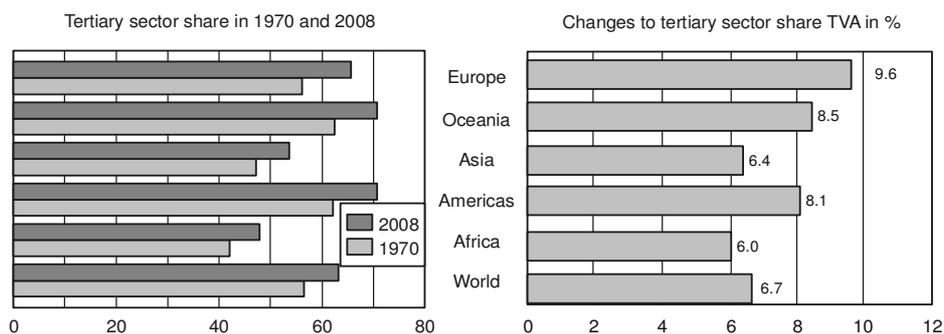


Fig. 3. Comparison of the tertiary sector share development in economy of the world and continents in 1970 and 2008

Source: processed by the authors based on the online data:  
<http://unstats.un.org/unsd/snaama/dnlList.asp> (cit. 31.12.2009)

Worldwide TVA growth is characterised by different pace and by a shift in individual sector dynamics. The intensity of economic relations among countries, and across the continents, in the period of globalisation may be a subordinate factor to the transfer of the sector growth determinants, and it can also be a reason for a deeper fixation of sector inequality because the needs of the secondary sector outcomes of the economies, whose efficiency relates to the growth of the primary or secondary sector, may be supplied from outside.

If we divide the whole monitored period into decades, then the most dynamic TVA growth occurred in the 1970s when tertiary sector growth largely exceeded the growth of the primary and secondary sectors, measured by geometrical average.

The following two decades are characterised by lower growth dynamics and by the diversification of individual sector growth rates when the primary sector lags behind. The positive difference of the tertiary sector growth against the remaining two has fallen. The beginning of the 21st century witnessed a complete turnaround, since the rate of individual sector growth was almost equal, which is rather surprising especially in regard to the primary sector. Such a result was affected by the size of the base from which we derive the growth rate. Nevertheless, it is obvious that the apparent worldwide equality in the development of TVA sectors obscures a major supra-regional inequality. Overall observation does not allow us to observe this fact, it is essential to analyse the problem in a spatial view, according to individual branches and in terms of individual growth factors (figure 4).

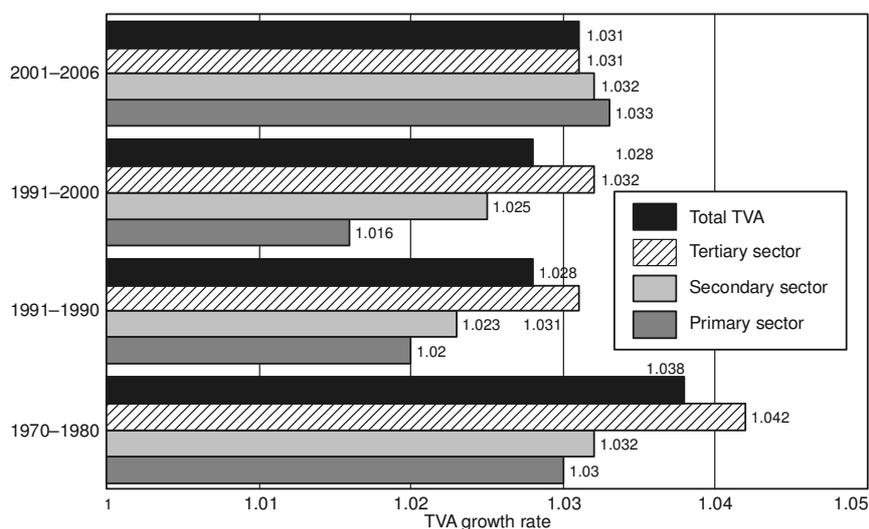


Fig. 4. Development of worldwide TVA growth (geometrical average of the period)  
 Source: processed by the authors based on the online data: <http://unstats.un.org/unsd/snaama/dnlList.asp> (cit. 31.12.2009)

#### 4. THE RANGE OF SPATIAL CONCENTRATION AND SECTOR SPECIALISATION OF SUPRA-REGIONS

The period of globalisation has not eliminated the cyclical character of economic development; on the contrary, the recession shows its influence on economic cycle synchronisation. Therefore attention was further paid to the economic sectors of world supra-regions in terms of their concentration and specialisation as supporting descriptive characteristics. The research aimed at the investigation into whether regional sector specialisation and concentration development have been significantly changing during individual cycle stages.

##### 4.1. Range of Regional Concentration

The regional concentration index  $I_{RC}$  (1) expresses the ratio between regional share in the TVA sector and a region's share in overall TVA. If that equals 1, then the share of a region in the TVA sector equals the region's share in overall TVA. At the values under 1, the share of a region in the TVA sector is lower than the share in the overall TVA and *vice versa*.

