

HUMANITIES AND SOCIAL SCIENCES LATVIA

Volume 25, Issue 1
(Spring-Summer 2017)

University of Latvia Press

CONTENTS

From the Editor	3
<i>Louis Wierenga</i>	
Russians, Refugees and Europeans: What Shapes the Discourse of the Conservative People's Party of Estonia?	4
<i>Arūnas Molis, Justinas Juozaitis</i>	
Baltic Plug into European Electricity Network: Perspectives of Success	20
<i>Volkan Sezgin</i>	
The Impact of Merchanting on Germany's Current Account Balance	45
<i>Henry Kam Kah</i>	
Hegemonic Rivalry and Emerging Civil Society in the Gulf of Guinea in the 21 st Century	53
<i>Vladislav Volkovs</i>	
Communication of Ethnic Groups in Public Space in Latvia	73
<i>Natalja Šroma, Anastasija Vedela</i>	
A Female Bildungsroman: the Gymnasium Girl as a Literary Character in the Gender Discourse in Latvia of the 1920s-1930s	87
<i>Haidong Feng, Zhenhua Zhang, Li Fan</i>	
Management and Governance Differences between Huawei and Traditional Chinese Private Enterprises	106
THE AUTHORS	117

FROM THE EDITOR

Dear Reader,

This is the first issue for 2017 and we expect to be able to publish the next issue in autumn-winter 2017.

The authors are both PhD students and established academics. The articles are a heterogeneous set and cover a number of fields in the humanities and social sciences such as politics, management, economics, and literature. In this issue we have articles by authors not only from Latvia, but also from China, Lithuania, Cameroon and Estonia.

A reminder for past and future authors that the journal can be found in the EBSCO Sociology Source Ultimate database. It would be useful for you if you ensure that your university library subscribes to this particular EBSCO database.

We hope you enjoy this issue and are looking forward to the next issue.

Best wishes

Viesturs Pauls Karnups
General Editor

RUSSIANS, REFUGEES AND EUROPEANS: WHAT SHAPES THE DISCOURSE OF THE CONSERVATIVE PEOPLE'S PARTY OF ESTONIA?

Louis Wierenga
MA

Abstract

The Conservative Peoples' Party of Estonia (EKRE) presents a unique case in the study of far-right parties for two reasons. First, the 'others' to which they juxtapose Estonians are the Russian-speaking minority, who are white, Christian, and to a large extent, share many of the socially conservative values of the EKRE. Second, there has been a trend for European far-right parties to look towards the Russian Federation for ideological support due to shared socially conservative ideological positions, and an opposition to the EU and NATO. EKRE takes a different stance towards the Russian Federation than many other far-right parties in Europe. Interviews were conducted with members of EKRE, as well as members of other political parties in Estonia, primarily focusing on the post-migrant crisis relationship between EKRE and the Russian-speaking population in Estonia, as well as other core issues related to EKRE. The aim of this article is twofold: first, it serves as an introductory piece, introducing EKRE to the broader literature on populist, radical right parties. Secondly, this article asks the questions "is the presence, or the possibility of the presence of a foreign, racially and religiously different 'other' enough to attract a significant portion of a national minority to vote for and become members of a PRR party?" and "is the presence, or the possibility of the presence of a foreign, racially and religiously different 'other' enough to entice a PRR party to cooperate with a national minority which was previously their target?" This article argues that EKRE is open to Russian-speakers becoming members within the party, but will not extend their reach to them as Russian speakers. Rather, they would welcome Russian-speakers as party members provided they are Estonian nationalists who adhere to the party constitution and see Estonia as a sovereign nation which they seek to protect.

Keywords: Estonia; The Conservative People's Party of Estonia (EKRE); populist radical right parties; national minorities; nationalism; Russian-speakers; Baltic politics; Intermarium; The New Nationalism; Ethnofuturism

Introduction

This article is one of the first to present an English language analysis of the Estonian party, *Eesti Konservatiivne Rahvaerakond* (The Conservative People's Party of Estonia – henceforth, EKRE) in light of their election to the Estonian Parliament in 2015. EKRE presents a unique case study

for nationalist and populist radical right political (PRR) parties for two reasons. First, the “other” to which they have initially juxtaposed ethnic Estonians is the Russian-speaking minority, who are white, Christian and, to a large extent, share many of the socially conservative values of EKRE. Second, there has been a trend within the PRR to establish relationships with the Russian Federation due to shared socially conservative ideological positions, and a critical approach, to the EU and NATO. While EKRE can be placed within the same party family as many PRR parties, they take an unfavourable stance towards the Russian Federation. The purpose of this article is twofold: first, it contributes to thus far limited English language academic scholarship on EKRE after they entered the Estonian parliament in 2015. Secondly, this article aims to analyse the potentially changing relationship between the EKRE and Estonia’s Russian-speaking community in light of the refugee crisis.

This article provides an analysis of EKRE by analysing interviews conducted with party members, as well as members of other Estonian parties who provide useful commentary. The interviews analyse EKRE’s views towards the European Union after the migrant crisis, the party’s potentially changing relationship with the Russian-speaking population in Estonia and their stance towards the Russian Federation. This article poses two questions. First, “is the presence, or the possibility of the presence of a foreign, racially and religiously different “other” enough to attract a significant portion of a national minority to vote for and become members of a PRR party?” Second, “is the presence, or the possibility of the presence of a foreign, racially and religiously different “other” enough to entice a PRR party to cooperate with a national minority which was previously their target?”

This article argues both that EKRE is open to Russian-speakers becoming active members of the party, but will not extend their reach to them as Russian speakers, rather as Estonian nationalists and, secondly, that more Russian-speaking Estonians have shown an interest in becoming involved in EKRE. Both of which are a direct result of the refugee crisis. Prior to this development, EKRE has taken an anti-Russian stance and in some ways still does. Further, Russian-speakers in Estonia overwhelmingly support *Eesti Keskerakond* (Estonian Centre Party – henceforth, the Centre Party).

Background of EKRE

Estonia is new to the almost unanimous list of European countries with a PRR party represented in Parliament. For many years, Estonia lacked a successful right-wing, nationalist party (Auers and Kasekamp 2015). One of the primary reasons for the lack of a successful far-right party was the absence of a prominent and charismatic leader (Auers and Kasekamp 2013).

This aspect is no longer missing. Father and son, Mart and Martin Helme, successfully moulded EKRE out of a merger between *Eestimaa Rahvaliid* (the People's Union of Estonia) and *Eesti Rahvuslik Liikumine* (The Estonian National Movement) in 2012. This merger was a marriage of a political party and a social movement.

Aside from the Russian-speaking population, there are relatively few ethnically different inhabitants in Estonia. Therefore, memory politics has been, up until now, the primary agent for the Estonian far-right in the 21st century (Auers and Kasekamp 2013) and the Russian-speaking population has been the group to which Estonian nationalists have identified themselves against. EKRE first gained parliamentary representation in 2015, securing seven, out of a possible 101 seats in the Estonian Parliament. This is relatively late considering that all of Estonia's neighbours have a successful PRR party. There have been several attempts to label and categorise parties who are nationalist, conservative, opposed to immigration and hold a critical, if not hostile, view towards the European Union. The common aspect that unites these parties is maintaining a nativist stance by combining nationalist and xenophobic attitudes (De Lange and Mügge 2015; Hartevelde et al 2015; Mudde 2007). Cas Mudde (2007) coined the authoritative term in academic literature, populist radical right (PRR), to label parties in this family. This article will define a PRR party as a party that takes a strong nativist stance, vocalising an exclusionary attitude towards immigration and multiculturalism, as well as utilising the tactic of juxtaposing political elites to everyone else in an attempt to appeal to whom they deem as 'ordinary citizens'. Using Mudde's (2007) categorisation, this article firmly places EKRE within this party family.

Auers and Kasekamp (2013) note, that there is a distinct brand of right-wing politics in post-Soviet Baltic States, which directs nativism towards the Russian-speaking population who arrived during the Soviet occupation (Auers and Kasekamp 2013). Bustokova and Kitschelt (2009) allude to a significant difference which sets the PRR in post-communist countries apart from the PRR in Western Europe, namely, that the "other" constitutes ethnic groups who have been inhabiting the region for centuries, even prior to the Soviet period. In the case of Estonia, this has not been centuries, but decades as the Russian-speaking minority arrived during Soviet occupation.

Further, Minkenberg (2002) makes two important and unique observations about the radical right in Central and Eastern Europe. First, that parties in these countries share similar characteristics which differentiate them from the PRR in Western Europe. Namely, that they are ideologically more extreme, more anti-democratic and that they are

more of a social movement phenomenon (Minkenberg 2002 & 2013).¹ Minkenberg indicates that the new radical right has softened its approach to anti-democratic rhetoric (ibid), yet it should be noted that EKRE does not espouse anti-democratic rhetoric. Second, Minkenberg (2002) recognises, that the PRR in Central and Eastern Europe is a fluid concept, constantly evolving and likens studying this phenomenon to shooting at a moving target with clouded vision (Minkenberg 2002). The PRR parties in Central and Eastern Europe to which EKRE has the most in common with is the Latvian National Alliance.² There has not been an anti-democratic attitude prevalent within EKRE and, although a grassroots mobilising force has played a part in the party's history, there is no militant wing of the party similar to the Magyar Gárda affiliated with Jobbik or the Slovak Brotherhood affiliated with Kotleba – People's Party Our Slovakia.³

EKRE and Europe

The presence of a pro-democratic ethos is particularly evident in the party's favourable stance towards Swiss style direct democracy. This can be seen most adequately in their attitude towards the European Union. Vasilopoulou (2009) points out that Euroscepticism is not a monolithic entity and identifies three types of Euroscepticism: rejecting, conditional, and compromising. This article places EKRE between the conditional and rejecting categories Euroscepticism. EKRE does not *directly* advocate for Estonia leaving the EU, rather, they would like to let the Estonian people decide if Estonia should remain in the union. In April of 2017 at the party conference, where Chairman Mart Helme was re-elected by an overwhelming majority, the congress called for Estonian citizens to have a say on their country's membership in the EU (Cavegn, 2017). Sovereignty is the primary issue that EKRE takes with the EU, especially when it comes to the migrant crisis, security related issues, and non-Estonians in Estonia.⁴

¹ Minkenberg (2002) notes an important difference between political parties and social movements. Whereas parties participate in elections and try to win public office, social movements mobilise support, but do not run for public office. Instead, social movements identify with a network of networks which have a well-defined collective identity and offer interpretative frames for problems.

² It should be noted that the two parties which EKRE has the closest relationship with are the National Alliance and the True Finns, thus putting them in a sphere of influence between Nordic and Eastern Europe, another factor which makes them a unique case.

³ Although the European-wide street patrol group Soldiers of Odin exists in Estonia, it is a separate organisation from EKRE. There is, however, some convergence as recently members of Soldiers of Odin marched alongside EKRE and other nationalist and far-right actors in the annual torchlight parade on Estonia's Independence Day.

⁴ Interview with Martin Helme and Interview with Jaak Madison.

The congress, in its call for the Estonian people to reassess EU membership, has called for the preservation of 'Estonianness' and for the guarantee of well-being for Estonia's indigenous population (Cavegn, 2017).

In interviews with key EKRE members, it was stressed that the EU has changed since 2004 when Estonia joined. EKRE MP and deputy chairman of the European Union Affairs Committee, Jaak Madison, stated in an interview that the EU is one of the most undemocratic systems, citing penalties for not accepting EU mandates and rules.⁵ At the same time, Madison revealed that neither he, nor the party had ever said that they wished to leave the EU, though they did applaud Brexit.⁶ What Madison did discuss is the issues behind why other countries have had parties that brought exiting the EU to the agenda. According to him, if the EU continues towards a path of creating a federation, citizens will be highly critical of this. Madison, while confirming that neither he nor EKRE wished for an Estonian exit, stressed that if there was a Brexit style vote in Estonia, the main question would be the migration crisis to which the majority of Estonians are opposed to.⁷

EKRE Deputy Chairman, Martin Helme, stressed the issue of sovereignty. According to Helme, a large part of Estonian society along with EKRE do not accept the quota system or the mandatory placement of migrants into Estonian society.⁸ Helme discussed the failure of both the EU and the Estonian government with regards to this issue. According to Helme, an EU external border does not exist and EKRE strongly advocates for restoring Estonian border control.⁹ He blames the Estonian government for not defending Estonian interests in Brussels and applauds Austria and the Visegrád countries for strongly defending their position and their borders against mandates from Brussels.¹⁰ It is this perceived failure which Helme feels has turned many Estonians against the EU.¹¹

A devil you don't want to dance with

Another aspect of EKRE that differentiates them from a number of parties within the PRR party family is their position towards the Russian

⁵ Interview with Jaak Madison.

⁶ Interview with Jaak Madison.

⁷ Interview with Jaak Madison. Though it was also mentioned in this interview that, although many in Estonia were critical or against Estonia accepting refugees, not all who held this view voted for EKRE.

⁸ Interview with Martin Helme.

⁹ Interview with Martin Helme.

¹⁰ Ibid.

¹¹ Ibid.

Federation. Many PRR parties, agitated with the European Union, have turned their ideological gaze eastward. It has been a growing trend for European PRR parties to openly support Russian President Vladimir Putin. The Hungarian think tank, Political Capital Institute, has labelled three types of PRR parties vis-à-vis their stance towards the Russian Federation: committed, open/neutral, and hostile (Political Capital Institute, 2014). Most PRR parties fall under the committed category, while some fall under open and neutral. The smallest category is hostile. Although they are not mentioned in this study, the author places the EKRE in the hostile category. EKRE has not identified any willingness to cooperate with or show support for Vladimir Putin and the Russian Federation. Martin Helme acknowledged that there has been some interest in the Russian Federation shown by PRR parties in Western Europe and expressed that EKRE is “very, very mindful of the fact that there has been some naivety and cynicism on the part of western anti-immigrant parties toward Russia” and that he has explained to them that this is “a devil that you don’t want to dance with.”¹² Helme alludes to the fact that countries such as France and the Netherlands do not have the same historic experience with the Russian Federation as Estonia.¹³

Helme believes the Russian Federation is manipulating the existential crisis that Europe is experiencing with mass migration to their benefit in an attempt to sow discord with the end goal of restoring the Russian Empire.¹⁴ If discourses from the majority of other PRR parties in Europe are analysed, this is the exact opposite of the narrative. There has been some speculation that EKRE has been covertly flirting with Russia and rumours about financing have been discussed.¹⁵ Martin Helme is aware of such rumours and mentioned that EKRE has been accused of doing Putin’s dirty work because indeed, there are several political positions which EKRE has in common with Vladimir Putin.¹⁶ Helme also mentioned that it is common knowledge that no one can present any evidence that EKRE has collaborated with the Russian Federation so people have “given up.”¹⁷ Given the political positions that EKRE has taken and the fact that they actively try to persuade other PRR parties not to align themselves with

¹² Interview with Martin Helme.

¹³ Ibid.

¹⁴ Interview with Martin Helme.

¹⁵ Interview with Valdo Randpere.

¹⁶ Interview with Martin Helme.

¹⁷ Interview with Martin Helme.

the Russian Federation¹⁸, it is highly unlikely that they secretly sympathise with Putin.

Blue Awakening, Ethnofuturism and transnational alliances

Ruuben Kaalep, chairman and founder of EKRE's youth organisation, *Sinine Āratus* (Blue Awakening), advocates for a closer union between Baltic and Eastern European countries. Kaalep noted an increasing divide in ideology between Western and Eastern European countries and cited the migrant crisis as the primary indicator of such a phenomenon.¹⁹ As was pointed out by Minkenberg (2002 & 2013), Auers and Kasekamp (2015), and Bustikova and Kitschelt (2009), the PRR in post-communist countries differ ideologically from their western counterparts. According to Kaalep, in Eastern Europe the presence of Soviet history has "vaccinated Eastern Europeans against leftist ideology."²⁰ The second issue that differentiates Eastern Europe, according to Kaalep, is that national identity is much more alive in Eastern Europe than in Western Europe.²¹

Although a youth organisation, the ideology and discourse of Blue Awakening is especially important, because, as the future of the EKRE, their young members will likely be the next generation who hold elected office for this party. Blue Awakening is very active in recruiting members for EKRE, maintaining an online presence and fostering transnational connections with other nationalists. Therefore, their ideas and positions should be taken into account in an assessment of the party. Fielitz and Laloire (2016) point out that the European far-right is currently undergoing a process of restructuring where new actors have appeared and successfully gained influence in the political sphere. These new actors draw on new forms of mobilisation and transnational networking, incorporating certain aspects which have been previously absent in the far right (Fielitz and Laloire, 2016).

The discourse from Blue Awakening hints to potential new alliances among nationalists from Eastern Europe. Ruuben Kaalep and fellow Blue Awakening member, Kert Urmas Raudvere, spoke of EKRE's close alignment with the youth wing of the Latvian National Alliance (NA). Overall, the NA is the closest party to which EKRE is allied in terms of collaboration and networks, but the party also has ties with the True Finns and the

¹⁸ Interviews with Ruuben Kaalep and Kert Urmas Raudvere.

¹⁹ Interview with Ruuben Kaalep.

²⁰ Interview with Ruuben Kaalep.

²¹ Ibid.

Freedom Party of Austria, two very successful PRR parties.²² Two fairly recent developments in the form of transnational networks are the Bauska Declaration and Intermarium.

The former is part of a Baltic-wide alliance of nationalists, which align under their proclaimed Bauska Declaration.²³ This consists of the Latvian National Alliance, the Lithuanian Nationalist Union, and EKRE. This alliance goes beyond the youth movements as the two EKRE signatories were party Chairman Mart Helme along with Ruuben Kaalep. The declaration calls for the maintaining of family values and the fatherland and cautions against an immigration policy like that of Western Europe.²⁴ The declaration also calls for a new nationalist awakening and encourages cooperation between the three Baltic nations to defend against external threats and global challenges.²⁵

Further, Blue Awakening maintains very close alliances with Polish, Slovak, Ukrainian and Hungarian nationalists²⁶ as well as the alt-right. It is their goal to foster alliances with as many other nationalists as possible. Blue Awakening members Ruuben Kaalep and Kert Urmas Raudvere discussed a counterbalance to both Western European influence and Russian imperialist ambitions in the form of a large Eastern European nationalist block. Both cited an alternative to the Europe envisioned by Brussels in the form of an Eastern European block that would serve as an ideological alternative to the liberal values promoted by Brussels.²⁷

As several PRR parties view Vladimir Putin's Russia as a nationalist and conservative alternative to what the Brussels elite have offered, the Intermarium strategy is part of a nationalist movement to provide an ideological substitute to *both* the EU and the tendency to look towards the Putin's Russia as a viable political alternative. Kert Urmas Raudvere stressed that this would not be against Western Europe per se, only ideologically different – more right-wing, more conservative and more nationalist.²⁸

Intermarium, named after the historical interwar plan, is a strategy promoted by the nationalist group, 'The New Nationalism', which 'links the far right from the Baltic to the Black sea.'²⁹ This network consists of nationalists mostly from youth organisations of PRR parties throughout

²² Interview with Jaak Madison.

²³ Bauska Deklaratsioon. <https://ekre.ee/bauska-deklaratsioon/>

²⁴ Ibid.

²⁵ Ibid.

²⁶ Interview with Kert Urmas Raudvere.

²⁷ Interview with Ruuben Kaalep and Interview with Kert Urmas Raudvere.

²⁸ Interview with Kert Urmas Raudvere.

²⁹ The New Nationalism. <http://thenewnationalism.com/>

Eastern Europe and Swedish nationalists.³⁰ As the Visegrád countries have been somewhat defiant towards Brussels in light of the refugee crisis and the nationalist, far-right is empowered in all of these countries with the exception of the Czech Republic, this would be a notable political shift.³¹ While this is largely a youth movement, the likelihood of many of the youth members eventually holding elected office is quite probable. In Latvia, the National Alliance is in government and has become a normalised part of the Latvian political system. In Hungary, Jobbik is the third largest political party and Slovakia has two PRR parties in Parliament. EKRE does not wield as much power as the aforementioned parties, but is influential in both Estonian politics and the Intermarium ideology as one of the driving forces behind the project.

The philosophy behind intermarium, known as 'ethnofuturism', is part of a new nationalist approach driven by Ruuben Kaalep and Raivis Zeltīts, the secretary general of the Latvian National Alliance and head of their youth organisation. Ethnofuturism is a nationalist doctrine intended to create a new European civilization based upon identity and roots and led by Eastern Europe (London Forum, 2017).³² The driving principle behind this is that Eastern Europe is caught between two major global spheres of interest: The U.S. and the Russian Federation (ibid). The concept of ethnofuturism is based on identities and stands against imperialism which is seen as a force detrimental to identity based nationalism.

Bringing about the destruction of both American and Russian imperialism and replacing them with white ethnostates is a goal of ethnofuturism (Red Ice TV, 2017).³³ This philosophy stresses cooperation between nationalists. However, given the historic and contemporary experiences of the nationalities in the region, getting nationalists from diverse Eastern European backgrounds to cooperate with each other could prove to be challenging. Kaalep emphasises that the mission of all European nationalists should be to cooperate to save Europe; once this

³⁰ It should be noted that the Swedish organisation that Blue Awakening has the most contact with is Nordisk Ungdom, a far-right, extra parliamentary group.

³¹ Law and Justice (PiS) in Poland is by most accounts, a right-wing, national-conservative party. However, after they came to power in 2015, during the heat of the refugee crisis, I consider PiS to be a radical right actor. See, "The Polish Boomerang: How Warsaw's Adaption of the 'Budapest Model' Could Threaten the Original in Hungary." By Cas Mudde, 2016. http://www.huffingtonpost.com/cas-mudde/the-polish-boomerang-how-_b_8961896.html.

³² London Forum: Ruuben Kaalep – "The Principles of Ethnofuturism." <https://www.youtube.com/watch?v=JMcAsYsioqA>

³³ Red Ice TV: Ruuben Kaalep – Blue Awakening: Estonian Nationalism – Identitarian Ideas IX. <https://www.youtube.com/watch?v=0AkqRUpoO20>

is achieved nationalists can return to fighting each other.³⁴ However, once Europe is ‘saved’, perhaps there will be no need for further fighting amongst European nationalists (ibid).

So far, this has been successful. On 24 February 2017, commemorating Estonian Independence, EKRE hosted the fourth annual torchlight parade. Attendance for this event has gone from 120 people to 3500 (Red Ice TV, 2017). Not all in attendance were Estonian. Polish, Lithuanian, and Ukrainian nationalists – old enemies, were brought together, “marching for unity” (ibid). In the case of both Latvia and Estonia, cooperation amongst nationalists is of particular importance with regard to the Russian-speaking population.

EKRE and Russian-speakers in Estonia

In neighbouring Latvia, there is strong evidence that the Latvian and Russian community have found a common ground on the refugee crisis. Namely, that they may not be the closest, but that they have a mutual distrust of asylum-seekers (Ragozin, 2015). Muravska (2015) and Ragozin (2015) allude to the fact that politicians in Latvia and more than half of the population are opposed to taking in refugees. Ragozin (2015) goes so far as to say that the two groups in Latvia are “united” on the issue (Ragozin 2015). Kott (2016) has also found that nationalist leaning ethnic Latvians and Russians in Latvia have found a common ground in the discourse of ‘endangered whiteness’ stemming from even the idea that people of a foreign background might come to Latvia. According to Latvian Foreign Minister Edgars Rinkevics, Latvia has the most negative attitude towards refugees in the European Union (Muravska 2015). What is telling is that in Latvia, Harmony, the political party which caters to Russian speakers, helped nationalists to push a law which would stop the government from accepting more refugees without first putting the issue to a vote in parliament (Ragozin 2015).

Whereas their Latvian counterparts, the National Alliance is part of a three-party coalition, EKRE was elected to the Estonian Parliament for the first time in March of 2015 and is not in government. As a nationalist party, the question of whom they define as Estonian might change with the arrival, or the potential arrival, of a number of others outside of the traditional ethnic make-up of Estonia. Although Estonia has taken a very small number of refugees, it should be noted that the concern over refugees is not necessarily about the numbers that have been accepted,

³⁴ Ruuben Kaalep: “The Principles of Ethnofuturism.”

but the *potential* for a massive influx of foreigners into Estonian society. This is what EKRE has successfully capitalised on in the past two years.

It has been stated in several interviews that many Russian-speakers are more against Estonia taking refugees than Estonians.³⁵ Centre Party MEP, Yana Toom, noted that the refugee crisis is the main issue that unites Estonians and Russian-speakers in Estonia.³⁶ Yana Toom also mentioned that there were some former Centre Party supporters who had shifted their support to EKRE.³⁷ The Estonian Centre Party recently replaced its long-time, controversial leader, former-Mayor of Tallinn, Edgar Savisaar, after an internal power struggle. The new leader, Jüri Ratas, was elected as Centre party leader on 5 November 2016. Just weeks later, on 23 November, the Centre Party entered government with Ratas as Prime Minister after the Reform Party lost a vote of no confidence. Less than one month prior, in an interview with the author, Yana Toom predicted that Jüri Ratas would likely replace Savisaar as head of the Centre Party and was unsure if “the majority of Russian-speakers would like this.”³⁸ Yana Toom also felt that there would be more Russian-speakers who would switch their allegiance to EKRE in the future.³⁹ Centre Party Member of Parliament, Oudekki Loone, did not share this view. She stressed that as long as EKRE stuck with the argument that Estonia should be an ethnic state, they would not get enough of the Russian vote.⁴⁰ However, according to Loone, if they dropped this, the Centre Party would be in a dangerous position.⁴¹

The EKRE is not opposed to Russian-speaking members joining the party. In fact, there has never been any principle that all party members should be ethnic Estonians, rather, one must simply be an Estonian citizen.⁴² There has been an increasing number of Russian-speakers who have become friendly to Estonian nationalism and who are opposed to any new migration and some who have become members, largely due to the refugee crisis.⁴³ This is more pronounced in Blue Awakening. Jaak Madison even stated that one member of Blue Awakening who was born in the Russian Federation and moved to Estonia when she was ten years

³⁵ Interview with Yana Toom; Interview with Martin Helme; Interview with Urmas Paet; Interview with Valdo Randpere; Interview with Jaak Madison.

³⁶ Interview with Yana Toom.

³⁷ Ibid.

³⁸ Interview with Yana Toom.

³⁹ Ibid.

⁴⁰ Interview with Oudekki Loone.

⁴¹ Ibid.

⁴² Interview with Ruuben Kaalep and Interview with Jaak Madison.

⁴³ Interview with Ruuben Kaalep.

old, is one of the “biggest patriots.”⁴⁴ All of the interviews conducted with members of EKRE and with politicians from other political parties in Estonia acknowledged the potential for EKRE to attract more Russian-speakers on the basis of that portion of Estonian society holding slightly more conservative values, as well as being more sceptical of Estonia accepting migrants.⁴⁵

During a speech at the annual American Renaissance conference, Ruuben Kaalep was asked a question by a Polish nationalist as to whether or not EKRE attempted to reach out to the Russian population in Estonia. His answer was that “whenever two white nations together face something that is not white, they will see that eventually it is better to work together” (American Renaissance, 2016)⁴⁶. The question to what extent is EKRE an ethnic, as opposed to a strictly an Estonian nationalist party and would they be accepting of Russian-speaking Estonians as members can be answered based on interviews with several key EKRE members. The conclusion is reached that EKRE is an Estonian nationalist party and would accept Russian-speakers as members provided that they speak Estonian and present themselves as Estonian nationalists. The party would accept this type of Estonian nationalist, with a Russian background, but will not change their campaign literature to the Russian language.⁴⁷

Interestingly, there are plans to campaign in areas of Tallinn with large numbers of Russian-speaking residents.⁴⁸ According to Jaak Madison, the party plans on approaching Russian-speakers, not as Russian-speakers, but as people who support traditional, conservative values and who would be receptive to a party that vows to protect Estonia in light of the migrant crisis.⁴⁹ Madison further noted that EKRE will not campaign in these areas in Russian, but that they will send Russian-speaking members to campaign for EKRE because “if these people are Alexi or Natalia and a member of EKRE, then they are not fascists.”⁵⁰ Thus the party is an ethnic nationalist party that wishes to conserve the ethnic makeup of Estonia, but would consider Russian-speaking Estonians who speak Estonian and pledge their

⁴⁴ Interview with Jaak Madisson.

⁴⁵ Interview with Oudekki Loone. Interview with Jaak Madisson; Interview with Valdo Randpere; Interview with Yana Toom; Interview with Kert Urmas Raudvere and Interview with Urmas Paet.

⁴⁶ American Renaissance: Ruuben Kaalep: A call to action from a small white country.” <https://www.youtube.com/watch?v=RIRue1635YA&t=304s>

⁴⁷ Interview with Ruuben Kaalep and Interview with Jaak Madison.

⁴⁸ Interview with Jaak Madison. The Russian-speaking population of Tallinn is near 40% of the city’s overall population.

⁴⁹ Interview with Jaak Madison.

⁵⁰ Ibid.

allegiance to Estonia as allies in light of the refugee crisis. The line in the sand EKRE has drawn with the country's minority group becomes linguistic with this political development.

While MPs from other parties are certainly aware of the rise in support for EKRE, many feel that this will not drastically alter the political landscape of Estonia. According to Reform Party MP, Valdo Randpere, although the migrant crisis was an area of great concern in Estonia in the beginning, things had calmed down and people were not as alarmed once they realised that Estonia would accept only a modest number of refugees.⁵¹ Regardless, EKRE, according to Randpere, "still wants to ride this horse... which is maybe not dead, but quite tired."⁵² Reform MEP, Urmas Paet, elaborates further on this issue, pointing out that the issue of refugees has been on the political agenda for two years and not much has happened.⁵³ According to Paet, EKRE will have a limited amount of time to play on fears about refugees and migrants arriving in Estonia, if they do not come in large numbers, EKRE will need some other elements in their agenda.⁵⁴ Therefore, although the party has attracted some Russian-speaking members, and is willing to cooperate with other European nationalists, they have not sought them out and the refugee crisis alone might not be enough to attract Russian-speakers in large enough numbers to drastically impact the Estonian political landscape.

Conclusion

EKRE presents a unique case within the PRR party family as they are not in the position to be overly critical of the EU and NATO, like the majority of other PRR parties in Europe, due to their close proximity to and historic relationship with the Russian Federation. Further, the fact that the largest minority group to which they have previously gained popularity by juxtaposing themselves against is white and Christian and, therefore a suitable ally in light of the refugee crisis and the new ideology of ethnofuturism espoused by some party members. It remains to be seen exactly where Russian Estonians fit with EKRE vis-à-vis the ethnofuturism discourse. As this project stresses cooperation between 'white' nations in a time where they are seen to be facing a mutual threat, but also suggests that cooperation should not cease once the goals of this project are met, this presents an interesting future discourse between the two groups. EKRE

⁵¹ Interview with Valdo Randpere.

⁵² Interview with Valdo Randpere.

⁵³ Interview with Urmas Paet.

⁵⁴ Interview with Urmas Paet.

mandates that Russian-speaking members present themselves as Estonian nationalists and affirms that the party will not campaign or converse in Russian. This suggests that language is the decisive factor, not ethnicity.

The EKRE does not advocate for Estonia to leave the EU, rather, they present an alternative vision for European cooperation which is more nationalist, conservative and Eastern-focused. They are not one of the numerous PRR parties who have a flirtatious relationship with Vladimir Putin and rather serve as a counterbalance within the realm of PRR politics to the Kremlin's influence on this party family. There have been some Russian-speakers who have joined EKRE as a direct result of the refugee crisis. However, the number is not staggering and is not enough to drastically alter the political landscape of Estonia yet, though this is a new and unlikely alliance. This is in large part because the number of refugees that have come to Estonia has been quite modest and will, in all likelihood, continue to be. Given that Blue Awakening is heavily promoting the concept of ethnofuturism and intermarium, it seems likely that EKRE will continue to be open to Russian-speakers who adapt to EKRE's stipulations for membership, though as of yet, they have not sought them out. To answer the research questions, in the case of Estonia, it appears that the *possibility* of the influx of a foreign, racially and religiously different 'other' has begun to change the dynamics of the relationship between a PRR party, EKRE, and the Russian-speaking population in Estonia. However, it remains to be seen whether a significant amount of Russian-speakers will gravitate to EKRE and if having more Russian-speaking members of the party will attract others.

REFERENCES

- American Renaissance: Kaalep, Ruuben. "A call to action from a small white country" (2016). [Online]. Available at <https://www.youtube.com/watch?v=RIRue1635YA&t=309s> [accessed October 5th, 2016].
- Auers, Daunis and Andres Kasekamp. (2013). Comparing Radical-Right Populism in Estonia and Latvia. In B. Mral, M. KhosraviNik, and R. Wodak, (Eds.). *Right-Wing Populism in Europe: Politics and Discourse*. London: Bloomsbury Academic, pp. 235-248.
- Auers, Daunis and Andres Kasekamp. (2015). The impact of radical right parties in the Baltic states. In Minkenberg, Michael, (Ed.). *Transforming the Transformation? The East European radical right in the political process*. London: Routledge, pp. 137-153.
- Bustikova, Lenka and Herbert Kitschelt. (2009). The radical right in post-Communist Europe: comparative perspectives on legacies and party competition. *Communist and Post-Communist Studies*, 42 (4), 459-83.

- Cavegn, Dario. (2017). *EKRE Congress confirms Helme, wants new EU referendum*. [Online]. Available at <http://news.err.ee/589098/ekre-congress-confirms-helme-wants-new-eu-referendum> [Accessed May 22, 2017].
- De Lange, Sarah and Liza Mügge. (2015). Gender and right-wing populism in the Low Countries: ideological variations across parties and time. *Patterns of Prejudice*, 49 (1-2), 61-80.
- Delfi (2012). *Rahvuslik liikumine paneb Rahvaliiduga leivad ühte kappi*. [Online]. Available at: <http://www.delfi.ee/news/paevauudised/eesti/rahvuslik-liikumine-paneb-rahvaliiduga-leivad-uhthe-kappi?id=63940007> [Accessed November 29th, 2016].
- Eglitis, Diana S. (2011). The Baltic Countries: Changes and Challenges in the New Europe. In S. Wolchik and J. Curry, (Eds). *Central & East European Politics: From Communism to Democracy*. Lanham: Rowman & Littlefield, 317-339.
- Ehala, M. (2008). The birth of the Russian-speaking minority in Estonia. *Eurozine*. [Online]. Available at <http://www.eurozine.com/articles/2008-09-11-ehala-en.html> [Accessed December 17th, 2016].
- Ekre – Eesti Konservatiivne Rahvaerakond. *Bauska Deklaratsioon*. [Online]. Available at <https://ekre.ee/bauska-deklaratsioon/> [Accessed November 11th, 2016].
- Fielitz, M. and Laloire, L. (2016). Trouble on the Far Right: Introductory Remarks. In M. Fielitz and L. Laloire, (Eds). *Trouble on the Far Right: Contemporary Right-Wing Strategies and Practices in Europe*. Transcript: Political Science, Volume 39, pp. 13-26.
- Harteveld, E., W. van der Brug, S. Dahlberg and A. Kokkonen. (2015). The Gender Gap in Populist Radical-Right Voting: Examining the Demand Side in Western and Eastern Europe. *Patterns of Prejudice*, 49 (1-2), 103-134.
- Interview with Martin Helme. Interview conducted by the author on September 8th, 2016 at the Estonian Parliament.
- Interview with Ruuben Kaalep. Interview conducted by the author on November 22nd, 2016 in Tartu.
- Interview with Oudekki Loone. Interview conducted by the author on September 22nd, 2016 at the Estonian Parliament.
- Interview with Jaak Madisson. Interview conducted by the author on September 2nd, 2016 at the Estonian Parliament.
- Interview with Urmas Paet. Interview conducted by the author on October 6th, 2016 over the telephone.
- Interview with Valdo Randpere. Interview conducted by the author on September 28th, 2016 at the Estonian Parliament.
- Interview with Kert Urmas Raudvere. Interview conducted by the author on November 23rd, 2016 in Tartu.
- Interview with Yana Toom. Interview conducted by the author on October 29th, 2016 at the Johan Skytte Institute of Political Studies.
- Kasekamp, A., M. Madisson, and L. Wierenga. (2017). E-extreme Estonia: populist radical-right discourses in a digital society. Forthcoming.
- Kott, M. (2016). The Far Right in Latvia: Should We Be Worried? In M. Fielitz and L. Laloire, (Eds). *Trouble on the far right: Contemporary right-wing strategies and practices in Europe*. Transcript: Political Science, Volume 39, pp. 179-187.

- London Forum: Ruuben Kaalep – “The Principles of Ethnofuturism.” (2017). [Online]. Available at <https://www.youtube.com/watch?v=JMcAsYsioqA> [accessed April 1st, 2017].
- Minkenberg, M. (2013). From Pariah to Policy-Maker? The Radical Right in Europe, West and East: Between Margin and Mainstream. *Journal of Contemporary European Studies*, 21(1), 5-24.
- Minkenberg, M. (2002). The Radical Right in Post-socialist Central and Eastern Europe: Comparative Observations and Interpretations. *East European Politics and Society* 16(2), 335-362.
- Mudde, C. (2007). *Populist Radical Right Parties in Europe*. Cambridge: Cambridge University Press.
- Mudde, C. (2016). *The Polish Boomerang: How Warsaw's Adoption of the 'Budapest Model' Could Threaten the Original in Hungary*. [Online]. Available at http://www.huffingtonpost.com/cas-mudde/the-polish-boomerang-how-_b_8961896.html [Accessed April 2, 2017].
- Muravska, T. (2015). *Divided Latvia goes with the flow on refugee policies* [Online]. Available at <http://europesworld.org/2015/10/26/divided-latvia-goes-with-the-flow-on-refugee-policies/#.WFh1HBt97IU> [Accessed October 17, 2016].
- Political Capital Institute. (2014). *The Russian Connection: the spread of pro-Russian policies on the European far-right*. [Online]. Available at: http://www.riskandforecast.com/post/in-depth-analysis/the-russian-connection_803.html [Accessed December 6, 2016].
- Ragozin, L. (2015). *Latvians find unity in rejecting refugees* [Online]. Available at <http://www.politico.eu/article/latvia-migration-asylum-crisis-baltics-eu/> [Accessed November 17, 2016].
- Red Ice TV: Ruuben Kaalep – Blue Awakening: Estonian Nationalism – Identitarian Ideas IX. (2017). [Online]. Available at <https://www.youtube.com/watch?v=0AkqRUpoO20> [Accessed April 1st, 2017].
- The New Nationalism. (2017). [Online]. <http://thenewnationalism.com/> [Accessed April 1st, 2017].
- Vasilopoulou, Sofia. (2009). Varieties of Euroscepticism: The Case of the European Extreme Right. *Journal of Contemporary European Research*, 5 (1), 3-23.

BALTIC PLUG INTO EUROPEAN ELECTRICITY NETWORK: PERSPECTIVES OF SUCCESS

Arūnas Molis

PhD Pol. Sc.

Justinas Juozaitis

MA

Abstract

Implementation of strategic energy projects, such as LNG terminal in Klaipeda, interstate natural gas and electricity interconnections, have terminated infrastructural isolation of the Baltic States and integrated them into a wider European energy market. Despite the aforementioned achievements, the Baltic States stand out as the only EU members, whose electricity systems are synchronised with the Integrated Power System/Unified Power System (IPS/UPS) of the CIS, de-facto maintained by Russia. As the systemic integration into the post-Soviet systems is considered to be a strategic vulnerability, the Baltic States decided to desynchronise from CIS' power system and synchronise its electricity system with Europe. This became the most challenging strategic project given its length, complicated negotiation process and substantial costs. This article aims to introduce the scope of the synchronisation project and the challenges that Baltic States face. At the end, it is emphasised that synchronization with ECN is the most feasible option among others, but there are three main factors that prevent further progress. These are limited success convincing Poland, endless internal discussion regarding technical aspects and Russian opposition.

Keywords: Baltic States, Baltic Sea Region, European Union, Synchronization, IPS/UPS, ECN

Introduction

At the end of 2014 a new LNG terminal in Lithuania (Klaipeda) has been opened; in 2015 new power links from the Baltic States to Poland and Sweden were inaugurated, and gas interconnection between Lithuania and Latvia has been upgraded in 2016. These are real 'game changers' for energy pricing and security of supply purposes as they shifted the countries' understanding from energy as a permanent security challenge

to an energy as business opportunity.¹ In other words, the completed infrastructure allowed the Baltic States to focus on the next tasks in the area of energy security, such as creation of regional electricity and gas markets, empowerment of the consumer, LNG bunkering and profiting on the related know-how.

Energy efficiency and mobilisation of the international community against the unsafe nuclear power plant in Ostravets are the challenges to overcome, but some results are already achieved even here. For instance, in Lithuania, electricity production from renewables exceeds production from fossil fuel, the state enterprises “Klaipėdos nafta” and “Lietuvos energija” export not only natural gas, but also the “know how” of the LNG terminal construction and maintenance. Notable change from the times, then in 2014 Lithuania paid the highest price for natural gas in Europe and was constantly worried about a potential shortage of supply.

However, despite this bright picture, one strategic issue in the Baltic States remains unsolved. Despite membership in the EU, the region's electricity system still operates synchronously with the Integrated Power System/Unified Power System (IPS/UPS), which is coordinated by the Electric Power Council of the Commonwealth of Independent States, having its seat in Moscow. In other words, the three Baltic States may buy and sell electricity in Nordic countries or Poland, but the daily management of their electricity systems is dependent from Moscow's centralised control over frequency.² Furthermore, provisions in the BRELL Agreement put the Baltic Transmission System Operators (TSO's) under an obligation to coordinate the development of national electricity networks they are responsible for with Belarusian and Russian authorities.³ Dramatically worsening relations with Russia increase the Baltic States' worries that such dependency may result in supply disruption well beyond technological reasons.

The Baltic States have attempted to lift the Soviet legacy since 2007, when their Prime Ministers declared changing the synchronous area, i.e. de-synchronising from IPS/UPS and synchronising with European

¹ Augutis, J. et. al. Lithuanian Energy Security. Annual Review 2014-2015. Versus Aureus. Vilnius. 2016.

² Please see: Kadisa, S. et. al. Challenges for the Baltic Power System connecting synchronously to European Continental Network. Electric Power Systems Research, 140, pp. 54-64. 2016; Häger, U. Rehtanz, C. Voropai, N. Monitoring, Control and Protection of Interconnected Power Systems. Springer. London and New York. 2014.

³ BRELL Agreement is signed by the transmission system operators (TSOs) of Belarus, Russia, Lithuania, Latvia and Estonia in 2001. Please see: <http://www.so-ups.ru/index.php?id=brell>

Continental Network (ECN), as a mutual strategic priority.⁴ They have made some progress in this regard: removed infrastructural isolation from the EU member states and obtained acknowledgment from the European Commission, as well as most countries in the Baltic Sea Region (including Germany, Sweden, Finland and Poland) that synchronisation contributes to achieving a functional internal energy market of the EU⁵. The generic aim of synchronisation was included in the list of EU Projects of Common Interests (PCIs)⁶ and recognised as a feasible project from both the technical and legal point of view.⁷ However, since then Moscow has successfully prevented de-synchronisation of the Baltic States' electricity systems. As a certain deadlock is reached, new tactical initiatives may lead to a split of unity and implementation of a national instead of regional strategy. As a consequence, a mismanaged synchronisation project could strengthen Russian influence in the region and negatively impact on its security. The prolonged uncertainty is playing on the hand of this most unfavourable scenario.

Given the relevance of the topic and limited academic attention towards it, this article aims to introduce the scope of the synchronisation project and the main challenges for the Baltic States while implementing it. In doing so, the concept of synchronous areas is introduced first of all. The article continues by comparing features of the Russian IPS/UPS with major synchronous areas in the EU. It is concluded by introducing the synchronisation project and the range of dilemmas that the Baltic States face. The research is based on an analysis of official documents and statements by important decision makers, with an emphasis on Russian and Baltic ones. The article has also overviewed major studies on the synchronization project that currently constitute approximately 3000 pages.

⁴ Synchronization. Litgrid, Please see: <http://www.litgrid.eu/index.php?act=js/synchronization&item=137>

⁵ Memorandum of Understanding on the reinforced Baltic Energy Market Interconnection Plan 'BEMIP' 8 June 2015.

⁶ Commission delegated regulation (EU) 2016/89 of 18 November 2015 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest.

⁷ Gothia Power. Feasibility study on the interconnection variants for the integration of the Baltic States to the EU internal electricity market. 2013.

Synchronous areas in Europe

In its widest sense, a synchronised electricity area is a technological and regulatory bond linking countries or regions within countries. Various synchronised electricity systems distinguish themselves by specific technical parameters, such as installed generation capacity, fuel mix, peak load, number of consumers (people) and interconnected countries, size of the territory, etc. and it differs in ways of doing things, i.e. management of the system. Integrated Power System/Unified Power System, ECN and Nordic regional network are the largest synchronous areas within the geographical boundaries of Europe. This section will briefly overview their basic characteristics.