$I_{RC}$  calculated for individual supra-regions proves that economic cycles have no special influence on the regional concentration of sectors, it is instead a long-term trend.

However, the development in individual continents is different. In the period 1970–2008, the primary sector concentration increased most in Oceania (1.40), in Africa (1.06) and surprisingly in Europe (1.04). The concentration has fallen in Asia (0.72) and in the Americas (0.55).

Supra-regional concentration of the secondary sector has been developing differently. As expected, the largest growth was encountered in Asia (1.24) and in Africa – in regard to the low base – almost equally (1.21). The degree of concentration has fallen in Oceania (0.75) and it was relatively similar in Europe (0.89) and in the Americas (0.91).

Only the tertiary sector increased its concentration equally in all the supra-regions, despite its intensity slightly differing – the largest in Europe (1.05), to a lower degree in the relatively small economies of Africa and Oceania (equally 1.05); and the lowest, yet above the value of 1, in Asia and the Americas (1.01). In the case of the Americas, the development is a result of the high values accumulation in North America and lower values in the rest of the continent.

It is also interesting to note the change in the position of a continent in terms of its worldwide share of sector concentration. It concerns the position of the Americas in the primary sector, where the share in the primary sector TVA appears lower than that of overall TVA at the break of 2003 and 2004, while Oceania shows an opposite trend at the break of 1982 and 1983. Looking at the

secondary sector concentration, only Europe has changed its position, since its share in the secondary sector dropped, compared to its share in overall TVA after 2003, while the European position in terms of tertiary sector concentration was balanced with the overall TVA share in 1991 and 1992; and in the following years the tertiary sector concentration share in Europe exceeded its share in the overall TVA.

#### 4.2. Range of Sector Specialisation

The sector specialisation range of supra-regions was assessed by means of the sector specialisation index  $I_{SS}$  (2), representing the difference between ‘supra-regional specialisation’ in a particular sector (the TVA sector share in a region in the regional TVA) and worldwide specialisation in a particular sector regardless of the assessed supra-region (the share of a particular sector TVA in all other regions and the sum of the overall TVA of all the remaining regions).

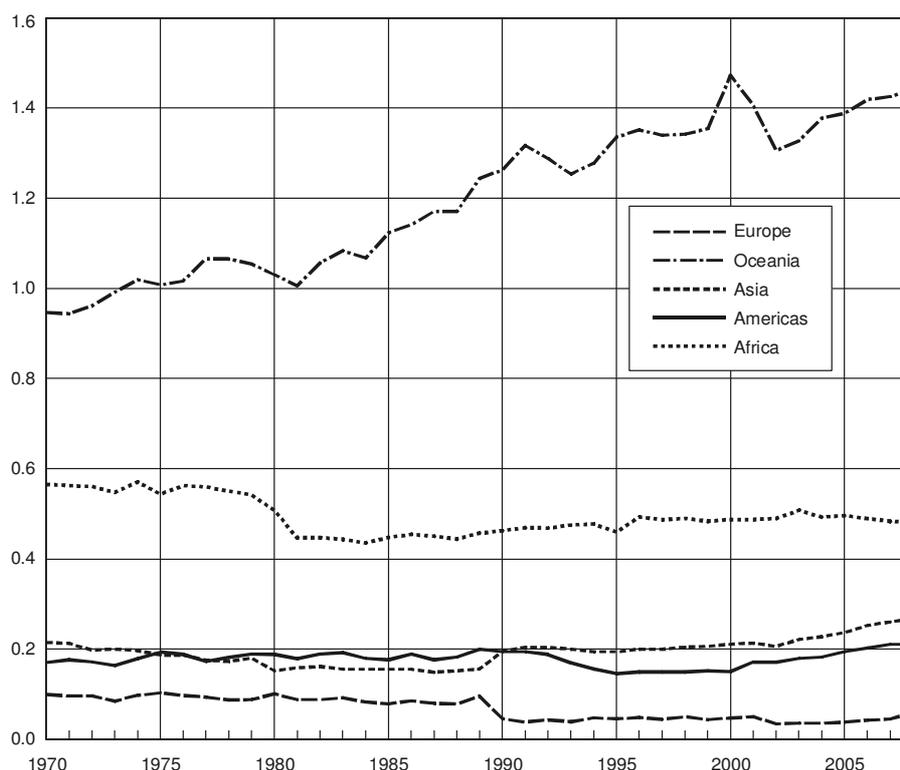


Fig. 5. Development of supra-regions specialisation range in 1970–2008 (measured by ISS)

Source: processed by the authors based on the online data:  
<http://unstats.un.org/unsd/snaama/dnlList.asp> (cit. 31.12.2009)

Individual items represent the degree of specialisation of a particular continent compared to the given sector as a relation value against 'the rest of the world'. If that equals zero, then the degree of specialisation of a supra-region to a given sector equals with 'the rest of the world'. The higher the value, the higher is the specialisation of the particular supra-region to a given sector, and *vice versa*. Negative value means that the rest of the world is more specialised than the monitored supra-region. Regarding the fact that the TVA of each supra-region is a sum of its sector TVAs, summarisation is carried out in absolute values. The higher the absolute values sum, the higher the sector specialisation of a given supra-region.