Concept of synchronous interstate electricity systems

As was already mentioned above, synchronous areas can differ in a number of ways. For example, they can integrate either territories within countries, such as Texas Interconnection in U.S. and National Electricity Market in Australia, or electricity grids of multiple countries, like ECN, IPS/UPS and Nordic synchronous area. If few national electricity networks are interconnected, but not synchronised with each other, they can exchange electricity for purely commercial or additional purposes. However, in case of major disturbances in one country, the others might not be legally obliged or reluctant to provide assistance as such disturbance will not impact their national system in a way it would influence it if the systems were synchronised together.⁸ A map of the synchronous systems in Europe is provided in Figure 1 below.

⁸ Charpentier, J. P. and Schenk, K. International power interconnections: moving from electricity exchange to competitive trade. Public Policy for the Private Sector 42. pp. 1-4. 1995.

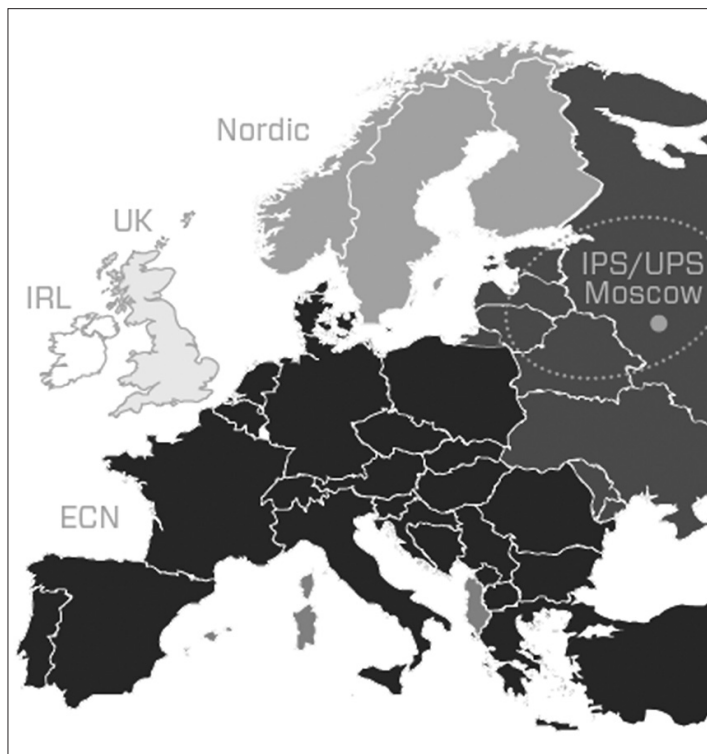


Figure 1 European synchronous power systems

Source: www.litgrid.eu

Looking from a technological standpoint, synchronisation means that:

1. all parts of the electricity system (generators, transmission and distribution networks, etc. located in different countries) operate as a single unit by maintaining the same system frequency (50 Hz or 60 Hz). This is a complicated technological process as the synchronous electricity system that might link millions of private and industrial consumers with different demand for electricity and must ensure continuous balance between electricity consumption and generation.⁹
2. disturbances in one part of the synchronous area, for example, malfunction of a certain generator, are felt throughout the system and has to be compensated by launching reserve capacities elsewhere. Vice versa,

⁹ Swedish Energy Agency. Energy in Sweden 2015. Energimyndigheten. Eskilstuna. 2016.

improvements in one area, such as enhancement of transmission capacity by constructing a new interconnector linking bottlenecked regions, strengthens the interconnectivity of the system as a whole. Due to the nature of such interdependence, when well-being of one part impacts the others, a publication by United Nations Department of Economics and Social Affairs described a synchronised electricity system as a “technical marriage”¹⁰; and

3. members of interstate synchronous electricity systems create mutually beneficial exchanges between national electricity systems¹¹. In other words, countries with limited generation capacity are enabled to choose between developing it or investing in electricity interconnections that would allow them to buy the electricity from other countries (neighbouring or not neighbouring ones) having excess generation. A similar principle can be applied in the development of renewable energy: one country, having good potential to produce renewable energy, can invest into renewable generation, while the other can invest into certain types of generation that can help to balance the renewable one.

Effectively synchronised electricity system benefits end consumers as interconnectivity of the system helps to equalise the electricity prices within different electricity systems.¹² Therefore, an interstate synchronous electricity system helps to optimise the investments into the energy sector by creating beneficial synergies¹³. But in order to manage technical interdependence of an interstate synchronised area, interconnected countries must:

1. agree on common technical parameters. For example, they need to decide how much frequency containment reserves¹⁴ each country must contribute to the synchronous area. They might also agree to coordinate the development of national electricity systems and

¹⁰ United Nations. Multi-Dimensional Issues in International Electric Power Grid Interconnections. United Nations. New York. 2005.

¹¹ Red Electrica de Espana. Electricity interconnections: a step forward towards a single integrated European energy market 2012. REE. Madrid. 2012.

¹² Jacottet, A. Cross-border electricity interconnections for a well-functioning EU Internal Electricity Market. The Oxford Institute for Energy Studies. Oxford. 2012.

¹³ Kochukov, O. et. al. Model for Technical-Economic Analysis of ENTSO-E and IPS/UPS Power System Optimal Interconnection Concepts. Power and Electrical Engineering 28. pp. 15-18. 2011.

¹⁴ According to ENTSO-E glossary, frequency containment reserves are reserves launched automatically in order to maintain continuous balance between electricity generation and consumption.

maintenance schedule of certain infrastructure that is important to the system as a whole, to exchange sensitive information, etc.;

2. establish managerial principles by creating new institutions or delegating additional authority to transmission system operators; and
3. agree upon the ways of settling disputes. The general principle of legal agreement outlining the principles of interstate synchronous electricity system is that it takes away a part of national autonomy to manage the electricity sector as it becomes an integral part of a synchronised electricity network that needs commonly applicable rules.¹⁵

Loss of national autonomy in exchange for greater security by technical integration of the electricity networks and commonly applicable rules for the members of synchronous area is what separates an interstate synchronous electricity system from national electricity networks interconnected with asynchronous power cables. As a consequence, interstate synchronous electricity systems increase the reliability and security of supply of the national electricity grids. The following sections will briefly outline the basic features of largest synchronous areas in Europe.

Key features of the IPS/UPS synchronous area

The origins of IPS/UPS lay in the MIR¹⁶ synchronous area that used to link former Soviet territories and Warsaw Pact members.¹⁷ MIR was established in 1962, when the Cold War was at its peak, and it ceased to exist after the collapse of Soviet Union.¹⁸ In order to fill the emerged regulatory vacuum, the newly formed Commonwealth of Independent States agreed¹⁹ on the establishment of IPS/UPS.²⁰ As geopolitical realities changed, the IPS/UPS synchronous area gradually lost all ex-members of the Warsaw Pact. In the 1990s, Poland, Hungary, Czech Republic and Slovakia left the system to

¹⁵ United Nations. Multi-Dimensional Issues in International Electric Power Grid Interconnections. United Nations. New York. 2005.

¹⁶ English translation – peace.

¹⁷ Szwalowski, R. The System of the International Organizations of the Communist Countries. Springer. London and New York. 1976.

¹⁸ Jensen, R. G. Shabad, T. Right. A. W. Soviet Natural Resources in the World Economy. University of Chicago press. Chicago. 1983.

¹⁹ Dzhangirov, V. Current Status and Development of CIS countries' power sectors. Paper presented in Energy Charter Seminar 'Liberalizing trade and investment in the Eurasian Power Sector' 3 October 2002, Brussels.

²⁰ Agreement concerning the coordination of the interstate activities in the field of electric power industry of the Commonwealth of Independent States 14 February 1992.

join ECN (UCTE at that time), while Romania and Bulgaria did the same in 2004. Even though the electricity systems of the Baltic States *de facto* operated synchronously with IPS/UPS system, the regulatory framework was established only in 2001 after the signing the BRELL Agreement.²¹

As of 2017, IPS/UPS is composed of 14 national electricity systems operating in synchronous mode. These are systems of Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Uzbekistan, Ukraine, Georgia and Mongolia, and also Lithuania, Latvia and Estonia. Even if it loses the three Baltic States to ECN, IPS/UPS remains the most geographically extended synchronous area that spans over eight time zones. It has 335 GW of installed generation capacity and annually supplies approximately 1200 TWh to 280 million consumers.²² Looking from a technological perspective, IPS/UPS is a vertically integrated synchronous area as Russia is responsible for maintaining the frequency for the whole system. The electricity systems of the Baltic States are tightly interconnected and integrated into the BRELL (Belarus, Russia, Estonia, Latvia, and Lithuania), that operates synchronously with the UPS/IPS zone²³. Participation in this system contains several serious deficiencies for the Baltic States:

1. Strategic paradox: Russia is responsible for managing the frequency for IPS/UPS, it is a key player in drafting common technical standards for the entire synchronous area. There is little doubt, that vertical integration where Moscow is a power centre creates political and strategic vulnerabilities; and
2. Technical vulnerabilities. As it is highlighted by a number of scholars, Russia manages the system with limited success²⁴:
 - a. Condition of the electricity grids in Russia and Belarus is unknown. As it was stressed by the head of the Lithuanian transmission system operator ("Litgrid"), "there is no trusted, reliable information neither about the condition of the electricity grids in Russia and Belarus, nor about the future development

²¹ It is interesting to note that neither BRELL Agreement is intergovernmental nor it is signed between the Baltic States and Electrical Power Council of Commonwealth of Independent States. It is an agreement between Baltic TSOs and their Russian and Belarusian counterparts.

²² Häger, U. Rehtanz, C. Voropai, N. Monitoring, Control and Protection of Interconnected Power Systems. Springer. London and New York. 2014.

²³ Purvins, A. et. al. The Baltic Power System between East and West Interconnections. First Results from a Security Analysis and Insights for Future Work. European Union Joint Research Centre. Brussels. 2016.

²⁴ Häger, U. Rehtanz, C. Voropai, N. Monitoring, Control and Protection of Interconnected Power Systems. Springer. London and New York. 2014.

plans of those grids. Some major accidents in the past, convey the signs of a lack of security of the system, and obvious failures in maintenance²⁵; and

- b. centralised control over frequency is not backed up by a strong regulatory framework. The governance within IPS/UPS is not legally binding, it lacks effective dispute settlement process and it is divided between two institutions corresponding to the lines of geopolitical alignment (CIS' Electric Power Council and BRELL Committee).

Thus, the EU and NATO member states' electricity systems are dependent, influenced and regulated by Russia which lacks a clear plan of modernisation of UPS/IPS system. Lack of regulatory control represents another alarming signal to the Baltic countries. In addition to that, interconnections built by the EU are being utilised by third countries (Russia and Belarus). Knowing all this it becomes clear, why the three Baltic States share a common position that their electricity systems must operate synchronously with European, but not the UPS/IPS system.

Decentralised systems of ECN and Nordel

The two largest synchronous areas in the EU emerged in a similar period as the IPS/UPS. Union for Coordination of Production and Transmission of Electricity (UCPTE), a predecessor of ECN, was established by Germany, France, Italy, Switzerland, Austria and Benelux countries in 1951 and began synchronous operation seven years later. Similarly, the Nordic synchronous area was established in 1963 and is composed of Norway, Sweden, Finland and a few Danish territories.²⁶ Contrary to the Nordic synchronous area, ECN enlarged considerably. What started to be a synchronous area linking eight countries, evolved to a system composed of 24 national electricity grids. The first major enlargement occurred in 1987, when Greece, Spain, Portugal and the former Yugoslavia joined the synchronous area. The following two enlargements were largely driven by the collapse of Soviet Union and dissolution of the Warsaw Pact. In 1995, the system was enlarged by the Visegrad Four, in 2004 – by Romania and Bulgaria.²⁷ The process of enlargement is well reflected in *Figure 2*:

²⁵ The integration of the Baltic States' electricity systems into the European power network: a win-win project. Central Europe Energy Partners. Please see: <http://www.ceep.be/integration-baltic-states-electricity/>

²⁶ Only eastern Danish territory operate synchronously in the Nordic system, the other parts of Denmark operate synchronously with ECN.

²⁷ UCTE. The 50 year success story: an evolution of European grid. Secretariat of UCTE. Brussels. 2010.

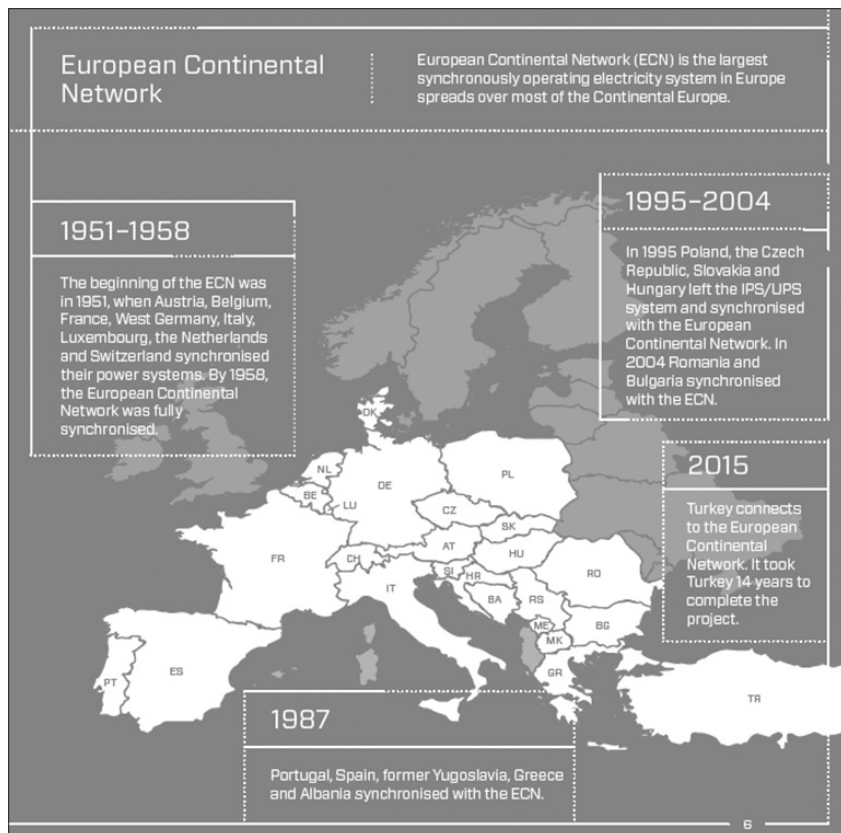


Figure 2 European Continental Network

Source: www.litgrid.eu

As the IPS/UPS is the largest synchronous area in terms of its territory's size, ECN interconnects the largest number of countries and supplies electricity to the most people. It has an installed capacity of 631 GW and supplies electricity (approximately 2500 TWh annually) to 450 million consumers located in 24 countries.²⁸ In comparison with ECN and IPS/UPS, the Nordic synchronous area is a rather small synchronous area. It has 90 GW of installed capacity and annually supplies approximately 400 TWh

²⁸ UCTE. Feasibility Study: Synchronous Interconnection of the IPS/UPS with the UCTE. UCTE. Brussels. 2008.

for 25 million people.²⁹ Prior to introducing Third Energy Package in 2009, each synchronous area operating within EU had a separate organisation for managing it. ECN was coordinated by UCTE (Union for the Coordination of Transmission of Electricity), while Nordic synchronous area was governed by Nordel (Organization of Nordic Transmission System Operators). The functions of the aforementioned organisation were transferred to ENTSOE (European Network of Transmission System Operators for Electricity).³⁰ Despite regulatory integration, ECN and Nordic region remain separate synchronous areas in technological terms as they do not work in synchronism with each other.

The key positive differences of ECN or Nordic synchronous areas from IPS/UPS could be summed as following:

1. Decentralization of the system. Each TSO operating in the ECN or Nordic synchronous area is responsible for frequency management in its area of control and is obliged to contribute frequency containment reserves for the entire network.³¹ Hence, coordination between TSOs, especially between the ones located in close proximity with each other, is crucial in order to prevent or mitigate the consequences of disturbances;³²
2. Each TSO has clear obligations. The Operational Handbook is the main reference document underlying obligations for TSOs, such as frequency control, scheduling and accounting, operational security, emergency procedures, etc. and principles of cooperation among them. For example, when, how and which data TSOs must exchange, how they need to plan and coordinate their operations, etc.³³ Hence, TSOs are important players in keeping the system stable and they act on the basis of provisions in the Operational Handbook; and
3. Regulatory, arbitration and planning tools are present and effective. In order to prevent defection from Operational Handbook, certain institutions and regulatory tools are established within the EU:
 - a. ENTSO-E has a pan-European perspective as it unifies 41 TSOs across 34 European countries and oversees the developments in

²⁹ European Wind Energy Association. Wind Energy – the Facts: a guide to the technology, economics and future of wind power. Earthscan. London and Sterling. 2009.

³⁰ Will the Nordel Association Rise Again? Bach, P. F. Please see: http://www.pfbach.dk/firma_pfb/pfb_will_nordel_rise_again_2015_12_12.pdf

³¹ Even though the quantity of FCRs each country must share differs considerably in ECN and Nordic synchronous area, the principle is the same.

³² Häger, U. Rehtanz, C. Voropai, N. Monitoring, Control and Protection of Interconnected Power Systems. Springer. London and New York. 2014.

³³ Continental Europe Operation Handbook. Please see: <https://www.entsoe.eu/publications/system-operations-reports/operation-handbook/Pages/default.aspx>

synchronous areas within the limits of EU's *acquis communautaire*. Among other duties, for example, ensuring technical cooperation between TSOs, coordinating network development plans and research activities. ENTSO-E's main task is to draft *network codes* (common rules applicable for TSOs) and other policy proposals.³⁴ Once network codes are confirmed, they become legally binding regulations³⁵;

- b. TSOs operating within EU's synchronous areas are signatories of the Multilateral Agreement that "introduces a binding contractual relation between all ENTSO-E TSOs."³⁶ Multilateral Agreement outlines the principles of dispute settlement process in case of disagreements among TSOs and procedures for monitoring their compliance to commonly agreed rules. In case of failure to reach an agreement, TSOs can ask for guidance from ENTSO-E's System Operations Committee.
- c. If TSOs disagree with the guidance, they can settle the dispute by arbitration in accordance with Rules of Arbitration of the International Chamber of Commerce.³⁷ The purpose of the process is to ensure that TSOs comply to common rules by determining non-compliance and providing TSOs with steps it needs to take in order to achieve compliance.³⁸ In sum, Multilateral Agreements not only delegates central authority to ENTSO-E, but also it empowers TSOs to raise questions regarding the compliance of their counterparts; and
- d. Ten Year Network Development Plan (TYNDP) is a biannual document serving as a platform for information exchange among TSOs and an instrument of declaring their intentions. TYNDP provides information about important infrastructure projects in the electricity sector within the reach of ENTSO-E by outlining their location, rationale, costs, impact, and status,

³⁴ ENTSO-E at a Glance. Reliable. Sustainable. Connected. Please see: https://www.entsoe.eu/Documents/Publications/ENTSOE%20general%20publications/entsoe_at_a_glance_2015_web.pdf

³⁵ For a quick overview regarding legally binding network codes and current proposals, please see: <https://www.entsoe.eu/major-projects/network-code-development/updates-milestones/Pages/default.aspx> and <https://www.entsoe.eu/major-projects/network-code-development/Pages/default.aspx>

³⁶ Häger, U. Rehtanz, C. Voropai, N. Monitoring, Control and Protection of Interconnected Power Systems. Springer. London and New York. 2014.

³⁷ Multilateral Agreement on Participation in Regional Security Coordination Initiatives.

³⁸ Compliance Monitoring Program 2016, please see: https://www.entsoe.eu/Documents/SOC%20documents/Regional_Groups_Continental_Europe/2016/CMP_2016.pdf

date of commissioning and other relevant data. Such a platform promotes transparency not only among TSOs, but also between ENTSO-E's member countries. By having official and credible briefings on the long-term developments of electricity network in the region, TSOs are empowered to plan the development of national electricity grids more effectively, while member states are better informed in making policy choices.³⁹

In sum, there is a glaring discrepancy between ENTSO-E's synchronous areas and IPS/UPS. Centralised frequency control and weak regulatory framework are the features of CIS' system,⁴⁰ while decentralised frequency management and strong legal framework are the attributes of the EU's networks. ENTSO-E drafts policy proposals on common rules in the synchronous area (Network Codes) and from the moment they are approved by the EU's member states, the rules become legally binding, while Electric Power Council of Commonwealth of Independent States issues only recommendations. Multilateral Agreement establishes contractual relations between ENTSO-E TSOs and authorises System Operation Committee to supervise their compliance with Operational Handbook. Moreover, it establishes procedures for dispute settlement, while IPS/UPS lacks such instruments. Finally, TYNDP contains credible and official information, thus serving as a platform for information exchange and as a tool for promoting transparency. Yet again, IPS/UPS does not have such equivalent.

The scope and costs of the synchronisation project

The main objective of the synchronisation project is to desynchronise Baltic electricity systems from the Russian controlled IPS/UPS network and to synchronise them with electricity grids regulated by the European Union. Lithuania, Latvia and Estonia are in agreement regarding the need to desynchronise from IPS/UPS, but discussions are not completely finished yet regarding the direction of synchronisation. There are several possible options, if not counting the establishment of the separate synchronous area, which is unacceptable from a system reliability and security point of view. First, they might choose one of several options how to synchronise

³⁹ For example, TYNDP is one of the sources that inform the decision of Baltic States to synchronise their electricity systems with either ECN or Nordic synchronous area. By having TYNDPs at hand, the Baltic States can examine likely development patterns in Polish, Swedish and Finish electricity grids.

⁴⁰ Philibert et. al. Europe / Russia electricity market. About the opportunity of fully integrated power market over geographical Europe. ESCP Europe. 2014.

system with the ECN. Second, they might opt to synchronise with the Nordic grid via underwater cable⁴¹ (see Figure 3).

Six studies were carried out in the period of 1998-2015 with more than 3000 pages of research: starting from general market based insights and ending up with an analysis of scenarios, technical requirements and financial investigations. What is interesting that none of the studies of that period have analysed Baltic States'synchronous operation with Nordic countries. For instance the Gothia Power (2013) study rejected further analysis of Nordic scenario due to its complex technical character and high costs. On the contrary, synchronization with Continental Europe was continuously defined as being feasible without major obstacles from a legal or any other point of view.



Figure 3 Options for the synchronisation of the Baltic States' networks

Adapted from ENTSO-E

⁴¹ Ten Year Development Plan, P. 235.

What must be done?

The synchronisation project is extremely complex as it includes issues of technical infrastructure development and international agreements with regional partners (The EU, Poland or Nordic countries, Russia and Belarus). From a technical point of view it addresses the following aspects: 1) infrastructure preparation, 2) ensuring power reserves, 3) system reorganisation, 4) de-synchronisation from Russia and Belarus, and 5) tests of isolated work.

In relation to infrastructure preparation, concrete projects are being aimed at achieving full integration into the European electricity market and ensuring a reliable work within ECN: these include interconnections with Sweden and Poland, development of internal transmission system inside Poland and the Baltic States, disconnection from IPS/UPS and back-to-back converters on the Eastern borders. Power Reserve Assurance is important in a sense that the Baltic electricity system must ensure a power reserve in case of disconnection of the most important electricity provider source (power plant or interconnection, in the Baltic States' case – NordBalt electricity link). This problem would be first of all solved by maintaining in reserve local electricity generation power plants, but also through interconnections with Finland, Russia, Belarus and Poland. Adequate system management covers the issue of being able to create only minimal impact on existing systems connected into synchronous zone. This means that the various possible disturbances by the newly acceding systems should be minimal, without prejudice to the set of stable and safe area synchronous system's requirements. In order to adapt the Baltic system for synchronous operation with ECN, the Baltic States are implementing system management tools: creating a market of the system services, negotiating an agreement among the Baltic TSOs on common management of the power reserves, reaching an agreement with Sweden, Finland, Russia and Belarus on usage of the power reserves, etc. De-synchronisation from Russia and Belarus includes construction of DC converters with Russia and Belarus, disconnection of the unused power transmission lines and construction of the necessary internal part of the network. According to the ENTSO-E procedure, before synchronous operation with ECN, the Baltic States must make a test of isolated work and demonstrate a willingness to self-manage the isolated Baltic electricity grid system. This experiment must last for a few weeks in winter and summer seasons.

Assessing the project from a political perspective, there are several factors to be mentioned. From the positive side, there is internal agreement between the regional partners (Baltic, Nordic countries, Poland) in place already. For instance, on 11 June 2007 the Prime Ministers of the Baltic States signed a Communiqué which expressed their “understanding

that full and smooth integration of the Baltic electricity market into EU market would be possible only with the synchronisation of the Baltic electricity transmission system with UCTE synchronous area”.⁴² They also called on TSOs from Estonia, Latvia and Lithuania to start overall studies on synchronisation. The importance to synchronise the Baltic networks with the network of Continental Europe has been once again recognised by the Prime Ministers’ Council of the Baltic Council of Ministers in 2014⁴³. Ministers of Lithuania, Latvia and Estonia confirmed this determination in numerous decisions (for instance, in 2015 signing a joint declaration) and even joint letters to Polish colleagues through the year 2015-2016.

What is politically even more important, the EU Commission also noted the importance of the synchronisation of the Baltic States: in 2009 the Baltic States and the European Commission, Denmark, Germany, Poland, Finland, Sweden established and in 2015 reinforced the Baltic Energy Market Interconnection Plan “BEMIP”⁴⁴, which called for “synchronisation of the Baltic States with the ECN”⁴⁵. Finally, in 2014 transmission system operators proposed a roadmap for desynchronization from IPS/UPS and synchronisation with ECN stressing the success of TSO’s while agreeing on the action plan towards synchronous operation with ECN, with the target of establishing synchronous operation by 2025⁴⁶. In this way the implementers of the project recognised the project as being of strategic importance and therefore to be implemented without delay. Nevertheless, some political disagreements remained and will be discussed in one of the next sections.

How much will it cost?

Exhaustive technical and economic analysis conducted by the Joint Research Centre demonstrated that interconnection with ECN via Poland

⁴² Bikulcius, R., Security of supply – desynchronizing Baltics from Russia and backing generation adequacy in the Nordic-Baltic area. Beyond BEMIP and way forward in regional cooperation on energy infrastructure. Please see: http://www.norden.ee/images/rohemajandus/info/energy2015/energy2015_RamunasBikulcius.pdf

⁴³ Ibid.

⁴⁴ ENTSO-E. Baltic Synchronization, please see: <http://tyndp.entsoe.eu/insight-reports/baltic-synchronisation/>

⁴⁵ Memorandum of Understanding on the reinforced Baltic Energy Market Interconnection Plan ‘BEMIP’ 8 June 2015.

⁴⁶ Baltic TSOs agreed on roadmap towards synchronization with Continental Europe, please see: http://elering.ee/baltic-tsos-agreed-on-roadmap-towards-synchronization-with-continental-europe/&article_searchword=&from=&to=

is: “<...> the most technically-feasible cost-effective solution.”⁴⁷ If the Baltic States will rely on the existing Lithuanian – Polish interconnection, they will need to invest in additional electricity generation capacities. If they will opt for the construction of a second interconnector, the costs of the latter would replace costs of additional power plants. In both cases, maintaining synchronisation with ECN via one or two interconnections with Poland is better due to the fact that two electricity interconnectors would provide more security of supply and most probably would be cheaper to maintain in the long run. Synchronisation with the Nordic countries emerges as the most cost ineffective option: comparative costs for the period 2025-2065 are the highest and security the lowest.

One should recognise, that the accuracy of financial estimations is debatable, especially the calculation of initial investments. As for instance, the Lithuanian TSO ‘Litgrid’ assumes that synchronisation of Baltic States will cost 435-1071 million Euros,⁴⁸ while ENTSO-E estimates that synchronisation will cost approximately 1069 million Euros.⁴⁹ One of the reasons for such stark differences in estimations is that different calculations include or do not include different infrastructure: international interconnections and internal lines, as well as needed upgrades or construction of generation power plants. Finally, some studies (e.g. ‘Gothia Power’) assumes that the Baltic States will need to invest in building a few back-to-back converters with the Russian and Belarusian border,⁵⁰ while the Joint Research Centre considers them as unnecessary from a technical point of view and does not include their cost in the final estimate.⁵¹ All in all, though estimates are not final, studies by ‘Gothia Power’ and the Joint Research Centre indicate that synchronisation with ECN via Poland is the most cost-effective and technologically sound option looking from the perspective of the Baltic States.

Another limitation of contemporary studies on the synchronisation of the Baltic States is that they differ in providing concrete estimates of costs not only for the Baltic States, but also for other countries in the Baltic Sea

⁴⁷ Purvins, A. et. al. The Baltic Power System between East and West Interconnections. First Results from a Security Analysis and Insights for Future Work. European Union Joint Research Centre. Brussels. 2016.

⁴⁸ Synchronization. Litgrid, Please see: <http://www.litgrid.eu/index.php?act=js/synchronization&item=137>

⁴⁹ Ten Year Development Plan 2016.

⁵⁰ Gothia Power. Feasibility study on the interconnection variants for the integration of the Baltic States to the EU internal electricity market. 2013.

⁵¹ Purvins, A. et. al. The Baltic Power System between East and West Interconnections. First Results from a Security Analysis and Insights for Future Work. European Union Joint Research Centre. Brussels. 2016.

region, namely Poland, Sweden, Finland and Russia. Likely investments in the electricity grids of the Nordic countries and Poland are unknown, but in the case of synchronisation with ECN investments in Poland it could reach hundreds of million euro: as it was once mentioned in an interview with the representative of the Polish ministry of energy, “there may be problems with electricity production. On the one hand, all power plants will have to prepare for operation in a different mode and, on the other hand, Poland will have to ensure power reserves for Lithuania”⁵². As for Russia, there is only limited data as well. The cheapest option for Russia is to synchronise the electricity system of Kaliningrad together with the Baltic States which will require no additional investment. ‘Gothia Power’ claims that de-synchronisation of Baltic States from the IPS/UPS system could cost Russia an additional 62 million Euros as it will need to upgrade its national grid.⁵³

However, if Kaliningrad will be developed as an autonomous region (asynchronous with Lithuania and Russia), it will require investments into a new converter on the Lithuanian-Kaliningrad border for frequency containment reserves or a new 450 MW power reserve capacity. In this case the investments would be several times higher than in the case of Kaliningrad’s synchronisation with ECN. Another option for Kaliningrad is to remain in IPS/UPS system by establishing a direct connection between Kaliningrad and Belarus (a new 140 km line Marijampolė – Vilnius would be needed in this case). Russian companies have different calculations of the whole project’s costs, (“Inter RAO” argues that it would have to invest 1,582 billion EUR into additional generation capacity in the Kaliningrad region,⁵⁴ while the Russian Energy Minister claims that an additional 174 million Euros will be invested into the power grid of Kaliningrad⁵⁵), but it is also evident that opposition to the project will cost Russia a significant sum as well.

⁵² Polish EnMin: Baltic synchronization with Poland would be technically difficult. Please see: <http://www.baltic-course.com/eng/energy/?doc=121595>

⁵³ Gothia Power. Feasibility study on the interconnection variants for the integration of the Baltic States to the EU internal electricity market. 2013.

⁵⁴ New power plants in Kaliningrad region to cost 100 bln rubles- – Inter RAO. Interfax, 2016.

⁵⁵ Kaliningrad grid modernization to cost 15 bln rubles, Russian Grids to issue 11 bln rubles in new stock. Interfax, 2016.

Key challenges regarding synchronisation of the Baltic States' electricity systems

Key challenges to the synchronization project first of all are of a political nature, although financially it is also a burden for each involved state. The worst thing is that the third states are surely contributing to the division of interests with a hope to misuse the situation by prolonging or cancelling the synchronisation of one or two Baltic States with ECN. It seems that issues that have no direct link to synchronisation (such as the future of the Kaliningrad region's electricity system, but not only this) factually determine this even more than the practical challenges of the synchronisation itself.

Political peculiarities

The political support of the European Commission was received by including synchronisation as a generic project into the list of PCI (same has been done in 2013), meaning that the project is recognised as of European importance and may expect financial support from the Connecting Europe facility fund (CEF). EC support has been repeated in 2015 when the Baltic States' ministers met with the European Commission's representatives, including the Vice-President of the European Commission Mr. Maroš Šefčovič. In addition to that, the EU Energy Security Strategy of 28 May 2014 and various conclusions of the European Council in 2014 and 2015 also highlighted the importance of the Baltic States' integration into the ECN. Additional institutional structures have been created in order to promote the target at the working level: synchronisation with the ECN was included into the reinforced BEMIP and it was agreed in the MoU that a BEMIP working group will be established in order to discuss various aspects of integration.

On the other hand, not everything went smoothly in this regard. First of all, discussions with the key country Poland did not result into sound political agreement as yet. The Baltic States' calls to the highest officials in Poland to support the synchronisation target were received with proposals to consider another options (like a second underwater interconnection)⁵⁶ which could mean a willingness to continue the stage of feasibility studies and clarification of all possible consequences, sharing the financial burden instead of making decisions towards concrete actions. As evidence, no positive results have been announced recently, for instance, after the visit

⁵⁶ Baltijos šalių ir Vakarų elektros sistemų sinchronizavimo kelyje – dar daug kliūčių. Please, see: <http://www.15min.lt/verslas/naujiena/energetika/baltijos-saliu-ir-vakaru-elektros-sistemu-sinchronizavimo-kelyje-dar-daug-kliuciu-664-772636>

of the European Affairs Committee of Lithuanian Parliament to the Polish Senate in September 2016 or the visit of Lithuanian head of the Parliament to Poland in March 2017. On another hand, understanding on the technical issues of the Baltic States integration into ECN exists between Lithuanian and Polish transmission system operators (companies that will implement concrete projects) and this sets positive environment for further political talks.

The reason for certain Polish coolness may be part of “packing” tactics when synchronisation is put into one basket with other issues of bilateral relations: national minority rights, requirements of the “Orlen Lietuva” refinery, and disputes over rail tariffs, etc. Or Poland may simply not be seeing the economic rationale to contribute to a project that requires investments, but provides minor value to Poland’s energy security. Environmental concerns of the second LitPol Link interconnection (which would be running through the Natura 2000 region) and wish to protect the domestic coal based generation market could be mentioned among the reasons for Polish scepticism. No matter what the real reason is, Polish formal and final approval is missing. Without it, as for example, a first very concrete and compulsory step of ENTSO-E performing a study that would analyse the measures to be taken in order to overcome possible technical, organisational and legal obstacles for Baltic States’synchronisation with ECN isn’t possible⁵⁷.

However, although Poland isn’t keen to take on the additional obligations necessary to support the systems of the Baltic States, synchronisation of the Baltic States could help Poland solve local electricity generation challenges in the long run, as well as limiting the flow of electricity from the unsafe Ostravets NPP in the short term. The prevention of the export of Ostravets’ electricity to Poland was mentioned among Poland’s’ priorities just recently⁵⁸. Therefore, all in all the Baltic States should remain patient and engage into constructive dialogue with Poland, contribute to a solution, which would diminish the costs of synchronisation for Poland and lead to de-synchronisation negotiations between the EU and Russia/Belarus. In this context the new approach of Estonia in the second half of 2015 by requiring synchronisation with the Nordic countries instead of the ECN is potentially dangerous – the next paragraph will explain why.

⁵⁷ Although such studies ENTSO-E carried out for Ukraine and Moldova, Poland has no interest to provide so necessary agreement to accomplish the study for the Baltic States.

⁵⁸ Lenkija tapo pastiprinimu Lietuvos kovoję prieš Astravo AE statybą. Please, see: <http://www.15min.lt/naujiena/aktualu/lietuva/lenkija-tapo-pastiprinimu-lietuvos-kovoję-pries-astravo-ae-statyba-56-771458>

Tallinn's new approach could be explained in the light of Estonia losing hope to agree with Poland and Russia. There is no big surprise in this, as up until 2016 it remained unclear, how the concrete projects will be financed and what will be the solution regarding the Kaliningrad region's electricity system. Wishing progress on synchronisation and even higher integration with Finland, Estonia started to drift towards plan B: synchronisation with the Nordic countries. The real danger here is the disappearing unity of the Baltic States' – hesitation to reach a final agreement prevents technical infrastructure development (presented above), postpones negotiations on EU financial support and puts the whole process at risk. As a consequence, the dynamics of the project may be lost and Russian doubts about no need of the synchronisation with European network would prevail. Or it may also happen that the theoretical possibility of synchronising Estonia via underwater cables with the Nordic countries will enter the stage of active planning. Leaving only Lithuania with maybe Latvia to negotiate synchronisation with ECN is much more possible if in the short run involvement in constructive cooperation with Poland is hindered.

Russian factor

There is little doubt, that regional disagreements are determined by the Russian factor: security of supply in the Kaliningrad electricity system is heavily dependent on the Baltic States electricity system. Its fate must be discussed and decided at a political level between the Baltic States, European Union and Russia (the so called EURUBY process is established for this purpose). From an objective point of view, the security of supply in Kaliningrad and Belarus can be ensured by simply strengthening internal grids – the EU could assist in doing this. But from the political side, internal disagreements in the region are being exploited by the Kremlin in a way to demonstrate “the unbearable political and security damage” that Baltics' synchronisation would bring for Russia. For instance, the Russian National Security Concept implicitly refers to Baltic plans to de-synchronise from IPS/UPS system by actualising the importance of: “<...>the safeguarding of the country's technological sovereignty in the world energy market”⁵⁹ and warning about: “Attempts by individual states to utilise <...> technological policy to resolve their own geopolitical tasks.”⁶⁰ Vladimir Putin himself spoke against de-synchronisation from IPS/UPS on a number of occasions⁶¹. During an interview with an Italian newspaper, he specified

⁵⁹ National Security Strategy of the Russian Federation 2015.

⁶⁰ Ibid.

⁶¹ In the context of 70th UN General Assembly, he told CBS journalist: “we will have to reform the system, spending billions of dollars, as well as our European partners

that de-synchronisation of Baltic States' electricity grid would cost Russia from 2 to 2, 5 billion Euros – much more than the figures presented by the Russian Energy Minister and Inter RAO "Gothia Power" study.⁶²

Worse is that Russian foreign policy is not exclusively targeted against the Baltic States – Moscow creates a pressure on the EU, Poland and the Nordic countries. The factor of a potential Kaliningrad nuclear power plant, that could be constructed in the neighbourhood of the mentioned countries is important and deters them from sharper actions. The paradox here is that if the Kaliningrad NPP will be constructed, the Baltic States could be linked to the IPS/UPS even tighter, synchronisation postponed and the electricity from this NPP would easily reach the EU: barriers for that without synchronisation are hardly possible to establish. Nevertheless, the region seems not willing to enter tough discussions with Russia: the impact for Kaliningrad that might be detached from the mainland Russia, analysis of alternatives and technical parameters of de-synchronisation, as well as calculation of the related financial and political costs for them place the discussion of the geopolitical consequences if the Baltic States stay dependent on Russia and its IPS/UPS system. In other words, while in accordance with ENTSOE rules the Baltic States are trying to secure a political agreement between the European Commission, Belarus and Russia regarding de-synchronisation from IPS/UPS, Moscow's policy to involve the counter-partners in viscous and endless negotiations provides tangible results.

Conclusions

An interstate synchronous area can be defined as the legal and technological bond that keeps different electricity systems operating as a single unit. The more reliable is this synchronous area, the more secure is electricity supply in a country. In case of the Baltic States, a dispatcher in Moscow is responsible for providing frequency containment reserves and controlling the load frequency of their electricity systems. The fact, that they mitigate grid deficiencies by launching reserve capacities in the former Soviet Union network only, represents serious technical and geopolitical

who will also have to spend billions of dollars to integrate the Baltic countries into their power grid. <...> What for?" Please see: <https://sputniknews.com/politics/201509291027695060-putin-interview-charlie-rose-transcript/>

⁶² Baltics Threaten to Unplug Russian Region. Politico, 2015. Please see: <http://www.politico.eu/article/baltics-threaten-to-unplug-russian-region-power-kaliningrad-electricity-interconnectors-lithuania-poland-sweden/>

vulnerability for them. The following factors are crucial while considering change of the synchronous area in which the Baltic States operate:

1. Synchronous work with the European system is more reliable in comparison to the IPS/UPS system. Key features of the latter are centralised frequency control, weak regulatory framework and technologically outdated infrastructure causing supply problems. In case of a legal dispute with the system manager or non-compliance with the provisions of BRELL system, the Baltic States don't possess effective legal instruments to appeal. In contrast, the ECN and Nordel are prominent due to their decentralised frequency management and strong legal framework. TYNDP contains credible and official information, thus serving as a platform for information exchange and as a tool for promoting transparency. In addition to that, ENTSOE drafts Network Codes which from the moment of approval become legally binding for all EU member states: European law provides an effective framework to defend their rights and therefore serves as a guarantee of security and reliability of the system.
2. There is wide political agreement on the need of synchronisation: it was numerously confirmed on national, regional and European levels. However, first Poland and then Estonia required additional studies on the direction and reasoning of the synchronisation: these are taking time and create doubts about the unity of project parties. Security of electricity supply to Kaliningrad region serves as an instrument that allows Russia to block the project. The Kaliningrad nuclear power plant, that could be constructed in the neighbourhood of Lithuania is another of Moscow's foreign policy tools that encumber the project;
3. Probable alternatives include synchronisation with ECN or Nordic synchronous area. In any case it is widely agreed, that the project must be accomplished by 2025. Current financial estimates regarding the price for synchronisation of Baltic States' electricity system cannot be considered as final, but they indicate that synchronisation with ECN via Poland is the most cost-effective and technologically sound option looking from the perspective of Baltic States. As synchronisation is considered a Project of Common Interest, at least partially the costs will likely be reimbursed by EU's financial instruments. However, it is reasonable to assume that the magnitude of national investments will be an important question.

REFERENCES

Scientific Articles and Monographs

1. Augutis, J. et. al. Lithuanian Energy Security. Annual Review 2014-2015. Versus Aureus. Vilnius. 2016
2. Charpentier, J.P. and Schenk, K. International power interconnections: moving from electricity exchange to competitive trade. Public Policy for the Private Sector 42. pp. 1-4. 1995.
3. Dzhangirov, V. Current Status and Development of CIS countries' power sectors. Paper presented in Energy Charter Seminar 'Liberalizing trade and investment in the Eurasian Power Sector' 3 October 2002, Brussels.
4. Häger, U. Rehtanz, C. Voropai, N. Monitoring, Control and Protection of Inter-connected Power Systems. Springer. London and New York. 2014.
5. Jacottet, A. Cross-border electricity interconnections for a well-functioning EU Internal Electricity Market. The Oxford Institute for Energy Studies. Oxford. 2012.
6. Jensen, R.G. Shabad, T. Right. A. W. Soviet Natural Resources in the World Economy. University of Chicago press. Chicago. 1983
7. Kadisa, S. et. al. Challenges for the Baltic Power System connecting synchronously to ECN. Electric Power Systems Research, 140. pp. 54-64.
8. Kochukov, O. et. al. Model for Technical-Economic Analysis of ENTSO-E and IPS/UPS Power System Optimal Interconnection Concepts. Power and Electrical Engineering 28. pp. 15-18. 2011.
9. Philibert et. al. Europe / Russia electricity market. About the opportunity of fully integrated power market over geographical Europe. ESCP Europe. 2014.
10. Purvins, A. et. al. The Baltic Power System between East and West Interconnections. First Results from a Security Analysis and Insights for Future Work. European Union Joint Research Centre. Brussels. 2016.
11. Szwalowski, R. The System of the International Organizations of the Communist Countries. Springer. London and New York. 1976.

Official Documents and Reports

12. Agreement concerning the coordination of the interstate activities in the field of electric power industry of the Commonwealth of Independent States 14 February 1992.
13. BRELL Agreement 18 April 2001.
14. Continental Europe Operation Handbook.
15. Commission delegated regulation (EU) 2016/89 of 18 November 2015 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest.
16. European Wind Energy Association. Wind Energy – the Facts: a guide to the technology, economics and future of wind power. Earthscan. London and Sterling. 2009.
17. Gothia Power. Feasibility study on the interconnection variants for the integration of the Baltic States to the EU internal electricity market. 2013.

18. Memorandum of Understanding on the reinforced Baltic Energy Market Interconnection Plan 'BEMIP' 8 June 2015.
19. Multilateral Agreement on Participation in Regional Security Coordination Initiatives.
20. National Security Strategy of the Russian Federation 2015.
21. Programme of the Lithuanian Government 2016-2020.
22. Red Electrica de Espana. Electricity interconnections: a step forward towards a single integrated European energy market 2012. REE. Madrid. 2012.
23. Swedish Energy Agency. Energy in Sweden 2015. Energimyndigheten. Eskilstuna. 2016.
24. Ten Year Development Plan 2016.
25. UCTE. The 50 year success story: an evolution of European grid. Secretariat of UCTE. Brussels. 2010.
26. UCTE. Feasibility Study: Synchronous Interconnection of the IPS/UPS with the UCTE. UCTE. Brussels. 2008.
27. United Nations. Multi-Dimensional Issues in International Electric Power Grid Interconnections. United Nations. New York. 2005.