When speaking about the specialisation development, we cannot see any significant influence of economic cycles; a long-term trend is in question. The specialisation has been increasing in Oceania (1.52), Asia (1.22) and America (1.20). Lower specialisation, that is a more balanced representation of individual sectors in the economy, is seen in Europe (0.63) and Africa (0.85). At the same time, the development takes place on a significantly different level – the high specialisation of Oceania and Africa, and on the contrary, the highest sector diversification in Europe (figure 5).

The results are also reflected in the spatial concentration of sectors in individual continents.

## **5. INTENSITY OF STRUCTURAL CHANGES AND THEIR DEVELOPMENT WITHIN ECONOMIC CYCLES**

Contemporary economic development of individual economies shows a cyclical character through different intensity and periodicity. The analysis proved that the recent length of a cycle is approximately 8.25 years, i.e. it moves within the Juglar cycle dimensions, often connected with investment into new machinery and technology (Kraft and Kraftova, 2010).

In the assessment of individual supra-regions GDP growth in the monitored period, we can earmark the middle of the 1970s, the beginning of the 1980s, the beginning of the 1990s and the turn of the century as a recession since the growth kept falling in an asynchronous manner in all the continents. A different situation started in 2008, when the recession was reflected synchronously worldwide.



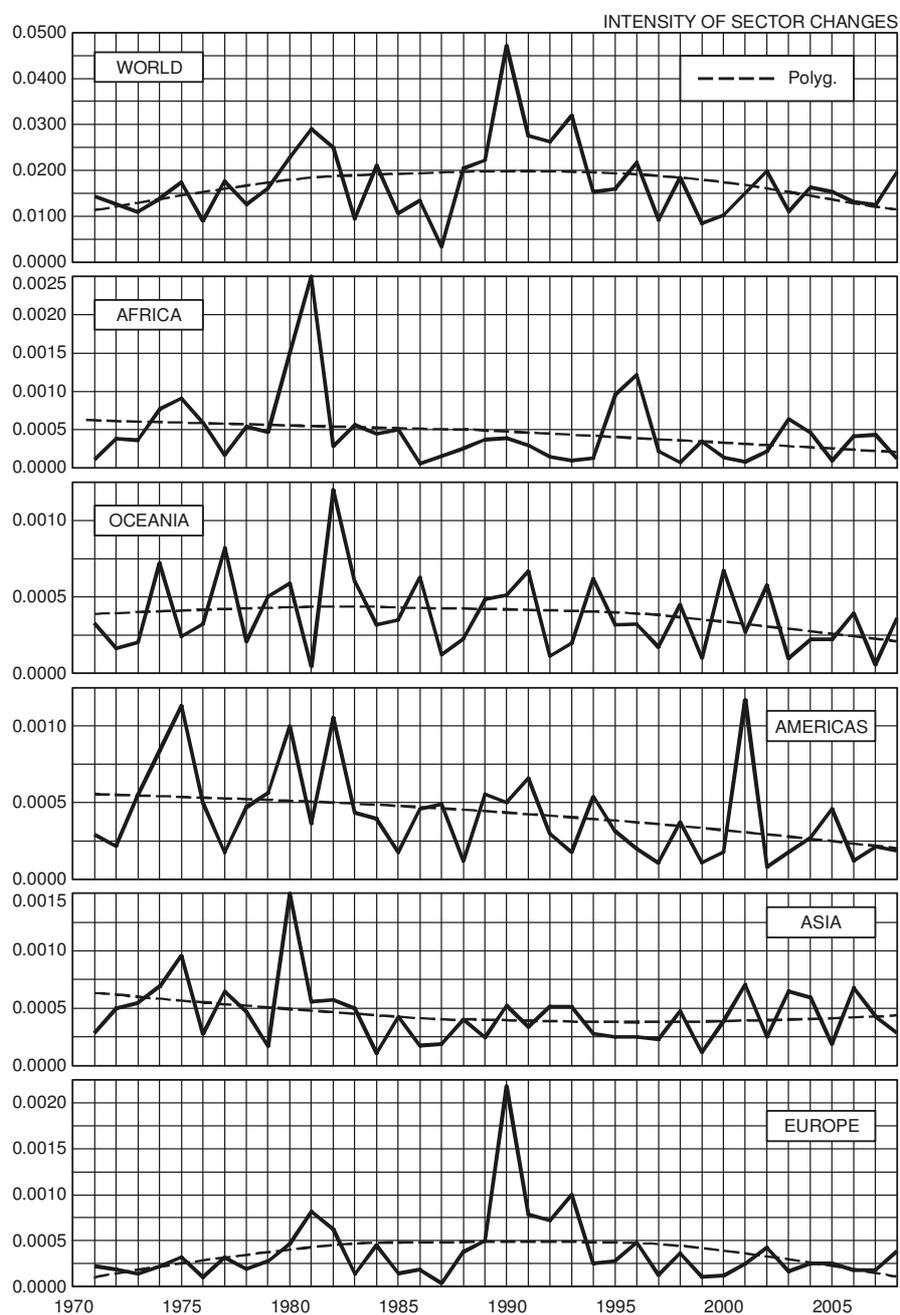


Fig. 6. Development of the world sector changes intensity in the world and in supra-regions in relation to economic cycles

Source: processed by the authors based on the online data:  
<http://unstats.un.org/unsd/snaama/dnlList.asp> (cit. 31.12.2009)

We can state that worldwide development reflects the dominant development of Europe where social and political changes at the beginning of the 1990s meant an extensive shift in the world economy. The preceding top of the sector changes intensity in Europe occurred in 1981 (similarly in 1990) in the year of the economic recession. Despite Europe trying to react to the economic development by changes to the TVA structure, it has been experiencing a sustained loss in GDP share (from 44% in 1970 to 32% in 2008; in the critical year 1990 it was 38%, which confirms a sustained decline).