Internet Sources

28. Baltics Threaten to Unplug Russian Region. Politico, 2015. Please see: <http://www.politico.eu/article/baltics-threaten-to-unplug-russian-region-power-kaliningrad-electricity-interconnectors-lithuania-poland-sweden/>
29. Compliance Monitoring Program 2016. please see: https://www.entsoe.eu/Documents/SOC%20documents/Regional_Groups_Continental_Europe/2016/CMP_2016.pdf
30. ENTSO-E at a Glance. Reliable. Sustainable. Connected. Please see: https://www.entsoe.eu/Documents/Publications/ENTSOE%20general%20publications/entsoe_at_a_glance_2015_web.pdf
31. ENTSO-E. Baltic Synchronization, please see: <http://tyndp.entsoe.eu/insight-reports/baltic-synchronisation/>
32. Kaliningrad grid modernization to cost 15 bln roubles, Russian Grids to issue 11 bln roubles in new stock. Interfax, 2016.
33. New power plants in Kaliningrad region to cost 100 bln roubles- – Inter RAO. Interfax, 2016.
34. Synchronization. Litgrid, please see: <http://www.litgrid.eu/index.php?act=js/synchronization&item=137>
35. The integration of the Baltic States'electricity systems into the European power network: a win-win project. Central Europe Energy Partners. Please see: <http://www.ceep.be/integration-baltic-states-electricity/https://sputniknews.com/politics/201509291027695060-putin-interview-charlie-rose-transcript/>
36. Will the Nordel Association Rise Again? Bach, P. F. Please see: http://www.pfbach.dk/firma_pfb/pfb_will_nordel_rise_again_2015_12_12.pdf

THE IMPACT OF MERCHANTING ON GERMANY'S CURRENT ACCOUNT BALANCE¹

Volkan Sezgin

M.Sc.

Abstract

Merchanting has become an increasingly important concept for the balance of payments in the last decades for all economies that take part in global trade and global specialisation patterns. It is the trade of the goods which are not entering or leaving the borders of the firm's resident country. Various kinds of activities can be included in the current definition of merchanting such as transactions consisting purchase and sale of goods resulting from global manufacturing, global wholesaling, retailing and commodity arbitrage showing that merchanting is a wide phenomenon including different economic activities.

Since merchanting started to grow rapidly at the national levels compared to merchandise trade balances for selected major economies like China, USA and Germany in the recent years, it can be asserted that it has gained great importance in observing global trends in merchandise trade. Considering that Germany is one of the developed countries which is experiencing very high current account surpluses when compared with the other countries, it is beyond doubt that the breakdown of the Germany's current account is crucial in understanding the secret of its success. Within this framework, Germany which recorded persistent current account surpluses since 2002, observed merchanting playing an increasing role for its trade balance surplus. In this respect, net exports of goods under merchanting constituted close to 0.7% of GDP of Germany in 2016, which represents a non-negligible share of Germany's current account surplus. Furthermore, merchanting's growing importance is also detectable in the fact that the merchanting margin constituted close to 2% of all Germany goods exports in 2016.

Keywords: Merchanting, Balance of Payments, Current Account Balance, Germany

Introduction

In general terms, the term of merchanting has gained great importance in observing global trends in merchandise trade and it has progressively become a notable item in the balance of payments and current account balances in the last decade. To illustrate it, merchanting is growing at the national levels compared to merchandise trade balances for selected major economies like China, USA and Germany recently.

¹ An earlier version of this paper was circulated as an internal note at the DG ECFIN, European Commission.

In trading terms, merchanting has had a specific context and meaning since the System of National Accounts (SNA) in 1993 and Balance of Payments and International Investment Position Manual⁵ (BPM5); although there were no exact definitions of “merchanting” and “merchant” based on the nature of the activity. Merchanting, in general terms, is “the purchase of a good by a resident from a non-resident and the subsequent resale of the same good to another non-resident while the mentioned good does not enter or leave the resident’s economy during the whole process”.

To illustrate it, if an entity which is resident in Country X purchases goods in country Y and promptly sell them, without transforming them in any way, to a client in another country other than Country X; this process is called merchanting.

Within this respect, the main features of merchanting are as follows:

- Merchanting is often concentrated among large firms and can be done in every sector.
- Merchanting is dependent on global demand.
- Merchanting occurs for transactions where physical possession of the goods by the owner is unnecessary for the process to occur.
- Goods sold under merchanting should not be subject to transformation while owned by the resident performing the merchanting function.

Activities Classified Under Merchanting

The main activities of merchanting can be classified under three main headings which are:

1. Transactions resulting from global manufacturing:

Such activities aim to make profits from production of goods and the international transactions of goods take place. For instance, an enterprise may contract the assembly of a good among one or more contractors abroad, such that the goods are acquired by this enterprise and resold without passing through the territory of the owner.

Some services transactions of the multi-national enterprises (MNE) such as financing, Research and Development (R&D) and marketing might fall within the concept of merchanting. In reality, the merchanting service may often be a return for marketing, financing etc. provided by an enterprise that does not handle the goods.²

² Although there is no longer a services category “merchanting” according to the BPM6 guidelines; some countries like Ireland records services under merchanting. Under BPM6, services sourced and delivered in a merchanting type arrangement must be recorded as gross transactions in the relevant services category. However, Ireland uses the term “merchanting services” in its balance of payments statement instead of recording services in “other services” as required by BPM6.

Apart from that, if the good which is bought and then sold is transformed or processed while in the ownership of the resident enterprise, then this transaction is recorded under the goods for processing. In other words, the transactions between MNEs might be in the forms of merchanting and processing. The European System of Accounts (ESA) 2010 contrasts merchanting with goods sent abroad for processing: "(...) In contrast, buying and reselling of goods with non-residents without the goods entering the merchant's economy are recorded as exports and imports in the accounts of the producer and final purchaser, and a net export of goods under merchanting is shown in the accounts of the merchant economy. Products sold under merchanting should not be subject to transformation or processing."³

2. Global wholesaling and retailing services:

Merchanting may also cover the international wholesale and retail activities where the merchant purchases goods from a non-resident and sells it to another non-resident distributor and retailer by earning a margin. A wholesaler in Belgium may, for example, can buy thousands of PC chips from the manufacturers in China and sells dozens of these chips to some retailers in Vietnam. The wholesaler will add a margin, but this margin is usually less than what the manufacturer and/or retailer would have to spend in dealing directly with each other.

3. Commodity trading (dealing):

Merchanting generally involves purchasing and selling of the physical products aiming to gain profit from the price differences and particularly risk taking, in commodities. Trading derivatives like swaps, options and futures used in commodity trading is not regarded as merchanting.

Statistical Treatment of Merchanting

Merchanting was classified as an *export of services* in the BPM5 and the 1993 SNA. According to BPM5, the net profit resulting from the two transactions of purchase and re-sale was recorded as a positive export value of business services, while any net loss was recorded as a negative export value of business services.

The treatment of merchanting has changed with the implementation of BPM6 and the 2008 SNA in the way that the recording of merchanting takes place in the goods account rather than the services account of the balance of payments. The 2008 SNA and BPM6 move to a form of gross reporting, in which the acquisition of goods by the merchant is recorded in the accounts of the country in which he is resident as a negative export,

³ <http://ec.europa.eu/eurostat/web/esa-2010> (see 9.48e)

and the subsequent sale of the goods as a positive export, (UNECE, 2012). The margin between the purchase and selling prices is recorded as “net exports of goods under merchanting”, which is also called the “merchanting margin”, calculated as the value of the goods sold less the cost of purchasing them.⁴ This specific item includes holding gains and losses, margins, and changes in inventories in the form of goods under merchanting. The entries for merchanting are recorded at transaction prices instead of valuing them on free on board prices.

Services sourced and delivered in a merchanting type arrangement are recorded as gross transactions in the relevant services category. To illustrate it, if computer services are being merchanted, the compiler in the country in which the merchant is resident records an import of computer services of (say) 50 and an export of 100, with no indication that these services are being merchanted. (UNECE, 2012)

Being a rather complex issue, the resorting of merchanting activities in successive IMF Balance of Payments (BoP) Manuals changed throughout the last decades. Merchanting has been mostly recorded under the goods account (like in BPM6 and the 2008 SNA) in order to add net balance on merchanting to the exports so that the world exports would be equal to the world imports. However, some of the earlier editions of IMF BoP Manuals recorded merchanting under services account recognising the services aspects of merchanting activities as in BPM5.

Table 1 Treatment of merchanting activities in IMF BoP manuals

Edition of the Manual	Required recording	Classification in the BPM methodology
BPM 1st edition – 1948	Record net under merchandise	Other transactions in merchandise
BPM 2nd edition – 1950	Record gross under merchandise	Other transactions in merchandise
BPM 3rd edition – 1961	Record net under merchandise	Merchandise transactions abroad
BPM 4th edition – 1977	Record net under “other” goods, services and income	Other goods, services and income
BPM 5th edition – 1993	Record net under services	Business services
BPM 6th edition – 2009	Record gross under goods (imports recorded as negative exports)	Goods under merchanting

Source: UNECE⁽⁵⁾

⁴ <http://www.dallasfed.org/assets/documents/institute/wpapers/2013/0140.pdf>

⁵ See page 87, chapter 6, “The impact of globalization on national accounts”, UNECE, 2012.

Merchanting in the Case of Germany

Considering that Germany is one of the developed countries which is experiencing very high current account surpluses in the recent years, it is beyond doubt that the breakdown of the Germany's current account is important in understanding the secret of its success. In this context, merchanting can be identified as a rapidly growing surplus item and an important driver for Germany's current account balance in the last decade. Merchanting was recorded in services account until 2013.

Germany began to implement BPM6 in the recent years. According to the German statistical system, merchanting transactions are to be reported in accordance with the Foreign Trade and Payments Regulation.⁶ In 2013, Bundesbank issued a notice of merchanting which is in line with the aforementioned Regulation defining recording of merchandise transactions. The main principle remains that transactions are classified as merchanting; when residents purchase goods located abroad from foreign sellers, and then sell these goods on to foreign buyers without the goods having entered Germany.

The types of trade transactions, which would be covered under merchanting, were specified by the Bundesbank in the abovementioned notice. They are stated as direct merchanting, warehouse transactions, indirect merchanting and gold trading.⁷ Moreover, it is underlined that if the goods are introduced into Germany by a domestic party without import clearance and placed in a bonded warehouse, free warehouse or free zone, and then sold on to a foreign party, these transactions are not to be reported as merchanting transactions.

Mentioning the treatment of merchanting, the positive trade balance in goods in Germany has increasingly mirrored the contribution of merchanting, which have grown spectacularly due to a combination of the on-going globalisation and the rise of global production chains. In economic terms, the impact of net exports of goods under merchanting on trade balance of Germany continues to grow in the last decade Germany experienced net exports of goods under merchanting of 0.68% of GDP in 2016, showing that merchanting activity provides a non-negligible contribution to the current account of Germany and the expansion of net

⁶ See sections 67, 68 and 71 to 72. See pages 64-68, "Foreign Trade and payments Ordinance", 2013. <http://www.bmwi.de/BMWi/Redaktion/PDF/A/awv-englisch,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf>

⁷ See pages 1-3, "Notice Merchanting-Payments relating to External Transactions", Deutsche Bundesbank, 2013. http://www.bundesbank.de/Redaktion/EN/Downloads/Service/Meldewesen/Aussenwirtschaft/Schluessel/awvzt_kurz_2013.pdf?__blob=publicationFile

exports of goods under merchanting (% of GDP) from 2010 is one of the reasons behind the strong overall export performance of Germany recently. This is also reflected in the steady increase in the share of merchanting margin in total goods exports, which has grown progressively to close to 2% of all goods exported by Germany in 2016 (Figures 1 and 2) Besides, it should be noted that the contribution of merchanting to GDP and to the level of exports of goods decreased slightly in 2016 although it generally rose between 2010 and 2015.

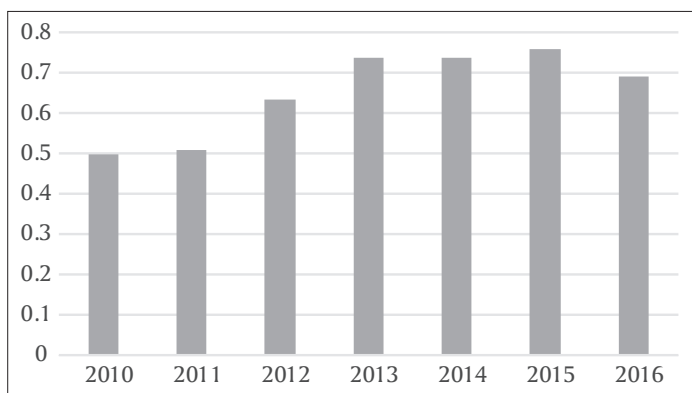


Figure 1 Merchanting as % of Germany's GDP

Source: Bundesbank, Author's calculations

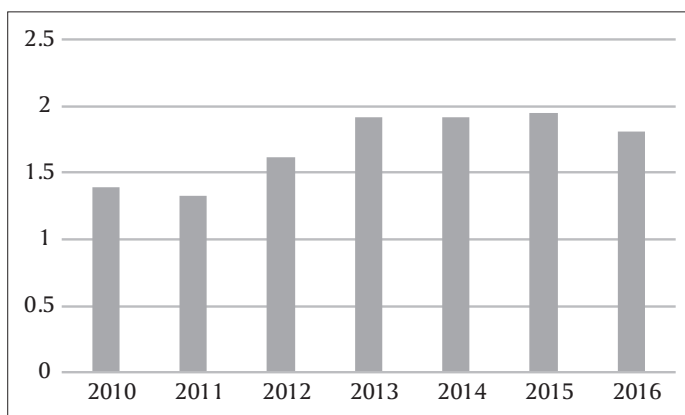


Figure 2 Merchanting as % of Germany's export of goods

Source: Bundesbank, Author's calculations

Conclusion

Merchanting has become an increasingly important concept for the balance of payments in the last decades, both for Germany and for other industrialised economies that take part in global trade and global specialisation patterns. Various kinds of activities are included in the current definition merchanting such as transactions consisting purchase and sale of goods resulting from global manufacturing, global wholesaling and retailing and commodity arbitrage. Service merchanting might include transportation activities, construction, computer services and other business services.

Since it is hard to identify and measure the goods merchanted, which do not cross the frontier of the country where the merchant is resident; it causes the statisticians to have difficulties in detecting and recording merchanting. Recently, merchanting is recorded under the goods heading rather than the services account of the balance of payments in order to equalise the world exports to the world imports as it is required by BPM6 and the 2008 SNA. Germany is one of the countries which follow the rules suggested by BPM6 and calculates net exports of goods under merchanting.

Germany, which recorded persistent current account surpluses since 2002, observed merchanting playing an increasing role for its trade balance surplus. Merchanting also contributed substantially to the current account balances of some member countries like France, Austria, Sweden and Ireland in the post crisis period as it was the case for Germany. Net exports of goods under merchanting constituted close to 0.7% of GDP of Germany in 2016, which represents a non-negligible share of Germany's current account surplus. As noted above, merchanting's growing importance is also detectable in the fact that the merchanting margin constituted close to 2% of all Germany goods exports in 2016 although it experienced a slight decrease in 2016 when compared with 2015.

REFERENCES

- Beusch E., Döbeli B., Fischer A. & Yesin P., 2013. Merchanting and Current Account Balances, Globalization and Monetary Policy Institute Working Paper No. 140, Federal Reserve Bank of Dallas.
- Census and Statistics Department (Hong Kong), 2007. Strategy for Implementing Recommendations on Goods for Processing and Merchanting in BPM6 – The case of Hong Kong, Twentieth Meeting of the IMF Committee on Balance of Payments Statistics, Washington DC, Hong Kong Special Administrative Region, People's Republic of China (BOPCOM 07/20).
- Chinn, M., Ito, H., 2007. Current account balances, financial development and institutions: assaying the world savings glut, *Journal of International Money and Finance* 26(4), pp. 546-569.

- Deutsche Bundesbank, 2013. Notice Merchanting – Payments relating to External Transactions, 1-3.
- Deutsche Bundesbank, 2014. Changes in the methodology and classifications of the balance of payments and the international investment position, pp. 57-68.
- Eurostat, 2014. Manual on the Changes between ESA 95 and ESA 2010, 2014, pp. 62-64.
- Fitzpatrick, J., 2007. The Irish Approach towards Treatment of Merchanting and Related Transactions, prepared for the joint EFTA/UNECE/SSCU seminar “Economic Globalisation: A Challenge for Official Statistics”, Kiev, Ukraine.
- Gagnon, J., 2011. Current accounts imbalances coming back, PIIE Working Paper 11-1, pp. 11-17.
- IMF, 2008. Impact on BOP data of changes in international standards for processing and merchanting, Twenty-First Meeting of the IMF Committee on Balance of Payments Statistics Washington, D.C., November 4-7, 2008. BOPCOM-08/11.
- Takeda, H., 2005. Merchanting, update of the 1993 SNA issue No.41, paper for Advisory Expert Group meeting.
- SNB, 2012. Merchanting in Switzerland, Swiss Balance of Payments 2011, Swiss National Bank, pp. 34-41.
- UNECE, 2012. The impact of globalization on national accounts, pp. 85-108.
- United Nations, Economic and Social Council, 2010. Merchanting Note by the Central Statistics Office of Ireland. Economic Commission for Europe Conference of European Statisticians Group of Experts on National Accounts.
- United Nations, 2007. The Full Set of Consolidated Recommendations, Issue 41 – Merchanting, Approved by the UN Statistical Commission.

HEGEMONIC RIVALRY AND EMERGING CIVIL SOCIETY IN THE GULF OF GUINEA IN THE 21ST CENTURY

Henry Kam Kah

Dr. Hist.

Abstract

This paper examines the critical engagement of China, the US, France and Britain in the identification and exploitation of natural and human resources in the strategically located Africa's Gulf of Guinea. The engagement is informed by global competition for the control of strategic regions, depleting natural resources, promotion of democratic virtues, fight against drug and child trafficking, piracy and the debilitating effects of environmental degradation and climate change. This critical engagement of these countries for multifarious reasons has produced spheres of hegemonic influence and neo-colonial clashes of various kinds. On the side lines have emerged competing strategies for control, which are continuously contested and competed for especially by China and the US to the disadvantage of some early arrivals notably Britain and France. The spheres of influence that have been created remain fluid and explain the war of words and other unorthodox practices initiated by these powers and supported by some African surrogates. This has unleashed a mobilisation of civil society in some areas to checkmate the excesses of different stakeholders. The systematic mobilisation of civil society organisations, although still at its infancy will most likely lead to a renegotiation of the terms of the engagement of contracts with companies from China, the US, Britain and France where the interests of the masses would take centre stage. The hegemonic competition notwithstanding, it is becoming clear that the civil society is gradually and steadily growing to checkmate the excesses of these countries and give back power to the people over their resources than is the case now in the Gulf of Guinea and other strategic regions of the continent like the Horn of Africa.

Introduction: Momentous Issues and Actors in the Gulf of Guinea

The greater Gulf of Guinea with an area of nearly 3500 miles of coastline is one of the strategic regions of Africa, which is also blessed with a variety of natural resources such as oil, gas, diverse minerals and human resources. There is a heavy concentration of oil and gas reserves in the region including also North Africa. Its market size is about 300 million consumers. The countries of this region include Angola, Benin, Cameroon, Cote d'Ivoire, Democratic Republic of the Congo (DRC), Equatorial Guinea,

Gabon, Ghana, The Gambia, Guinea, Guinea Bissau, Liberia, Nigeria, Republic of Congo, Sao Tome and Principe, Senegal, Sierra Leone, Chad, Central African Republic and Togo (Ibikunle *et al*, 2010: 2 and 7; Halleson, 2009: 26-27; Onuoha, 2010: 370). The countries are a mix of English, Portuguese, Spanish and French speaking. Other attractions of the Gulf of Guinea include its relative closeness to the energy consuming countries of North America and Western Europe. The geographical closeness of the region to Western Europe relative to the Middle East and Asia makes it to have a comparative advantage in the movement of goods and people by way of a reduced cost of sea transportation (Ibikunle *et al*, 2010: 8; Onuoha, 2010: 372).

The presence of resources like oil, gas, gold, manganese, timber and fish has created a deep seated disgruntlement among a majority of the inhabitants of countries of the Gulf of Guinea. Revenue from these resources hardly trickles down to the common people. The wealth so obtained is used to prop up dictators in several countries of the region through civil war and other forms of repression as was witnessed in Angola during the long drawn out war between the MPLA and UNITA in Angola from 1975-1991 and 1992-2002 (Halleson, 2009b: 49-50). Oil notwithstanding, there is a high rate of unemployment, environmental pollution and degradation, as well as armed attacks like in the Niger Delta, Bakassi peninsular and piracy which is causing sleepless nights to the national security services of member countries of the Gulf of Guinea. Piracy has recently made the waters of the Gulf of Guinea unsafe for navigation by large sea-going vessels from Asia, Europe and the United States.

The degree of inter-state strife in the Gulf of Guinea is alarming. At one time or another, the Democratic Republic of Congo (DRC) received support from Angola, Zimbabwe, Namibia and Chad and also from Sudanese and Rwandan Hutu extremist groups in its struggle to suppress internal dissent. Between 1998 and 2003, the northern part of the DRC was taken hostage by Ugandan troops which also controlled gold rich areas and forced gold miners to extract the gold for their benefit. They looted Congolese gold valued over 9 million (Halleson, 2009b: 57-58). Within the Republic of Congo there have also been scuffles between warring factions over the gains of oil. The greater consequence of internal bickering was the split along ethno-regional lines and the establishment of three prominent militias which included the *Cocoyes* of Pascal Lissouba, *Cobras* of Denis Sassou Nguesso and the *Ninjas* of Kolela. Such a complex situation was further compounded by the support of the *Cobras* by Angola which helped them to secure Brazzaville and Pointe Noire (Halleson, 2009b: 61). There is generally a high circulation of small arms and light weapons (SALW) in the region (Onuoha, 2010: 373). This is a result of the struggle to control resources for the benefit of a very limited few.