Both low efficiency supra-regions – Africa and Oceania – do not significantly differ from the worldwide trend. Africa is more ‘at ease’ in terms of sector changes showing basically two culmination years: 1981 and 1996; both years are closer to the years of industrial boom fluctuation (1982 and 1996) than to a period of recession.

Oceania, on the other hand, experienced a strong oscillation around the trend during the whole monitored period, with a culmination in 1982, the year of the economic recession.

The two remaining supra-regions – the Americas and Asia – show an analogical development in a way, since we can differentiate three sections in the period monitored: the beginning of the 1970s until the mid-1980s as a high sector changes dynamics; then a relatively quiet period at the end of the 1990s, reflecting the recession in Asia, followed by the turn of the millennium marked by a higher sector changes intensity in both supra-regions. The year 2001 on the American continents represents the culmination of the changes in the whole monitored period. It is worth mentioning that Asia, after absolute GDP decline in 1998, immediately reduced the sector change intensity, starting to grow only in 2001, the same way as in the Americas, but with a lower intensity.

## **6. CONCLUSIONS**

The research demonstrates that in the intensive globalisation period after 1970 there exists a certain equality of the overall supra-regional effectiveness, especially in a comparison of the three highly efficient continents, i.e. Europe, America and Asia (figure 7). Moreover, it is evident that Asia does so at the expense of Europe, if we pay attention to the share expressed by the GDP size.

Not only the absolute value of an indicator is important in wealth formation, but it is also a relative value of economic intensity measured by e.g. *GDP per capita*. The analysis also aimed at the evaluation of the share, i.e. the relation of supra-regions in terms of their worldwide GDP and the world number of inhabitants. Comparing the situation between the years 1970 and 2008, we can

see a different inequality distribution in terms of the supra-regions share than that of absolute values of the GDP measured effectiveness. Oceania clearly ranks first (being small as a supra-region with the smallest area – max. 6% of the planet), followed by Europe and the Americas. The two regions with a relatively low effectiveness are Asia and Africa, where the delay is partially caused by the growth in the number of inhabitants.

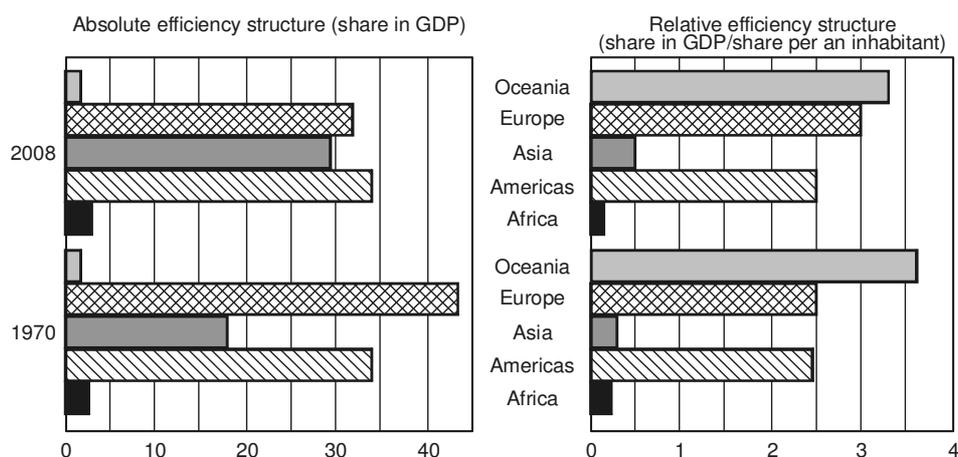


Fig. 7. Comparison of supra-regions efficiency between years 1970 and 2008

Source: processed by the authors based on the online data:

<http://unstats.un.org/unsd/snaama/dnlList.asp> (cit. 31.12.2009), and

<http://unstats.un.org/unsd/demographic/products/dyb/dyb2008.htm> (cit. 8.10.2010)

The calculated variable statistic characteristics show that the inequality of wealth formation among individual supra-regions slightly fell, but certain differences were sustained – i.e. generally lagging Africa, Oceania lagging in absolute efficiency and Asia lagging in relative efficiency. Looking at the worldwide trends of the supra-regions sector structure, we can see the primary and secondary sector declining, while the tertiary sector is growing. Such trends are obvious, forming the base for the sector balance increase. The variability of the sector efficiency of supra-regions between the years 1970 and 2008 shows decreasing values: the primary sector TVA variation coefficient decreased by only 1.4 percentage points but that of the secondary sector TVA is lower by almost 10 percentage points, and by almost 12 percentage points at the tertiary sector.