Other major problems of the Gulf of Guinea include piracy, maritime disputes, a negative governance balance sheet, weak state structures, and absence of accountability, environmental spillage, and pipeline vandalism, the absence of a sound infrastructure, non-viable legal institutions, and ethnic clashes among others. A few years ago, piracy was a rampant occurrence in the Horn of Africa and not the Gulf of Guinea, but in the past few years, the waters of the Gulf of Guinea are among the most unsafe for sea going vessels. The region between Cotonou in Benin and Nigeria has witnessed an upsurge in the number of pirate attacks recently. Since the coastline is craggy, it offers a variety of hiding places for potential attackers (<http://gcaptain.com/piracys-emerging-market-gulf?29024>; <http://www.csmonitor.com/World/Africa/2011/0804/Piracy-on-the-rise-off-West-Africa>; <http://www.csmonitor.com/World/Africa/2010/0115/Pirates-take-new-territory-West-Africa>; <http://www.businessweek.com/news/2011-08-04/piracy-spurs-insurers-to-extend-nigeria>; <http://af.reuters.com/article/commoditiesNews/idAFL6E7J32DM20110803>; Smith AFP, 2011; <http://www.afriquejet.com/benin-piracy-2011080219717.html>; Associated Press 11 August 2011; <http://af.reuters.com/article/topNews/idAFJOE77B01820110812>; http://news.xinhuanet.com/english2010/world/2011-08/12/c_131046184.htm; English xinhuanet.com).

The problems of governance, the environment, infrastructure, poverty, insecurity, weak institutions, volatility of world oil prices and currencies of trade, climate change, transnational criminality, protracted separatist insurgent conflicts, countless attempted *coups*, unconstitutional change of government, mismanagement of electoral processes, drug trafficking, terrorism, maritime piracy, illiteracy and environmental degradation (Souaré, 2010: 1-2; Goldwyn and Morrison, 2005: Pham, 2007: 19; Gilpin, 2007 and Mane, 2004; Ploch, 2010:17; Oyeranmi, 2011:47-49; Hall, 2011; Vaughan, guardian.co.uk; Edo, 2010: 117; Boaduo FRC, 2010: 168-169; West Africa, 2011; McCullum, www.africafiles.org/atissueezine.asp?issue=issue3) have created tension between government officials who feed fat on oil money and the poor masses who have had to pay the price of being located in areas of oil exploitation.

Most countries of the Gulf of Guinea have potential or huge reserves of oil, gas and minerals. The entire region is one of the most promising oil exploration areas of the world and it is estimated that by 2020 the energy potentials of the region will surpass the total production of the Persian Gulf nations with 25% of global production as against 22% for the Persian Gulf (Halleson, 2009: 28). Angola which is richly endowed with oil and diamonds is the second largest oil producer in the Gulf of Guinea after Nigeria and the world's fourth largest producer of diamonds having estimated reserves of about 180 million carats (Halleson, 2009: 29). In Cameroon, the mining sector offers huge potentials and at the moment, the country is the sixth

largest oil exporter in Africa (Halleson, 2009: 31). For Nigeria, she is the largest producer of crude oil and she also has huge reserves of natural gas estimated at about 184 trillion cubic feet. She is the eighth largest oil exporting country in the world (Halleson, 2009: 32; Oyeranmi, 2011: 47). The economy of the Republic of Congo relies heavily on oil and the country is the fifth largest oil producer in sub-Saharan Africa (Halleson, 2009: 33). Gabon is amongst sub-Saharan Africa's biggest oil producer and its economy like that of Congo is dependent on oil production (Halleson, 2009: 34). She is the third largest producer of manganese and holds a quarter of the world's known reserves (www.estandardsforum.org).

Other countries of the Gulf of Guinea like the DRC are also great producers of oil. Newcomers into the petroleum business include Chad, Equatorial Guinea, Sao Tome and Principe and the Central African Republic (CAR). Following the discovery and exploitation of oil in Equatorial Guinea, she is now the third largest oil producer in sub-Saharan Africa after Nigeria and Angola. The CAR is the seventh largest producer of diamonds in Africa and is tenth largest producer in the world (Halleson, 2009: 37-38). Sao Tome and Principe has hope for the benefits of oil in the same measure like other countries of the Gulf of Guinea. The richness of the resource potentials of the Gulf of Guinea is glaring as Nigeria, Angola and Equatorial Guinea have increased their production potentials to the extent that they are leading producers of oil not only in the Gulf of Guinea and Africa, but in the world. Behind these rich energy potentials are hegemonic activities within and between countries.

Conceptualising Hegemony

The concept of hegemony or a hegemon is applicable in everyday interaction of people, societies and countries. This is especially so because of the quest for power, political dominance and influence in a world governed by the maxim of the survival of the fittest. Different authors have examined this concept empirically in relation to their experiences in different societies of the world. The concept was first developed by Gramsci who attempted to explain how a state managed to assert its power over a population living in a given territory. Gramsci argued that the means of repression at the disposal of a state were the most visible element of its power. He also highlighted what he called the 'war of position' which is often pursued by competitors in a subtle and non-violent manner (Gramsci, 1957). Meanwhile, Doyle argues that hegemony takes place when a metropole controls much or all of the external, but not the internal policy of other states (Doyle, 1986). Wallerstein enlivens the debate further arguing that hegemony is a situation where one state succeeds to impose

its set of rules on the interstate system leading to a temporal creation of a new political order (Wallerstein, 2002: 3-4).

In addition, Simon's perception of hegemony is tested on a social group. According to him, a social group can become dominant and gather state power in its hands only if this group succeeds in developing its hegemony within the civil society through persuasion of subordinate groups to accept the values and ideas that it has adopted and by also building a network of alliances based on these values (Simon, 1999: 18). In addition, Keohane's (1989:234) discussion about hegemony centres on the one that is powerful enough to maintain the essential rules governing interstate relations and willing to do so. He contends that the theory of hegemonic stability has two central propositions. Firstly, the order in world politics is typically created by a single dominant power, which implies that the formation of international regimes normally depends on hegemony. Secondly, he posits that the maintenance of order requires continued hegemony, which suggests that cooperation also depends on the perpetuation of hegemony (Keohane, 1989: 31).

From these discussions about what hegemony is and/or is not, it is clear that although the authors are not agreed on a common perception of the concept, there is however convergence of views. This has to do with the ability to manipulate or lead others partially or wholly with the aim of reaping maximum benefit from such action. While the exercise of hegemony is not limited to different social classes, groups or within countries, it embraces the international arena especially as far as the struggle for the control of geographical regions and resources are concerned. As far as the Gulf of Guinea is concerned, several western countries notably the United States, Britain, France, and China have each tussled at one time or the other for exclusive spheres of influence for their natural and human resources. Such a tussle can be conveniently described as competing hegemonies over a strategic region of the world and the abundance of resources found therein.

Hegemonic Rivalry in the Gulf of Guinea

The Gulf of Guinea in time and space has witnessed the arrival and departure of different powers depending on who had influence over the world at any given time. The first countries to have sailed to this region were Portugal and Spain. This followed advances they had made in the voyages of discovery in the 15th century. Thereafter other countries like Holland, Prussia, England, France and Sweden made their presence felt during the over four centuries of the trans-Atlantic Slave Trade. They were in competition with one another and from time to time the different

forts constructed along the West African coast to facilitate the slave trade were controlled by one country or the other. This was more or less the beginning of hegemonic competition in this region of Africa. During the scramble for Africa in the last quarter of the 19th century, most of the Gulf of Guinea came under the control of Britain and France including also Spain and Portugal in Equatorial Guinea and Cape Verde and Guinea Bissau respectively. For a long time, the British and French carved out hegemonic spheres of influence after their merchants clashed in several trading areas of this region especially around the Niger Delta region. This did not last for long as after the Second World War, the United States of America emerged as a powerful player in geo-politics in the world. The eventual emergence of China and then other third world countries like India and Brazil including also Japan led to another wave of the scramble for Africa and especially the geo-strategic Gulf of Guinea. This was also facilitated by the fact that the Middle East that use to provide most of the energy needs of the capitalist countries became a dangerous zone to rely on if these super-powers were to continue to expand their industrial bases and increase their demand for sustained supply of energy.

The major players in the Gulf of Guinea today include the USA, China, India, Britain and France. Other European, Latin American and Asian countries have been occasionally felt in some sectors and countries of the Gulf of Guinea in the mad rush for the numerous natural endowments of the region. These countries include, but are not limited to Japan, Malaysia, Germany, Brazil, Belgium, Switzerland, Russia, India, Netherlands, Pakistan, South Korea and North Korea. Within the region, some countries have preyed on others for the control of their resources such as Rwanda's and Uganda's support for insurgent groups in the DRC in exchange of control for gold, diamond and other precious minerals and Nigeria's control of large oil reserves, which are within the territorial confines of Sao Tome and Principe. This is a clear indication of the fact that while there is external hegemonic competition over the Gulf of Guinea and its resources, there are also hegemonic activities within this region orchestrated by some states over others. Such has only compounded an already volatile situation for the entire region, its natural resources and people.

The competition for control of resources and countries of the Gulf of Guinea is informed by the official policies of China and the United States of America. China's Africa strategy is generally to invest in its resources and to create jobs to stave off the country's permanent unemployment crisis. This is facilitated by the Exim Bank which offers strategic overseas investors an interest discount (Bosshard, 2008: 2-3). Officially, China wants to build solidarity with African governments, present itself as a reliable interlocutor between developing countries and the developed West. She

also pledges large amounts of aid and investments in Africa's infrastructure and other sectors with no political strings attached, except a withdrawal of diplomatic relations with Taiwan (The Impact of the Chinese, 2). This giant in Asia is also concerned about a "return to global multi-polarity in which milieu Africa and the developing countries will have a greater role on the global stage than they currently do (Le Pere, 2007: 6)." China has also made use of 'soft power' and 'oil-for-arms deals' to win oil concessions in the Gulf of Guinea. This and other measures have been taken by the Chinese government to counter US antics in the Gulf of Guinea (Onuoha, 2010: 378).

On the other hand, the official policy of the United States towards Africa and the Gulf of Guinea in particular has been stated again and again over the years. America's concerns in the Gulf of Guinea are informed by the need to manage security and also to do 'ring fencing' so that Nigeria, Africa's largest oil producer, can secure the energy needs of the United States of America (www.hesperian.info/assets/GHW2_c6.pdf). During Obama's campaign for the presidency of the US he had as one of his key policy objective towards Africa, the restoration of American leadership in the world. He pledged to continue a struggle to reclaim and guarantee US imperial hegemony in a world that had grown increasingly hostile to American domination. America is really concerned about the domination of the world and its resources (Bangura, 2010: 16-18). In short, China, America and other Western countries are absolutely concerned with control over Africa and its human and material resources (Alemazung, 2010: 62). This is where the Gulf of Guinea with an abundance of these resources has been 'invaded' in a sort of 'resource war' for the benefit of those industrialised and technologically advanced countries and other emerging countries of Latin America and Asia.

The race for control of large resource reserves in the Gulf of Guinea is largely between the US and China and from time to time France and Britain as well. China has since the turn of the 21st century established a stranglehold over Angola and has also made significant inroads into Gabon, Nigeria and Cameroon in diverse fields of economic activities. China's link with Angola, the second largest oil producer in sub-Saharan Africa and owner of promising oil reserves has since 2003 taken the form of extended large concessional loans. This has made China to since 2006 overtake the US as the major trading partner of Angola. Prior to this year, the US had been Angola's major trading partner for most of its modern history (Alves, 2010: 5-8). In concrete terms, in 2008 Angola's imports from China were worth 14.8%, but from America and France her imports was only 12.4% and 4.2% respectively. Her exports on the other hand to China worth 33.5% surpassed those of America, France, Canada

and the Netherlands worth 27.3%, 5.7%, 3.9% and 3.4% respectively (Economist Intelligence Unit (EIU), Angola Country Report 2009, <http://www.eiu.com/>).

Chinese hegemonic activities are also felt in other economically rewarding sectors of some countries of the Gulf of Guinea. In the DRC, she has a great influence in the mining sector and she is increasing her investments in cobalt and copper mines there as well (Alves, 2010: 16; *The Impact of the Chinese*, 12). Meanwhile in 2004 following the visit of the Chinese President to Gabon, three on shore licences for the exploration of oil were awarded to a Chinese oil company UNIPPEC, a subsidiary of SINOPEC. Two years later, the Gabonese government granted a Chinese consortium, headed by the China National Machinery and Equipment Import and Export Company (CMEC) sole rights to mine for iron ore at Belinga and build a rail link to reach the deposits in an area covered by a tropical forest situated 500km east of Libreville (Country Brief Gabon, 10). In the present dispensation, China has increasing stakes in oil in Equatorial Guinea, Gabon and Nigeria thereby invading territories which once were predominantly under the control of the US, the EU and France. Prior to July 2005 when China and Nigeria signed an \$800 million crude oil sale agreement which set in motion an annual purchase by China of 30,000 barrels a day for five years, American, British and French oil companies enjoyed a virtual dominance of Nigeria's oil industry. In order to effectively compete in Nigeria with other western powers, China has also won a licence to operate four of Nigeria's oil blocs. This is part of an incentive to build a hydropower station and other agreements (Onuoha, 2010: 376).

The Chinese are also playing a central role in the retail sector in Gabon and Cameroon (Alves, 2010: 16). In the forestry sector in Liberia, Equatorial Guinea, Cameroon and Congo, the Chinese are competing in the felling of trees for timber. This is shipped to some of China's state owned sawmills in places like Sichuan. Meanwhile in Nigeria and Ghana, China's insatiable demand for minerals opened up new markets for their own products (Alden, 2007: 3). The forestry sector is however a free for all fight in the Gulf of Guinea considering the number of countries concerned with logging and transportation of timber to their own countries. In Gabon for example, the foreign firms engaged in logging include Thanry and Rougier from France, Rimbunan Hijau from Malaysia and Glunz from Germany (Country Brief Gabon, 10).

As a counter to Chinese presence and control of vital sectors of the Gulf of Guinea, the US has carved out exclusive spheres of influence. This has been done by stepping up its military presence in the Gulf of Guinea through increased visits and the establishment of the African Command

(AFRICOM) since 2007. The US offers military assistance to the Nigerian military to enhance its capacity to protect the oil industry and also secure the strategic and energy needs of the USA in this area. The donation of the US Coast Guard NNS THUNDER to the Nigerian Navy was also intended to serve US strategic interests in the region. (Onuoha, 2010: 398; Ndlovu-Gatsheni, 2010: 107; United States, 2011). In Equatorial Guinea, American ExxonMobil, US Marathon and others have invested over US \$3 Billion (McCullum, www.africafiles.org/atissueezine.asp?issue=issue3).

This intimidating presence in a country of a little over 500,000 people is a way to secure a permanent foothold on the oil resources of Equatorial Guinea and also effectively control the Bight of Biafra and Benin, all located within the Gulf of Guinea. In addition, the US is paying for a new airport in Sao Tome which will be able to take the biggest military aircraft. She is also in the process of developing a deep sea port large enough for its warships. All these have been facilitated by the treaty the US has signed making Sao Tome a strategic regional base within the next ten years to provide large amounts of oil to the US (McCullum, www.africafiles.org/atissueezine.asp?issue=issue3). The role of the USA in the Chad-Cameroon pipeline project was also crucial towards the promotion of American energy needs in the long term. In Cameroon, an exploitation permit has been attributed to a US based company GEOVIC Cameroon SA to exploit cobalt and nickel in the East Region (Halleon, 2009: 30-31). Through all these, the USA has strategically positioned itself in the Gulf of Guinea to checkmate the excesses of the Chinese and other emerging countries like India and Brazil in the region.

Apart from the US and China, other countries are in competition for resources in Africa's Gulf of Guinea. In the forestry sector in Gabon the Malaysian Rimbanan Hijau, French Thanry and Rougier and German Glunz are in competition with others for forest exploitation. Meanwhile in the mining of uranium and manganese, the French firm of Areva and Eramet, Brazilian Vale are in competition. On the other hand, over 33 companies from Germany, Belgium, Rwanda, Malaysia, Tanzania, Switzerland, Russia, India, the United Kingdom, Netherlands and Pakistan are engaged in the importation of minerals from the DRC through Rwanda. The South Korean National Oil Corporation recently obtained 65% oil and gas production rights in two Nigerian off-shore blocs (Halleon, 2009: 56; Onuoha, 2010: 376). What obtains therefore is a situation where the fittest survive over the weak in the struggle for resource control in the greater Gulf of Guinea area. As different contending powers try to have an edge over each other, they do everything to ensure that their local allies gain political power usually by unfair methods (Timah, 2007: 17). Those who emerge as leaders have often served the interests of those countries that

supported them in the rigging of elections and bother very little about their own citizens.

Although the EU was the first to assemble most of the early oil companies to tap black gold from the Gulf of Guinea, it now trails behind Asia as the third largest destination of West African oil. The entire EU receives about 7.1% of its oil from the Gulf of Guinea. Among the EU oil majors operating in the Gulf of Guinea are British Petroleum (BP), Total and Agip. In Nigeria, the Shell Petroleum Development Company (SPDC) accounts for roughly half of Nigeria's oil production (Onuoha, 2010: 375). In spite of the presence of oil majors from the EU in the oil sector in the Gulf of Guinea, China including other countries of Asia like Malaysia, India and South Korea and the US have a greater hegemonic influence in this region today than member countries of the EU. This only confirms the saying that the first shall be the last and the last the first. While the French are among the most active of the EU member states in the region, Britain and Germany are still to be very actively seen when compared to the other countries of this region of resource abundance.

The hegemonic competition in the Gulf of Guinea also involves some countries of the region or neighbouring countries to those of this region. Between 1998 and 2003 in Northern DRC, Ugandan troops took direct control of gold rich areas and forced gold miners to extract the gold for their benefit. They also looted Congolese gold which was valued at over \$9 million (Halleeson, 2009: 57-58). Nigeria on the other hand has been in conflict with Sao Tome and Principe over oil reserves and now controls most of the oil of this island (McCullum, www.africafiles.org/atissueezine.asp?issue-issue3). These are simple examples of hegemonic activities within the Gulf of Guinea which have created tension between some countries. This has been fully exploited by the US and other western powers for their own security and other strategic interests. Until there is synergy between countries of this region for their collective good and survival, the resources of the region like other regions will remain a curse rather than a blessing. The existing fragmentation in energy and other issues is what the western countries want because it makes it easy for them to sign favourable agreements for the exploration and exploitation of oil. It is against this background that a viable civil society will serve a very useful purpose for the collective good of the people of the Gulf of Guinea.

Role of Civil Society Organisations (CSOs)

Following the intense activities of the super-powers in the Gulf of Guinea today, the civil society is expected to play a very important role to regulate their activities and ensure that these activities benefit a broad spectrum of society. The problems of the region which include bad governance,

corruption, poor legal and administrative frameworks and environmental pollution calls for civil society to play an important role in correcting these evils (Le Pere, 2007: 6). In fact, a common African response is more likely at the level of the civil society where in spite of differences; there is often more mutuality of concerns about human rights, democracy, labour and trade issues (Mani and Marks, 2007: 49). Ndika contends that the shortcomings of the Civil Society Organisations (CSOs) notwithstanding, they have been able to take advantage of a structured format for engaging governments in order to hold them accountable for how and where oil money is spent (Ndika, www.africafiles.org/atissueezine.asp?issue=issue3). Civil society is expected to live up to the responsibility of ensuring proper governance of Nigeria's oil resource, not only by monitoring the activities of multinational oil companies, but also by ensuring that governments at all levels fulfil their part of the social contract with the people to whom oil should bring enduring benefits (Garuba, www.africafiles.org/atissueezine.asp?issue=issue3). This takes place at this point in time when there are reports that the civil society is still weak and lacks the information and resources to hold governments of the Gulf of Guinea accountable for their actions (McCullum, www.africafiles.org/atissueezine.asp?issue=issue3).

In the Gulf of Guinea, the civil society has on several occasions lashed out at injustice, discrimination and exploitation even if these measures have not yet yielded very positive significant fruits. Arsene Guelélé of the Action for the Environment and International Solidarity, a Congolese Non-Governmental Organisation (NGO) recently argued that some five or six years ago Chinese fishermen caught fish in the Atlantic Ocean without respecting even fish fry which made them fear that fish may no longer be found in the waters for the Congolese people. Another civil society activist Donatien Animiyo of the Fishermen's Group of Mpila condemned the use of explosive devices at the end of the civil war in 1997 because it destroyed the ecosystem and prevented fish from reproducing. The consequence was the scarcity of fish in the market (<http://allafrica.com/stories/201108091275.html>). The reaction of both civil society activists clearly indicated that there were internal hegemonic activities of different groups in the Congo. This was in response to the Chinese exploitation of fish resources which would create additional problems in the future if measures were not immediately taken to checkmate these.

Civil society in Chad also raised its voice on issues around the Chad-Cameroon pipeline, but the World Bank did not respond to their call. It demanded for a delay in the financing of the project until the emergence of a responsive political order that would ensure that Chad's oil wealth was sustainably managed. Similarly, the Nigeria Extractive Industries

Transparency Initiative (NEITI) in collaboration with a coalition of a civil society the Publish What You Pay (PWYP) have argued that to tame the curse of oil, Nigeria must begin to make better developmental use of the huge revenue accruing from oil (Garuba, www.africafiles.org/atissueezine.asp?issue=issue3). Other civil society groups in Nigeria's oil and gas region under the banner of the Niger Delta Civil Society Coalition (NDCSC) are very concerned about the Gulf of Guinea Energy Security Strategy (GUESS) which is leaving issues of peace and security as they relate to the oil region to the state alone with no private initiative added to it (Sampson, http://elendureports.com/index.php?option=com_content&task=view&id=580&Itemid=33). This organisation of over 80 community-based, human rights, women's human rights, minority/ethnic movements and professional organisations work in the core geographical area of the Delta region.

According to the Chairman of this umbrella organisation, "the NDCSC is very concerned that GUESS is leaving issues of peace and security as it relates to Nigeria and the Niger Delta region in particular, to the state alone." This organisation is also concerned about the protection of national borders, prevention of inter-state conflict, security, peace, protection of the environment and the improvement of the quality of life of the local people. The NDCSC strongly maintains that the main source of insecurity in the Gulf of Guinea today are the unelected power holders and the activities of the oil majors and calls on GUESS to urgently provide action space for civil society participation in its security processes. Effective networking by civil society groups will adequately secure support for new oil societies within GUESS areas that have yet to experience resource curse to learn first-hand from the experience of their counterparts, and move quickly to block the leakages.