No link in the changes to cycles has been observed in the spatial sector concentration, it is rather the decrease or increase trends relating to individual sectors effectiveness, as was noted above. Also the remarkable break within the secondary sector in 1989–1990 in Europe and Asia appears to be a part of the development trend in the given region, rather than a cyclical impulse.

On the other hand, a long-term trend of the secondary sector effectiveness relation on both the mentioned continents in the form of a flat 'X' with the centre in the year 1989 raises questions about the reasons for such a fact, moreover in relation to the development of their share in overall wealth formation. (It is analogically equal in both supra-regions with lower dynamics and opposite trends of the tertiary sector.) The shift in the secondary sector concentration from Europe to Asia is a reflection of numerous factors, including the significant role of the extensive use of Asian economic potential (especially that of China).

We can assume that the knowledge factors (Fujita and Mori, 2005) are pursued only on a certain level of productivity, raising a dominant development of the tertiary sector. The latter is demanding in terms of labour, therefore the overall labour productivity decreases with its development. Economic development, lacking the appropriate participation of the secondary sector, is substantially slower than in its presence.

As far as the sector specialisation of regions is concerned, it is again the trend rather than a cyclical course: the high and sustained value of the specialisation index is evident in Oceania, the second largest but less stable level is reflected in Africa. The Americas and Asia show a low but relatively stable value in the sector specialization index; perhaps it is the secondary sector expansion at the beginning of the 1990s in Asia that shows a minor jump in the sector specialisation index growth. Europe has been showing the lowest and constantly decreasing values in the sector diversification.

Although some cyclical decrease types in the three supra-regions (America, Europe and Oceania) are connected with increased intensity of sector changes and the attenuation of such intensity relates to the industrial boom oscillation (Europe), we cannot take such a relationship as generally accepted. Its invalidity can be judged from the development of cycles and the values in the relative efficiency lacking supra-regions, i.e. Asia and Africa.

To answer the question in the title, we can state the following: the globalisation period 1970 to 2008, showing a worldwide asynchronous character of economic cycles, has experienced a decrease in the sector structure inequality of supra-regions. However, the trend is not unambiguously related to economic cycles. The future will reveal whether the worldwide synchronisation of economic cycles repeats. In such a case, their role in relation to the development of supra-regional sector structure could change.

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**BOOK REVIEWS**

**Paul STOUTEN, *Changing Contexts in Urban Regeneration. 30 Years of Modernisation in Rotterdam*, Techne Press, Amsterdam 2010, 247 pp.**

It would be impossible to understand the 19th and 20th century socio-economic development of Western Europe without cities. However, for several decades following industrial revolution western societies became fascinated with anti-urban trends, to call only the most famous utopias of Ebenezer Howard, Frank Lloyd Wright and LeCorbusier. Soon they realised, though, that urban decline means also socio-economic decline, and in the course of post-war welfare state strategy the first urban renewal initiatives were undertaken. But the late 20th century processes such as globalisation, deindustrialisation and informatisation have rapidly changed the context in which cities are embedded, so that urban policies had to adapt to these new circumstances. The book of Paul Stouten shows how the process of urban renewal (or later: urban regeneration) evolved in the period since 1970s.

The book comprises nine chapters, which can be divided into two parts. The first four chapters discuss the theoretical, historical and political context of urban regeneration. Among them, especially interesting from a policy-oriented point of view is the third chapter, which presents the evolution of urban policies in the Netherlands. The other four chapters describe urban regeneration in the city of Rotterdam, and in particular in the core city district of Oude Noorden. In the last summarising chapter the question is addressed, how urban regeneration policies can be shaped in the context of sustainability.

Urban development is the not well-known face of Rotterdam, the famous harbour city. Rotterdam forms together with Amsterdam, The Hague and Utrecht the agglomeration of Randstad, one of the largest urban agglomerations of Europe. Among the cities of Randstad, Rotterdam is characterised by high unemployment rate and also high share of ethnic minorities. The history of urban renewal in Rotterdam dates back to the 1970s, and, according to Stouten's words 'Rotterdam's approach to urban renewal became an example for other cities in the Netherlands and elsewhere in Europe' (p. 223). Powerful protests against decline and demolition of old districts can be seen as one of the reasons underlying participatory urban renewal policies.

How can the title *Changing Contexts...* be understood? Stouten makes a distinction between two different periods of urban policy in the Netherlands. In the first period (from the 1970s to 1993) preference was given to the public sector, for example special rights were introduced to facilitate the purchase of dwellings by the municipality. In the

following years the approach has become more market-oriented, what at least in part can be traced back to the general trend towards liberalisation of public services. Another difference is the fact, that in the course of time the focus shifted from neighbourhood-scale interventions based mainly on physical improvements, to integrated urban and regional scale strategies, which include also strong socio-economic aspects. For that reasons, the first approach is called urban renewal, and the latter – following the definition of Roberts (2000) – urban regeneration.