In addition, civil society in Cameroon has been critical of the agreements signed between the government and foreign partners such as China. Following the signing of a deal between Cameroon and China for the construction of roads and infrastructure like stadia and sports fields, the Chinese brought labour from their own country to execute these projects. The African Youth Diaspora Forum (AYDF) in Cameroon expressed its disappointment arguing that instead of employing Cameroonian youths, Chinese citizens came in to execute the contract thereby rendering Cameroonian youths unemployed. Accordingly to the spokesperson of the AYDF Marie Tamoifo Nkom "Everyone was happy, first of all because Cameroon is in great need of sports facilities for the youth. Second of all, this project would mean job creation. Unfortunately, the latter did not happen as the Chinese brought [sic] their own labourers." Still in Cameroon, over 30 CSOs recently called on the Cameroon government to

give them a chance in the fight against illegal exploitation of forests in the country. They condemned the illegal exploitation of the country's forests, which was a source of the underdevelopment of the local communities. They argued that since the issue of illegal logging was a complex one, it was imperative for the civil society to join forces with the governing authorities to contribute towards a lasting solution. These CSOs asked to be involved in the legalisation process of forest exploitation and other forest products that are being exported and taken away from Cameroon to western countries (http://www.illegal-logging.info/item_single.php?it_id=1045&it=news). If these CSOs now express concerned about the illegal exploitation of the forest and other resources in Cameroon, it is a result of the hegemonic French and other companies, which have vowed to keep the Cameroon forest to their exclusive control. This is to the detriment of other competing countries of Europe and Asia and those communities that are blessed with the forest resources.

The criticisms levied against the ruthlessness of people like the Chinese goes beyond the Gulf of Guinea to include other African countries where the Chinese have an interest. In one of such scathing attack on the Chinese business concerns in Zambia, the Chairperson of the Zambian Civil Society Trade Network Stephen Muyakwa unequivocally stated that:

Last year [2010], operations at a Chinese-owned coal mine in the South of Zambia were suspended due to unsafe working conditions. Most labourers were half naked and did not have protective clothing, dust masks, hard hats or shoes. When a cabinet Minister attempted to visit the mine, Chinese managers prevented her from doing so. They said it was 'their mine.' In the end labourers were treated like animals. The mine was closed for a short while but then opened again (Mannak, <http://ipsnews.net/africa/nota.asp?idnews=42815>).

The Chairman of this trade network also cited an incidence which caused a stir in Zambia. This incidence was the death of 50 Zambian miners in 2009 in an accident at an explosives factory. None of the Chinese employees got hurt, which meant that Africans were exposed to very dangerous risks by their Chinese counterparts who would not do same. Similarly, the Chinese have employed the same business tactics in the Gulf of Guinea notably in Angola where they have a very strong presence.

Considering the impact of oil companies on the environment in the Niger Delta region of Nigeria, several CSOs have added their voices to urgent measures aimed at providing a lasting solution to the complex problems of this region. For example, the international environmentalists from Friends of the Earth have joined the people of the Delta region to prosecute the oil companies so that they can account for the pollution

and leaks from Shell's pipelines into farmlands and fishponds (Campbell, <http://pambazuka.org/en/category/features/64408>). There is also an increasing call from the PWYP for various companies to 'publish what you pay' and for governments of the Gulf of Guinea to 'publish what you earn.' The national PWYP in Congo-Brazzaville and Nigeria are active in this call for their governments and the oil companies to publish what they earn and pay respectively (Parham, <http://library.fes.de/pdf-files/iez/02115/parham.pdf>).

Similarly, a coalition of 22 Gabonese NGOs in 2007 criticised the country's Extractive Industries Transparency Initiative (EITI) and argued that there was a mismatch of \$186 million between the figures provided by the government to the IMF and those provided by the EITI. In January 2008, the NGOs published a statement criticising the government's use of oil revenues and were suspended by the government and an international outcry made the government of Gabon to back track and lift the suspension soon afterwards (http://www.gppi.net/fileadmin/gppi/Ricardo_Soares_BBC_Oil_June_2008.pdf). Although there is still a lot of foot-dragging in this direction, the more other civil society groups join in this call, the more things are likely to change for the better for all the people of the countries of the Gulf of Guinea, naturally endowed with a lot of human and natural resources.

In addition, there is a kind of civil society umbrella organisation still at its infancy. It is concerned with the welfare of the people of the Gulf of Guinea. This organisation is the Gulf of Guinea Citizens Network (GGCN) and brings together a diverse group of civil society organisations and actors working to protect community and citizens' rights and the national interest in resource extraction, trade and governance in the Gulf of Guinea Commission countries namely Angola, Cameroon, Congo-Brazzaville, Congo-Kinshasa, Equatorial Guinea, Gabon, Nigeria and Sao Tome e Principe. The activities of the GGCN are coordinated by the Social Action which is a Social Development Integrated Centre in Port Harcourt in Nigeria as well as the Citizens' Governance Initiatives in Yaounde Cameroon.

If well-coordinated, the GGCN may become a very strong force in the near future as far as controlling the excesses of unrepresentative governments and the major exploratory companies that have invaded the Gulf of Guinea for badly needed resources for their home industries in Europe, America and Asia where China is a great consumer. A few decades ago, such initiative from within the Gulf of Guinea could not have been envisaged considering the disruptive activities of the western countries and their companies, as well as the destabilising influence of surrogate leaders. Now that such an initiative has seen the light of day when the exploitation of resources of the Gulf of Guinea are on-going with reckless abandon including also conflicts and suffering, there is a rising awareness among diverse civil societies to close ranks and protect the resources

of the Gulf of Guinea from wanton exploitation. It is very likely that if the resource war between industrialised countries of the West and Asia remains the way it is now, these CSOs are likely to become more vocal sooner than later.

The Gulf of Guinea in the Future

Considering the present cacophony in resource exploitation, conflict and competition in the Gulf of Guinea, the negative consequences these have produced and the reaction of the CSOs, there is hope and need for a future that will most probably benefit the people and not a select few and companies that now operate in the region. One of the things to do for a better future for this region will be to put in place an integrated energy system to facilitate the networking of existing energy production capacity, develop a new integrated energy infrastructure and develop a robust system for off-shore oil and gas development (Ibikunle *et al*, 2010: 11). This will strengthen the bargaining power of the Gulf of Guinea states in negotiating oil deals with foreign governments and companies. It will also facilitate the sharing of ideas and the adoption of a common policy towards all oil exploratory companies which will be people centred and not necessarily profit and profit driven at a huge human cost.

In order to minimise the risk of insecurity and instability and maximise the opportunities for peace and sustainable development, there is need for measures to be put in place that could ensure consistent dialogue, good governance and greater investment in human development in the region which is unfortunately lacking today. Since some of the problems of the Gulf of Guinea are because of competition between America and China, there is need for these two super-powers to create an enabling political forum that would enhance dialogue with respect between them on the one hand and the Gulf of Guinea states on the other. In addition, the Gulf of Guinea Commission which was established in 2006 to strengthen cooperation and consultation among member states to prevent, manage and resolve conflicts linked to the economic and commercial exploitation of natural resources within the region needs to include other influential oil consumers like China. There should be room for greater dialogue and cooperation so that peace and security can be assured and healthy competition promoted among the heavy energy consuming countries.

In order to avoid or minimise conflict, there is also need for an open and transparent oil bidding system in the states of the Gulf of Guinea. There should be mutually agreed oil policies and measures to respond to supply interruptions arising from domestic instability and trans-national crime like terrorism and the need to ensure that there is accountability in

the oil industry in the region. If domestic stability is assured in the region, it will ensure regional security and development and by extension the energy security of oil consuming states. It should also be noted that since deprivation and poverty often fuel rebellion, processes and institutions of good governance need to be nurtured and strengthened in the states of the Gulf of Guinea (Onuoha, 2010: 380-381). It is imperative for African leaders to re-examine their priorities vis-à-vis the interest of the primordial regions so as to balance the political equation (Edo, 2010: 117).

The CSOs should also be at the centre of an all-embracing policy that can benefit the ethnic groups located in the areas of resource abundance. A vibrant civil society network as the one that already exists needs to rise above partisan, sectarian and other parochial interests to play the role of an arbiter in oil deals and secure better conditions for governments and citizens. Community based organisations (CBOs), NGOs and other civil society groups like the churches should be consulted more permanently and made to be signatory to treaties signed with oil companies. This will help to minimise risks and other concerns and create a convenient atmosphere for government, the local communities and firms operating in the region to be mutually respectful of one another.

Concluding Observations

In this paper the author has examined the attractiveness of the Gulf of Guinea in terms of its strategic location and abundance of human and natural resources. This has over the past six to seven centuries made world powers to scramble for these resources with the attendant hegemonic activities. This hegemonic competition in the Gulf of Guinea has been accelerated by the crisis in the Middle East and the increasing wave of 'terrorist' attacks and networks spread throughout the world. Apart from the need to secure America's future energy needs, the US is also in the Gulf of Guinea to fight 'terrorism,' promote democracy and good governance. The Chinese have come into the region with more 'juicy' offers and conditions which are less rigorous than those of the Western countries. This has resulted in a kind of resource war and also increased piracy and other environmental problems in the region. This complex mix of problems and interests have led to the emergence of militant groups and more importantly civil society groups to mitigate the negative impact of hegemony. These groups are increasingly becoming critical of some of the activities of their governments and foreign firms. They have also offered to assist in the provision of solutions to some of the problems of their countries. Although these CSOs are being criticised for not doing enough to checkmate the excesses of these foreign interest groups, there

are hopes that the future of these organisations will do more than they are doing now to defend the interest of their people and countries.

REFERENCES

- Alden, Chris, (2007), *China in Africa*. London: Zed Books.
- Alemazung, Joy Asongazoh, (2010), "Post-Colonial Colonialism: An Analysis of International Factors and Actors Marring African Socio-Economic and Political Development." *The Journal of Pan African Studies*, Vol. 3, No. 10: 62-84.
- April, Yazini, (2011), "Civil Society Participation and China-Africa Cooperation." <http://pambazuka.org/en/category/features/60701>, accessed on 19 August 2011.
- Alves, Ana Cristina, (2010), *The Oil Factor in Sino-Angolan Relations at the Start of the 21st Century*. Occasional Paper No. 55, South African Institute of International Affairs (SAIIA).
- Avianotetosef, Lineages of State Fragility: Rural Civil Society Guinea-Bissau (Western African Studies).
- Baldauf, Scot, (2010), "Pirates take New Territory: West African Gulf of Guinea." *The Christian Science Monitor* 15 January, <http://www.csmonitor.com/World/Africa/2010/0115/Pirates-take-new-territory-West-Africa>, accessed on 9 August 2011.
- Bangura, Abdul Karim, (2010), "Challenges to Africa's Economic Development and Barack Obama's Policies toward the Continent thus Far." *CODESRIA Bulletin*, Nos. 1 and 2: 15-24.
- Benin-Piracy: Benin Calls on UN to Fight Piracy off its Coasts." *Afrique en ligne*, 2 August, <http://www.afriquejet.com/benin-piracy-2011080219717.html>, accessed on 9 August 2011.
- Biney, Ama, (2011), Nkrumah at 100. <http://pambazuka.org/en/category/features/58958>, accessed on 5 September 2011.
- Boaduo FRC, Nana Adu-Pipim, (2010), "Epistemological Analysis: Conflict and Resolution in Africa." *The Journal of Pan African Studies*, Vol. 3, No. 10: 168-179.
- Bockmann, Michelle Wiese, (2011), "Piracy Spurs Insurers to Extend Nigeria War-Risk Zone, add Benin." *Bloomberg Businessweek*, 4 August, <http://www.businessweek.com/news/2011-08-04/piracy-spurs-insurers-to-extend-nigeria>, accessed on 9 August 2011.
- Bosshard, Peter, (2008), *China's Environmental Footprint in Africa*. African Studies Programme, John Hopkins University.
- Campbell, Horace, (2011), "Drilling and Killing: From the Gulf of Guinea to the Gulf of Mexico." <http://pambazuka.org/en/category/features/64408>, accessed on 5 September 2011.
- "Civil Society Mobilises against Illegal Forest Exploitation." http://www.illegal-logging.info/item_single.php?it_id=1045&it=news, accessed on 19 August 2011.
- Civil Society and Conflict Prevention: Breaking the Cycle of Violence and Promoting Post-Conflict Reconstruction in the Mano River Union Countries: Narrative Report of Conference Organised at Mariador Palace Hotel, Conakry, Guinea, 25-28 February 2009.

- Congo-Brazzaville: High-Tech Measures to Curb Illegal Fishing, *allafrica.com*, 9 August 2011, <http://allafrica.com/stories/201108091275.html>, accessed on 10 August 2011.
- Country Brief Gabon, eStandard Forum Financial Standards Foundation, 15 June 2010, www.estandardsforum.org, accessed on 7 March 2011.
- C6 Oil Extraction and Health in the Niger Delta. www.hesperian.info/assets/GHW2/GHW2_c6.pdf, accessed 10 July 2011.
- Doyle, M., (1986), *Empires*. Ithaca NY and London.
- Dozens of Ships Fleeing Benin Waters due to Piracy: Navy, <http://af.reuters.com/article/topNews/idAFJOE77B01820110812>, accessed on 12 August 2011.
- Economist Intelligence Unit (EIU), Angola Country Report September 2009. <http://www.eiu.com/>
- Edo, Uvie, (2010), "Dual Hegemonies: A Dialectical Appraisal of Niger-Delta Politics." *The Journal of Pan African Studies*, Vol. 3, No. 10: 104-118.
- Elijah, Samuel, (2011), "Pirates Attack two Oil Tankers off West Africa." *Reuters Africa*, 3 August, <http://af.reuters.com/article/commoditiesNews/idAFL6E7J32DM20110803>, accessed on 9 August 2011.
- Ezine Editors, "Angola: Where Petrodollars Perpetuate Poverty." www.africafiles.org/atissueezine.asp?issue=issue3, accessed on 15 August 2011.
- Garuba, Dauda, (2011), "Oil and the Natural Resources Curse in Nigeria." www.africafiles.org/atissueezine.asp?issue=issue3, accessed on 15 August 2011.
- Gilpin, Raymond, (2007), "Enhancing Maritime Security in the Gulf of Guinea." *Strategic Insights*, Vol. VI, Issue 1.
- Goldwyn, David L. and J. Stephen Morrison, (2005), "A Strategic US Approach to Governance and Security in the Gulf of Guinea: A Report of the CSIS Task Force on Gulf of Guinea Security." Washington: Centre for Strategic and International Studies.
- Govender, Shun and Beatrice MutaleSkagestad, (2009), "Civil Society and Oil for Development in Angola: Ways to Enhance Strategic Cooperation among Non-State Actors. Idasa.
- Gulf of Guinea Citizens Network. www.saction.org/home/index.php?option=com_content&view=, accessed on 5 September 2011.
- Hall, Richard, (2011), "Shell Admits Liability for Huge Oil Spills in Niger Delta." *The Independent Business News*, 4 August.
- Halleson, Durrel N., (2009), A Critical Appraisal of Natural Resources, Governance, and Human Development in the Countries of the Gulf of Guinea. *Cameroon Journal on Democracy and Human Rights*, Vol. 3, No. 2: 26-45.
- Halleson, Durrel N., (2009), "An Analysis of Natural Resources Related Conflicts in Central Africa and the Gulf of Guinea. *Cameroon Journal on Democracy and Human Rights*, Vol. 3, No. 1: 47-70.
- Ibikunle, Ogundari O., Olaopa R. Olawale and Siyanbola O. Willie, (2010), A Strategic Perspective on Nigeria's Role in Energy Cooperation and Integration in the Greater Gulf of Guinea. Working Paper No. 6. *Journal of Alternative Perspectives in the Social Sciences*, <http://www.japss.org>, 10 August 2011.

- Ifeka, Caroline, (2010), "War on 'Terror': Africom, the Kleptocratic and Under-class Militancy in West Africa-Nigeria." *Concerned Africa Scholars Bulletin* No. 85. <http://concernedafricascholars.org/docs/bulletin85ifeka.pdf>, accessed on 6 September 2011.
- Keohane, O. Robert, (1984), *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton: Princeton University Press.
- Keohane, O. Robert, (1989), *International Institutions and State Power: Essays in International Relations Theory*. Boulder: Westview Press.
- Le Pere, Garth, (2007), "China in Africa." *African Review of Books*. pp. 6-7.
- Mane, Damian Ondo, (2004), "The Emergence of the Gulf of Guinea in the Global Economy."
- Manji, Firoze and Stephen Marks, eds., (2007), "African Perspectives on China in Africa." Fahamu and Pambazuka.
- Mannak, Miriam, (2011), "Concerns over Chinese Investment and Working Conditions." <http://ipsnews.net/africa/nota.asp?idnews=42815>, accessed on 19 August 2011.
- McClanahan, Paige, (2011), "Piracy on the Rise off West Africa's Coast." *The Christian Science Monitor*, <http://www.csmonitor.com/World/Africa/2011/0804/Piracy-on-the-rise-off-West-Africa>, accessed on 9 August 2011.
- McCullum, Hugh, (2011), "Oil Grab in the Gulf of Guinea." www.africafiles.org/atissueezine.asp?issue=issue3, accessed on 15 August 2011.
- Mc Cullum, Hugh, (2011), "The Curse of Oil to African Peoples: Paradox of Plenty." www.africafiles.org/atissueezine.asp?issue=issue3, accessed on 15 August 2011.
- Memorandum of Congolese Civil Society Women and Youth for Attention of the Congolese Decision-makers and Mining Companies, 3 September 2008.
- Musa, Anwal I., (2011), "Nigerian Civil Society Mission to Ghana July 2011-Communique, 27 July 2011, www.publishwhatyoupay.org/.../nigerian-civil-society-mission-ghana, accessed on 15 August 2011.
- Ndika, Akong Charles, (2011), "Two Years on: The Chad-Cameroon Pipeline and the Issue of Sovereignty, www.africafiles.org/atissueezine.asp?issue=issue3, accessed on 15 August 2011.
- Nigeria, Benin Republic to Fight Sea Pirates, http://news.xinhuanet.com/english/2010/world/2011-08/12/c_131046184.htm, accessed on 12 August 2011.
- Ndlovu-Gatsheni, Sabelo J. and Victor Ojaborotu, (2010), "Surveillance Over a Zone of Conflict: African and the Politics of Securitisation of Africa." *The Journal of Pan African Studies*, Vol. 3, No. 6: 94-110.
- Yusuf, HajiyaBilkisu, (2011), Nigeria: OIC and Civil Society Meeting in Dakar, <http://allafrica.com/stories/200803200657.html>, accessed on 5 September 2011.
- Nigeria Seizing the Moment in the Niger Delta. Africa Briefing, No. 60, 30 April 2009. www.crisisgroup.org/en/regions/africa/west-africa/..., accessed on 31 August 2011.
- Onuoha, Freedom C., (2010), "The Geo-Strategy of Oil in the Gulf of Guinea: Implications for Regional Stability. *Journal of Asian and African Studies*, Vol. 45, No. 3: 369-384.
- Oyeranmi, Soji, (2011), "Globalisation as a Source of Environmental Tragedy in Sub-Saharan Africa: The Role of Multinational Oil Corporations in Nigeria." *Global South e-Magazine*, Vol. 7, No. 3: 46-57.

- Parham, Henry, (2011), "Publish What You Pay – Extractive Industries Transparency is in Everyone's Best Interests." <http://library.fes.de/pdf-files/iez/02115/parham.pdf>, accessed on 5 September 2011.
- Pham, J. Peter, (2007), "Securing US Interests and Promoting a Continent's Development: A Framework for Increased US Strategic Engagement in Africa." Virginia: Institute for Infrastructure and Information Assurance (IIIA).
- "Pirates Hijack Italian Ship in Benin." *English xinhuanet.com*, 24 July 2011.
- Ploch, Lauren, (2010), "Africa Command: US Strategic Interests and the Role of the US Military in Africa." Congressional Research Service, November 16.
- Rider, David, "Piracy's Emerging Market: The Gulf of Guinea, <http://gcaptain.com/piracys-emerging-market-gulf?29024>, accessed on 9 August 2011.
- Sampson, Akaimo, (2011), "100% Gulf of Guinea Energy Security Under Fire." *Elendu Reports*, http://elendureports.com/index.php?option=com_content&task=view&id=580&Itemid=33, accessed on 17 August 2011.
- Simon, R., (1991), *Gramsci's Political Thought: An Introduction*. London: Lawrence and Wishart.
- Smith, M.J., (2011), "West Africa Piracy Surge Points to Organised Gang." AFP, 2 August.
- Souarélsaka K., (2010), "A Critical Assessment of Security Challenges in West Africa." Pretoria: Situation Report Institute for Security Studies.
- Spencer, Clare, (2011), "The Crude Truth." http://www.gppi.net/fileadmin/gppi/Ricardo_Soares_BBC_Oil_June_2008.pdf. accessed on 5 September 2011.
- The Impact of the Chinese Presence in Africa. London: Africappractice.
- Timah, Moses Njei, (2007), "China and the New Scramble for Africa." *Cameroon Journal on Democracy and Human Rights*, Vol. 1, No. 1: 15-17.
- "United States Africa Command Commander Visits Nigeria." *Afrique en ligne*, 16 August 2011.
- Vaughan, Adam, (2011), "Oil in Nigeria: A History of Spills, Fines and Fights for Rights." guardian.co.uk, 4 August.
- Wallerstein, I., (2002), 'Three Hegemonies.' In O'Brien and Clesse. 357-61.
- Wang, Yamei, (2011), "AFRICOM Offers to help Nigeria Check Security Breaches." *English.news.cn*, http://news.xinhuanet.com/english2010/world/2011-08/16/c_131053147.htm, accessed on 17 August 2011.
- "West Africa: ECOWAS Commission Strategise to Fight Terrorism." *FOROYAA Newspaper* (Serrevunda), 8 August 2011.
- "West Africa Piracy Threat Rising to Somali Level." Associated Press, accessed on 11 August 2011.

COMMUNICATION OF ETHNIC GROUPS IN PUBLIC SPACE IN LATVIA¹

Vladislav Volkovs

Dr. sc. soc.

Abstract

In the modern sociological, socio-anthropological and political scientific literature, and also in the public consciousness the issue of interethnic communication has its place in a certain part of society's interethnic interaction. Scientific consciousness tends to study this communication only in the situation when both individual bearers of different ethnic identities and collective bearers of collective ethnic identity interact – these independent ethnic groups with a developed identity which influence the cultural life of a country, the system of communication and even politics. And this multi-ethnicity is primarily recognised as present in the society not only in Latvians as a state-forming nation, but also ethnic minorities. But it is necessary to discover the attitude of Latvian society to its ethnic diversity. The basic problem is the following: if Latvian society can recognise ethnic minorities as collective subjects of a fully-fledged interethnic communication.