There are many controversies about the results of urban renewal driven by the public sector. As the author states ‘politicians and social scientists have tended to ignore the positive results achieved by urban renewal’ (p. 223). He admits that ‘seen from a sustainability point of view, “building for the neighbourhood” strategies (the kind of Dutch urban renewal policy – A. R.) cannot, in hindsight, be classified in all its aspects as sustainable development’ (p. 224). In particular, some socio-economic problems, such as unemployment and dependency on social transfers, have not been solved by urban renewal. Indeed, such problems cannot be solved merely by small-scale urban renewal actions, because their reasons are structural. Also, in the course of time new problems occurred, for example related to the integration of ethnic minorities. Not disregarding all these issues, Stouten argues that urban renewal led to significant improvements in housing and living conditions in many deprived neighbourhoods.

The author seems to be sceptical towards the trend of far-reaching liberalisation, and suggests that the goals and instruments of urban policy should be redefined. Stouten sees the broad concept of sustainability, including environmental, social and economic dimensions, as a useful framework, although, as he remarks, this concept is often understood in a narrow sense. It is an interesting observation of the author, and I would add to this from my own perspective that the term ‘sustainability’ became a ‘trendy’ word and tends to be used inadequately, in situations which do not exactly meet, or even contradict the original idea. On the other hand, some scepticism arose about the question, how and when sustainability in general, and urban sustainability in particular can be achieved. To shatter these doubts, the author provides a set of criteria of urban sustainability, which are based on the literature, and applies some of these criteria, mostly the social ones, to the evaluation of urban regeneration in Oude Norder area (chapter 8). The results of this evaluation are generally positive, though some critical statements are made, and policy recommendations are given.

The book of Paul Stouten not only gives an interesting overview of urban regeneration processes in Rotterdam, but also sets these processes in a broader theoretical and political context, and provides arguments for the thesis, that we still need to look for new ways to strengthen the role of cities, but the experience of the past should not be disregarded. A more flexible and integrated approach to urban regeneration is necessary, which includes ‘typical’ urban renewal measures, but is not restricted to them. For that reason, the book is recommendable for scholars, students and practitioners interested in urban regeneration and urban sustainability, also, or even especially, in the countries which do not have yet much experience in this field, for example in post-socialist states of Central and Eastern Europe.

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Adam RADZIMSKI

*Adam Mickiewicz University, Poznań (Poland)*

**Louise JOHNSON, *Cultural Capitals: Revaluating the Arts, Remaking Urban Spaces*, Ashgate, Aldershot 2009, 282 pp.**

Inspired by the consultancy work of Charles Landry and Richard Florida, a growing number of city authorities around the world has invested in culture and creativity, varying from arts and festivals to music and design. Notably old industrial cities looking for a new economic future have been seduced by this creative city philosophy. Public investments in the city's creative and culture industries are viewed as a useful method to attract tourists, generate jobs and improve the overall image. By way of example, think of the cities of Lille (France), Newcastle (UK) and Essen (Germany). These former smoke stack cities are now well-known for their new combinations of industrial heritage and modern culture. But how sustainable are such local cultural investments really? And which role can they play in the regeneration of cities that often cope with a multitude of problems? These are the questions that Louise Johnson deals with in her well-written and profound monograph. The author goes beyond the consultancy rhetoric and tries to unpack how culture and creativity can contribute to urban regeneration.

Obviously, it is not easy to analyse culture and creativity in an urban context. To be sure, this field of study is fascinating, but it suffers from a lack of conceptual clarity. Therefore, Johnson needs the first three chapters of the book to sketch her approach. As a starting point for the analysis she introduces the term 'cultural capital', that is 'a city which has recently and consciously made the arts (and often Cultural Industries) central to its society, economy, urban form and place identity' (p. 6). To evaluate the value of the arts for urban regeneration, Johnson decides to employ a broad notion of 'sustainability', referring to the ideal of economic development with ecological preservation, social equity and political engagement. In the author's framework on the sustainability of cultural capitals (chapter 2) insights from cultural economics, cultural tourism, sociology and cultural geography are integrated and subsequently connected to Pierre Bourdieu's rather complicated formulation of 'cultural capital'. After this theoretical background, Johnson describes in chapter 3 why Cultural Capitals have emerged at particular locations and times. Here, several structural trends are discussed, like the shift from manufacturing to services, the emergence of information technology and the cultural industries and the recent growth of post-modernity, the symbolic economy and urban entrepreneurialism. Why this chapter follows after Johnson's analytical framework is not quite clear, but at the same time it offers a smooth transition from theory to practice.

The empirical part of the book consists of four chapters, each discussing a detailed case study of one single Cultural Capital. The first two case descriptions are on Glasgow (chapter 4) and Bilbao (chapter 5). Unlike these ‘usual suspects’ in the creative city literature, the other two cases, discussing Singapore (chapter 6) and Geelong (chapter 7), will be less familiar for most readers. Starting with Glasgow, Johnson vividly describes the successful bid of the Scottish city to become European City of Culture (1990) by making use of its local cultural capital. She shows how cultural tourism and marketing around local hero Makintosh fostered the development of Glasgow’s design industry. Like Glasgow, Bilbao has been an industrial city with social polarisation and urban decay. Here, however, the local government chose for an exogenous revitalisation strategy: global architect Gehry was hired to build the Guggenheim Museum, which was followed by the erection of other ‘starchitecture’ that should contribute to the brand of Bilbao as a ‘Post-modern City of Spectacle’. In Singapore, the revaluation of the arts must be seen in the context of the nation’s post-colonial history and modernisation strategy. For instance, the building of the local Esplanade-Theaters alongside the reconstruction of ethnic heritage enclaves (e.g. Chinatown) were not just meant to attract more tourists – the investments should also enhance Singapore’s attractiveness as a location for multinational corporations. The last case study deals with Geelong, a regional city in Australia, located in the vicinity of Melbourne. This is the most interesting case in the book, since it demonstrates how the construction of major international infrastructures for the arts (e.g. galleries, performance spaces and waterfront development) still can be combined with the need to drawing the local’s art community in.

In the last chapter Johnson searches for the common thread in the four case studies. She optimistically concludes: ‘This book documents a geography of hope... While not all examples provide stories of triumph, in general Cultural Capitals have been associated with re-valuing the creative arts and sustainable regeneration’ (p. 235). At the same time, Johnson recognises that the economic effects of creative city strategies are mostly larger than the social and physical effects. In Glasgow’s neighbourhoods, for example, there are still social disadvantages and high levels of poverty, which puts the sustainability of the city’s global Cultural Capital agenda in a questionable perspective. Apparently, to succeed city authorities must try to find a connection between the high hopes of global culture and the local facts of life. In other words: the city’s ‘global pipelines’ must be linked with the ‘local buzz’. This is a useful policy lesson, which makes it even more sad to say that there are some inaccuracies in the book. For example, the back flap refers to a non-existing fifth case study from the US, while the book’s overview in the introductory chapter is not correct. And why do the pictures of the four case study cities still show the date at which the author has taken them? More generally, there is a lot of repetition and overlap in the book: similar preludes, arguments and conclusions are presented again and again. This does not alter the fact that the overall quality of the book is high. Especially the case studies on Glasgow, Bilbao, Singapore and Geelong provide a lot of inspiration for researchers and practitioners who are interested in creative cities. As such, Johnson’s book is a valuable contribution to the growing literature in this field and certainly deserves a wide read.

Gert-Jan HOSPERS  
*University of Twente and*  
*Raboud University (The Netherlands)*

**Branislav BLEHA (ed.), *Population Development at the Turn of the Century: Continuity or a New Era?* Geografika, Bratislava 2009, 336 pp.**

Study of population development problems is considerably broad in scope. This monograph endeavours to take a possibly broadest view of this issue in the specific context of Slovakia.

The results of the analyses indicate that the intensive quantitative changes such as decrease of total fertility rate, dynamics of mortality rates decrease, etc., are just outer signs of deep qualitative changes within Slovak society. These changes are reflected in all demographic processes and structures. The situation of the population is changing, and so are the attitudes towards reproduction. The authors presume that demographic changes have influenced and will continue to influence other processes in society and *vice versa*. Such presumptions increase the importance of demographical research and point to the necessity of joint research in the field of social sciences. The classic approaches needed for complex evaluation of such changes will not be sufficient. Demography, population geography and populations studies represent and will represent an elementary basis for population development research.

The main aim of this book is to familiarize the readers with characteristics of demographic development in Slovakia since the great political change in 1989. The collection of 15 contributions analyses the broad area of demographic development and structure as well as various closely related topics. They are grouped into four chapters. Chapter one introduces the topic of demographic reproduction and family behaviour, dealt with in four papers. Chapter two (4 papers) is focused on demographical structures in space and time. Chapter three (5 papers) provides interesting material on various consequences of demographic development, such as application of a model of demographic potential, international labour migration, processes of urbanization and suburbanization and the regional structure of the Slovak Republic. The final chapter (two contributions) is concentrated on population policy and further population development in Slovakia.

It is not easy to give an answer to the question in the title of the monograph. There is no doubt that demographic development at the end of the 'socialist' period deviated from the 'expected' trajectory. This proves the universality of demographic development. The changes after 1989 were wholly natural, or represented 'return' to the natural development. Convergence of the characteristics and intensity of some of the processes with western European trends after 1989 proves that opinion. Post-socialist changes mark a new era in demographic development of Slovakia. They can be partly considered as the continuity of development that would have taken place if there had not been a 40-year period of socialism. If the population of Slovakia had during the last five decades developed in western European circumstances, there would be no evident differences between Slovakia and western European populations in respect of reproduction. On the other hand, some specific characteristics such as a high level of declared religiosity or ethnic diversity would remain preserved.

Which scenario will follow? There is general agreement that population development in Europe will converge. Such prediction is supported by some figures and a number of demographic theories. Nevertheless, structural peculiarities of the population of Slovakia, which are described in this monograph, seem to suggest that the convergence will be rather slow and partial, although the subpopulations of Slovakia might reach a high

degree of uniformity. Such processes should be reflected in the spatial dimension, which represents the basis for regional forecasts. It can be expected that population implosion is inevitable, even in the circumstances of Slovakia and its population.

In sum, this book is an interesting addition to the very important area of population development, structure and various related topics reflected in a central European country in the context of major political changes.

Peter PODOLÁK  
*Institute of Geography,  
Slovak Academy of Sciences  
Bratislava (Slovakia)*

**Ann BERGENE, Sylvi ENDRESEN and Hege KNUTSEN (eds), *Missing Links in Labour Geography*, Ashgate, Aldershot 2010, 246 pp.**

*Missing Links in Labour Geography* incorporates an effective variety of case studies and novel contributions from the field's contemporaries which challenge some of the 1990s style presumptions in labour geography and, with time, will inevitably push the area of research forward. Following the editor's introductory chapter, Andrew Herod neatly identifies five significant issues that need to be 'dealt with' in labour geography. Beginning with a concise and accurate history of where labour geography *has been*, Herod compiles a list of the contemporary lacunae within the field, laying the foundations for where labour geography *should go*. The subsequent fifteen chapters grapple with these issues and introduce new and often enlightening ways of thinking about them. The first gap to which Herod draws our attention is the need to broaden labour geography's ambit to include analysis from both non-capitalist and non-industrial societies. Secondly, he encourages a deeper understanding of workers lives outside purely economic terms (see chapters 5 and 6). Thirdly, he promotes the need to move beyond the world of capital 'L' labour and develop a wider conception of working class people as geographical agents (see chapter 9). Fourthly, Herod argues that there has been 'a general ignoring of the state' and consequently labour geography needs to include a greater consideration of how the state evolves as a spatial actor (see chapters 10, 11, 12 and 13). And finally, Herod identifies the need to explore the concept of agency in a more nuanced manner (see chapters 3, 4, 5, 6, 7, 8 and 13). Overall, the volume aims to use an exploration of grand theory to shed light on these issues and many of the chapters achieve this objective.

The third and fourth chapters repeat the chronology of labour geography recounted in the first two chapters which saps some of the initial momentum from the book. Nevertheless, Cumbers and Routledge (chapter 4) provide a worthy analysis of trans-national labour solidarity explored through the International Chemical, Mining, and General Workers Federation. The authors promote decentred forms of organisation and add a critical perspective to the theories and ideas of prominent scholars such as Jane Wills, Barry Carr and Alisa DiCaprio. The diversity of research within the book is demonstrated in chapters 5 and 6, though both Ryland (chapter 5) and Bergene (chapter 6) maintain that worker's identities and their perception of other workers can form barriers

to labour trans-nationalism, the two raise very different concerns. Whereas Ryland highlights the disparities between international workers and the need to develop trans-national connections, Bergene argues that the social division between union leaders and 'rank and file' members comprise some of the biggest issues facing union trans-nationalism.

The classic geographical dilemma of scale and conflicting political goals amongst organisations which function at different geographical levels is dealt with by Tufts (chapter 7) and Knutsen and Hansson (chapter 12) both of whom employ a 'healthy scepticism' towards the topic which is somewhat lacking until this point. Although Tufts' chapter is well informed by empirical examples from community action in Canada, it may have benefitted from an acknowledgement of the current economic crisis in order to place labour geography into mainstream geopolitical theory.

Indeed, it is not until we reach Andrae and Beckman's apt analysis of the increase in informal labour in the Nigerian textile industry in chapter 9, that the book addresses the economic downturn of 2007–2010. This raises perhaps a more pressing 'missing link' in labour geography; the need for unions to adapt their tactics in the face of economic recession, a theme which is somewhat underrepresented in the book. The most pertinent effort to address the 'increasingly turbulent economic environment' is Taylor and Bryson's chapter in which they analyse the manufacturing sector in the West Midlands. Pleasingly, the impacts of the economic downturn are central to their analysis rather than a supplementary addition. Following this, chapter 15 seems to take a step back in time as Beerepoot revisits the familiar topic of globalisation through a case study of labour market segmentation in the Philippines. In chapter 16 Endresen, though providing an interesting account of labour hire agencies and temporary workers in Namibia, seems to miss much of what has already been discussed in the work of authors such as Chris Benner, Jane Wills and Gosta Esping-Anderson. Although rich with empirical evidence the extent to which this chapter enhances theory on precarious employment is questionable, the result is unfortunately a below par conclusion to the volume.

In sum, the book is undoubtedly a positive addition to the field of labour geography. The geographically diverse range of case studies which include: Canada, China, England, Namibia, Nigeria, the Philippines and Vietnam, add an invaluable integrity to the theoretical discussions. The book is accessible to anyone with a basic knowledge of labour geography, and for those who are less familiar, the first two chapters provide an effective introduction. A major strength of the book is the chapters by Cumbers and Routledge, Ryland, Bergene and Tufts which succeed in the difficult task of providing new insights into the increasingly popular theme of labour trans-nationalism. In regards to the overall shape of the book, the chapters are well edited and structured and the conclusion does a good job of drawing the chapters together. One of the most noticeable weaknesses of the edition is the lack of reference to the current economic crisis and its implications for the future of labour geography. In conclusion, the book provides a suitably varied approach within the field, producing as many 'missing links' as it overcomes, creating new avenues for future research and discussion.

Bryony ENRIGHT  
*The University of Birmingham (UK)*