The purpose of the article is to show the attitude of different ethnic groups in Latvia (Latvians and part of the ethnic minorities) to the parameters of the space of public communication that can be used for resolving ethno-political issues. The opinions of respondents from the multi-ethnic society in Latvia, have been used as the object of analysis.

Key words: Latvia, ethnic groups, ethnic minorities, ethnic identity, public communication, ethno-political life.

Formulation of the scientific problems of the research

Latvia traditionally is a multi-ethnic and multi-cultural society. According to data by the Citizenship and Migration Affairs Department as of 2017 in the country's population of 2.129 million, Latvians comprised 1.279 million (59.6% of the population), Russians – 557.6 thousand (27.0%), Belarussians – 69.3 thousand (3.4%), Ukrainians – 51. 2 thousand (2.4%), Poles – 45. 6 thousand (2.2%), Lithuanians 26.6 thousand (1.3%), Jews – 8.6 thousand (0.4%), Roma – 7.5 thousand (0.4%), Germans – 5.2 thousand

¹ The research was carried out with support of Norwegian Financial Mechanism co-financed project "Gender, Culture and Power: Diversity and Interactions in Latvia and Norway", Contract No. NFI/R/2014/06.

(0.2%). The share of ethnic minorities is especially large in the biggest cities of the state. In the capital city Riga representatives of ethnic minorities comprise more than a half of the population (53.8%), in the second biggest city Daugavpils – more than 80% (Latvijas iedzīvotāju sadalījums ... 2017; Latvijas iedzīvotāju skaits... 2017; PASTĀVĪGO ... 2017). Moreover, the structure of this ethnic diversity itself possesses the significant peculiarities related to the fact that the share of the largest ethnic minority – Russians – more than twice exceeds the number of other ethnic minorities in Latvia in total. Russians in Latvia differ from other ethnic minorities in number and in qualitative factors of organising their own socio-cultural infrastructure, which involves a wide spread of the Russian language in the sphere of Latvian business, the system of private education (including higher education), the entertainment sphere, and mass media. Russian is a mother tongue for a vast majority of Latvia's Belarusians, Ukrainians, Poles, and Jews. Close interpersonal, as well as informational connections with Russia, its culture, history, and political and information fields significantly influence the reproduction of the Russian cultural environment.

Interethnic communication is viewed as a form of social communication that happens “between people of different cultures”. Researchers associate the importance of studying such communication with the need to analyse the possibilities for mutual understanding for effective interaction between people of different cultures (Rogers, Hart, Miike 2002, p. 5, 7). Communication between people of different cultures can occur over a wide range of characteristics and goals – from the desire to put forward the legitimate claims of ethnic identity to the bias against other groups, from the establishment of associative relationships between groups prior to their dissociation (Kim 2006, p. 284, 291), from imposing the dominant culture's standards and exclusion of non-dominant cultures from public life to the positive recognition of ethno-cultural minorities in the common cultural space (Young 1996, p. 29), etc.

For Latvia, as a traditional multi-ethnic country, the question of the influence of different ethnic groups' identities on the common sphere of public communication is extremely relevant. Interethnic communication is a very complex social phenomenon. On the one hand, it is an important way of achieving mutual understanding between ethnic groups, when these groups communicate as equal partners. In order to ensure such equal dialogue, ethnic groups are guided by the principles of political equality (Anderson 1999, p. 302-310; Gordon 2017; Rawls 2005, p. 60-61, 84, 126-134). But on the other hand, interethnic communication expresses the status differences between ethnic groups and institutionalised differences between the ethno-national majority and ethnic minorities. The expressed ethno-social stratification stimulates the fragmentation of civic culture and

enhances the relativity of morality depending on the evaluation of “us” and “they” (Gert 2016; Freeman et. al. 1992, p. 311-329; Harman 1975, p. 3-22; Waldron 1989, p 561; Wong 1984, p 23-36). However, interethnic communication does not fully reflect these fixed statuses of various ethnic groups. It is dynamic and selective, facilitating only part of the content of the institutional differences between ethnic groups (Barth 1996, p. 75-82).

The dominant socio-political thought in Latvia when assessing the place of ethnic identities in the state relies upon two basic statements which in one or another form were realised in the legislation regulating the forms of demonstration of ethnic minority identities. Firstly, it is the recognition of Latvia as “the nation state of the Latvian nation” and “the Latvian nation” (these concepts are included in the Preamble to the Constitution (Satversme) in 2014). Secondly, it is the recognition of the individual right of people who belong to ethnic minorities to the preservation of their identity. This principle is also included in the Constitution whose Article 114 stipulates the right of ethnic minorities “to maintain and develop their own language and ethnic and cultural originality” as a manifestation of essential human rights (Latvijas Republikas Satversme 2014).

It is obvious that the interethnic communication is possible when not only individual people – bearers of an original ethnic identity are recognised as its subjects, but it is essential to recognise the potential of a collective identity of ethnic groups in the formation of a civil society. As it is known, the issue of recognising ethnic groups as fully-fledged subjects of the interethnic communication arouses the largest number of discussions in scientific literature, which review the issue of collective and individual legal relations, national state and pluralistic civil society, multiculturalism, liberalism, etc. (Barry 2001, p. 19-55, Kymlicka 2007, p. 61-172). In this sense, the research hypothesis is created taking into consideration the ideas of a long discussion among the representatives of multiculturalism and liberalism (H. Arendt, B. Barry, J. Cohen, A. Arato, J. Habermas, W. Kymlicka, R. Nozick, J. Rawls, P. Ricoeur, N. E. Snow, Ch. Taylor, M. Wieviorka, I. M. Young etc. (Arendt 1958, Barry 2001, Cohen, Arato 1994, Habermas 1993, Kymlicka 2007, Nozick 1974, Rawls 2005, Ricoeur 1966, Snow 1990, Taylor 1994, Wieviorka 1995, Young 1999)).

In the given research the main methodological viewpoint was based on Jürgen Habermas's theory, according to which, resolution of problems of interethnic relationships in a society, creating circumstances for mutual understanding for individual and collective actors, can be formed through mechanisms of public discourse in which its participants recognise each other as responsible actors and do not prejudice their individual and collective identity. According to Habermas, the problem of recognition of collective identities of non-dominant groups in western society (religious, ethnic, class) is connected to the fact that the existing legal discourse itself

is orientated to the recognition of subjective, individual human rights. At the same time Habermas believes that collective actors who argue about collective aims and the distribution of collective amenities act in the political life. Habermas thinks that it is possible to coordinate the individualistically orientated western law and interests of collective subjects, which is proved by the historic experience of liberalism and social democracy. These political forces managed to overcome the deprivation of rights of non-privileged groups. However it happened in the forms of struggle for social and state universalisation of civil rights (Habermas 1993, p. 128-155).

Data of the sociological research

In order to demonstrate the attitude of a civil society towards the communication of ethnic groups in public space in Latvia, the author shows some data of representative sociological research “Gender, Culture and Power: Diversity and Interactions in Latvia and Norway” (2016). The number of respondents is 1003 (particular characteristics of respondents in Table 1).

Table 1 Characteristics of respondents

Social characteristics	Total	%
Gender		
Females	494	49.3
Males	509	50.7
Ethnicity		
Latvians	687	68.5
Russians	257	25.6
Other	49	4.9
Education		
Incomplete primary	19	1.9
Primary	57	5.7
Incomplete secondary	65	6.5
Secondary	211	21.0
Secondary professional	356	35.5
Incomplete higher	61	6.1
Higher	233	23.2
Citizenship		
Citizens of Latvia	871	86.8
Residents of Latvia	112	11.2
Citizens of other states	12	1.2

Social characteristics	Total	%
Native language		
Latvian	640	63.8
Latgalian	41	4.1
Russian	292	2.1
Other	29	2.9
The language of daily communication in the family		
Latvian	673	67.1
Latgalian	25	2.5
Russian	297	29.6
Other	6	0.6
Religious affiliation		
Lutheran	294	29.3
Catholic	233	23.2
Orthodox	226	22.5
Other	32	3.2
Atheistic worldview	177	17.6
Refuses to answer	41	4.1
Place of residence		
Rīga	294	29.3
District of Rīga	164	16.4
Vidzeme	121	12.1
Kurzeme	166	16.6
Zemgale	105	10.5
Latgale	153	15.3

The main parameters of inter-ethnic communication in Latvia are determined by the relationship between Latvians and the largest ethnic minority in the country – Russians, this article shows the data in the comparative analysis between these two parts of Latvian society. The study revealed that respondents in the majority had a positive view of the institutional framework of inter-ethnic communication in Latvia. The majority of respondents among Latvians (70%–80%) and Russians (60%–70%) believed that in business, in public administration, in the sphere of politics, journalism, education, science, culture and art, sports, and entertainment industry Latvians and the ethnic minorities with the same level of education and similar abilities have equal career opportunities. However, Russians were less optimistic in the attitude to such areas as public administration, the legal system and the police (less than 50%) (Table 2).

Table 2 Attitude towards the fact that Latvians and representatives of ethnic minorities with the same level of education and similar abilities have equal career opportunities in these areas of life in Latvia. Answers – “completely and almost agree” (%)

Social areas	All respondents	Latvians	Russians
Small business	86.1	89.4	78.8
Average business	81.7	85.2	73.5
Big business	74.2	78.9	63.4
Public administration	57.6	62.2	47.1
legal system	58.3	62.2	49.3
Police	59.1	63.2	49.7
Municipalities	66.2	69.6	58.5
Politics	64.7	68.6	55.9
Journalism	78.8	84.0	66.7
Science and education	79.1	83.8	68.0
Culture and art	82.1	86.2	72.5
Sport	84.1	86.8	78.1
Entertainment industry	85.3	87.9	79.4

At the same time respondents expressed optimism for the rights of ethnic minorities in the realisation of their identity in private and public life. More than 90% of respondents believe that ethnic minorities in Latvia have such rights in families of respondents and their circles of friends; approximately 70% – to express their views in the media, in relations with colleagues at work /school, in the activities of non-governmental organisations and in the field of entertainment and culture; approximately 60% – in the political life (Table 3).

More or less 90% of Latvians and Russians respondents do not see the existence of discrimination in society towards ethnic, gender groups and groups with non-traditional sexual orientation (Table 4).

The optimistic view on the situation with women, sexual and ethnic minority's rights depends on the attitude to these issues as not a priority. The research revealed a clear hierarchy of preference structures of the various social, political and cultural values. Respondents were asked to evaluate different social issues in order of importance from 1 to 10, where 1 means “this for me is most important” and 10 is “there's no meaning in my life”. The answers were grouped in the range from 1 to 5 (very significant values to the average value). It turned out that the most important to the respondents are the issues of social guarantees

Table 3 Ethnic minorities' rights to realize their identity, and to express beliefs about their values (%)

	All respondents	Latvians			Russians		
	Are or rather are	Are or rather are	Sometimes are, sometimes not	Not or rather not	Are or rather are	Sometimes are, sometimes not	Not or rather not
Family of respondent	93.0	94.0	3.8	2.0	90.2	5.2	4.2
Circle of respondent's friends	93.0	90.7	6.1	3.1	87.9	5.9	5.9
In relations with colleagues at work / school	67.2	66.1	26.9	6.8	68.7	22.9	8.1
In the activities of non-governmental organisation	69.6	69.7	24.0	6.1	68.3	20.3	11.2
To express their views in the media	73.5	74.2	19.9	5.7	70.9	16.7	12.1
In the field of culture	68.2	69.2	22.7	7.8	64.7	20.6	14.4
In the field of entertainment	69.5	70.5	21.7	7.7	66.3	20.3	13.1
In the political life	62.6	64.3	25.6	9.9	58.2	26.8	14.7

Table 4 Have you ever observed or do you observe any discrimination on the grounds of gender, ethnicity, or sexual orientation at the organisation, team, or institution you belong to? Answers – “discrimination has not been” (%)

	All respondents	Latvians	Russians
Discrimination against Latvian female	94.8	93.9	96.7
Discrimination against other nationality female	92.7	93.3	91.2
Discrimination against Latvian male	97.0	97.1	96.7
Discrimination against other nationality male	93.5	93.7	92.8
Discrimination against Latvian female with non-traditional sexual orientation	90.8	91.6	88.9
Discrimination against Latvian male with non-traditional sexual orientation	91.0	92.0	88.6
Discrimination against other nationality female with an non-traditional sexual orientation	91.1	91.8	89.2
Discrimination against other nationality male with an non-traditional sexual orientation	91.0	92.1	88.2

and security (91.3%), political stability in the world – 84.9%, freedom of speech and political views – 61.6%, and the preservation of national values – 56.6%. But “peaceful coexistence in multicultural societies” scored 40.5%, and “guarantee of ethnic minorities” – 21.8% (the lowest share among all evaluated positions). However, it showed enough significant differences between Latvians and Russians in the assessment in their lives Latvia’s national values and those values that are directly linked with the preservation of ethno-cultural identity of ethnic minorities. So the “guarantee of ethnic minorities” as very important to the average degree of importance was 38.9% for Russian and 14.3% for Latvians (Table 5).

Table 5 Most important values. (Group range from 1 to 10 (%))

Social, political and cultural values	All respondents	Latvian	Russians
Social guarantees and security	91.3	91.4	91.2
Political stability in the world	84.9	85.2	84.3
Freedom of speech and political views	61.6	63.5	57.5
Preservation of national values	56.6	59.8	49.0
The cultural life diversity	54.1	57.6	46.1
Peaceful coexistence in multicultural societies	40.5	38.6	45.1
Gender equality	38.0	40.8	31.7
The opportunity to participate in governmental decision making	37.9	35.2	43.8
Guarantee of ethnic minorities	21.8	14.3	38.9

Social identities – gender, sexual orientation (traditional and non-traditional), and ethnic (Latvian, Russian, Belarusian, Polish, Lithuanian, Jewish, Roma) – offered to the respondents for their assessment are of a neutral character within a pluralistic and democratic society with the established principles of tolerance towards social and ethno-cultural diversity. However, the research data proves that the respondents essentially disagree with a neutral status of these identities in Latvia’s society, which stratifies them according to the level of their significance for a person’s successful life. But this assessment does not mean that the respondents themselves approve this situation. They more likely believe that these mass attitudes to social identities or stereotypes of them are spread in the society. In fact, the respondents rely on the belief about the

existence of not only differences, but also inequality and stratification of social identities.

The data proves that neither gender, nor sexual identities are considered neutral by the majority of the respondents. Ethnic identity as such in all offered options is not considered neutral either. Moreover, in relation to the largest ethnic groups in Latvia – Latvians and Russians – less than a half of the respondents recognised their ethnic identity as having a neutral influence on their life in Latvia. More than a half of the respondents consider only such social identities as Belarusian, Polish, Lithuanian and Jewish as neutral. However, it can more likely be explained by the small number of these groups in Latvia. The only exception is the identity of such a small group as Roma. Furthermore, this is the identity, in the respondents' opinion, that experiences the most intolerance in the Latvian society (around 45%). Apparently, the underestimated assessment of the significance of ethnic minority identities as compared to the Latvian ethnic identity for the implementation of life goals within the Latvian society is related to a lesser degree of political involvement of ethnic minorities, their representativeness among government, political, economic and cultural elite.

However, at the same time, while most respondents do not consider a gender orientation neutral, more than a half of the respondents think that both female and male identities positively or almost positively influence a person's life. Therefore, there is not any special opposition of these identities. However, in the assessment of sexual orientation and ethnic identity this opposition is extremely obvious. The respondents two and a half times as more often consider traditional sexual orientation more positive for living in the Latvian society than a non-traditional one (51.6% and 19.4%, respectively). The differences in the assessment of the Latvian identity and ethnic minority identities are not so significant, but are nevertheless evident. The Latvian identity is considered 1.6 times more favourable than the Russian, Belarusian, Polish and Lithuanian identity, twice as more favourable than the Jewish identity, and about 4 times more favourable than the Roma identity. Moreover, these differences exist separately among both Latvian and Russian respondents. A part of the respondents who consider the ethnic minority identities' influence as negative or almost negative attracts some attention. The largest part is accounted for in the assessment of the Roma identity (around 45%), which is followed by the Russian and Jewish identity (10% – 14%), then the Belarusian, Polish and Lithuanian (from 2% to 9% among Latvian and Russian respondents) (Table 6).

Table 6 Influence of social identity and ethnicity to a person's life in Latvia (%)

Identities	All	Latvians			Russians		
	Positive and almost positive	Positive and almost positive	Neutral	Negative and almost negative	Positive and almost positive	Neutral	Negative and almost negative
Female	52.2	50.8	45.7	3.4	54.9	39.2	5.9
Male	56.8	55.5	43.5	1.0	59.8	36.3	3.9
Traditional sexual orientation	51.6	48.9	47.5	3.6	57.2	37.9	4.9
Non-traditional sexual orientation	19.4	17.5	46.4	36.1	23.9	36.9	39.2
Latvian	63.6	60.8	36.8	2.3	69.3	28.8	2.8
Russian	40.2	39.7	48.9	11.4	41.2	44.1	14.3
Belarusian	36.8	35.1	60.0	4.8	39.9	50.7	9.5
Polish	37.4	35.1	61.4	3.4	41.8	52.3	5.9
Lithuanian	41.1	38.9	59.2	1.8	45.4	51.3	3.3
Jewish	30.8	29.0	58.7	12.4	34.0	55.6	10.5
Roma	16.3	14.8	40.0	44.9	19.3	35.0	45.8

One of the task of the research was to identify the level of private communication between people on the issues of equality among gender groups, ethnic minorities and groups with traditional and non-traditional sexual orientation. It was found that no more than a fifth part of the respondents discuss these issues “often” and “sometimes”. The survey showed a significant excess of a part of the respondents who “never” discussed these issues over those who did it “often” or “sometimes”. This difference is 4–5 times larger when discussing the issues of women's equality with men. Discussing problems with the people with non-traditional sexual orientation – 3 times. Ethnic minorities' issues – 2 times (among the Russians) and more than 3.5 times (among the Latvians). Therefore, the issues of women's equality, sexual minorities and ethnic minorities are obviously not in the focus of interest for people in Latvia (Table 7).

In general, respondents expressed no desire to increase the amount of information about ethnic minorities in different types of social communication (media – internet, radio, television), officials, political parties, NGO, scientists, secondary and higher education system, religious organisations communication with the civil society). Such a desire was

Table 7 Frequency of discussions on the issues (%)

Topics	All respondents	Latvians		Russians	
	“often” and “sometimes”	“often” and “some-times”	“never”	“often” and “some-times”	“never”
With women on women's equality issues	20.9	23.1	39.6	16.7	49.3
With men on women's equality issues	16.3	18.5	44.1	11.1	51.0
With persons with non-traditional sexual orientation about their equality issues	11.1	11.2	36.8	10.8	35.0
With persons with traditional sexual orientation about equality issues of the persons with non-traditional sexual orientation	15.2	15.7	43.4	13.4	46.1
With the Latvians about the Latvian ethnic minorities' equality issues	19.6	21.3	39.2	15.4	41.2
With the ethnic minorities' representatives about their equality issues	16.2	14.7	50.7	19.3	40.2

Table 8 Necessity to increase information about the solving problems of ethnic minorities in Latvia (answer – “it is necessary”, %)

Communications	All	Latvian	Russians
In the media (internet, radio, television)	48.3	41.3	63.1
Officials communication with the civil society	41.1	33.5	57.5
Political parties communication with the civil society	42.1	34.9	56.9
NGO communication with the civil society	43.3	37.6	55.6
Scientists communication with the civil society	39.1	33.0	52.3
The secondary education system	46.0	40.9	57.8
The higher education system	44.2	38.3	57.5
Religious organisations communication with the civil society	34.5	27.4	49.7

expressed by less than half of all respondents (from 34.5% to 48.3%). However, very large differences were found in this interest towards the problems of ethnic minorities among the groups of Latvian and Russian respondents. If 30–40% of Latvians expressed a desire to increase the amount of public information on the problems of ethnic minorities, the Russian respondents did it in 50–60% of cases (Table 8). In fact, the areas of public communication are the most problematic spheres of social life, where the interests of Latvians and ethnic minorities diverge. The sphere of public communication on issues of ethnic minorities significantly adjusts the overall picture of the perceptions of the respondents about a real consolidation of multi-ethnic Latvian society.

Conclusion

Democratic multi-ethnic states set themselves a very challenging goal: to ensure the integration of society based on the culture of ethnic majority with respect for the cultures of ethnic minorities. This implies the structuring of ethnic identities. At the same time a liberal democracy protects the principle of equality of citizens with different ethnic identity in all spheres of public and private life. The functioning of the common public space of inter-ethnic communication without hard barriers is an important criterion for the recognition of multi-ethnic diversity and equality of all citizens, regardless of their ethnic origin and cultivated ethnic identity. The sociological research has confirmed the relevance of this approach. This study showed the existing untapped reserves of liberal values to create the open space of public communication for all ethnic groups.

At the same time, the study showed a very large share of respondents who considers a public communication on issues of ethnic minorities in Latvia as not important. Largely this is due to two main factors:

1. The lack of knowledge of the respondents about the existing spectrum rights of ethnic minorities in Latvia in accordance with the law. This is confirmed by the materials of a study in Daugavpils (2014) (Volkovs 2017, p. 36-49); and
2. A weakness of focus on the rights and opportunities of ethnic minorities in the political process and political communication, especially in the programs of political parties, inter-party interaction, in leading mass media of Latvia, in the political culture of ethnic groups (Volkovs 2016, p. 321-340). The scientists who actively study Latvian political culture have observed a rather slight display of the values of political participation, while the expectations of paternalism on the part of the state, political parties are revealed in full (Brants 2009, Golubeva 2009).

REFERENCES

- Anderson E. (1999). What is the Point of Equality? – Ethics. Vol. 109.
- Arendt H. (1958). The Human Condition. Chicago: University of Chicago Press.
- Barry B. (2001). Culture and Equality. An Egalitarian Critique of Multiculturalism. Cambridge: Polity Press.
- Barth F. (1996). Ethnic Groups and Boundaries. – Hutchinson, Smith A.D. (eds.) Ethnicity. Oxford: Oxford University Press.
- Brants M. (2009). Celies, vadoni, es esmu vadāms! http://www.politika.lv/temas/politikas_kvalitate/17597/
- Cohen J., Arato A. (1994). Civil Society and Political Theory. Cambridge, MA: MIT Press.
- Freeman S.A., Littlejohn S.W., Pearce W.B. (1992). Communication and moral conflict. – Western Journal of Communication. Vol. 56. Issue 4.
- Habermas J. (1993). Struggles for Recognition in Constitutional States. – European Journal of Philosophy. No. 1 (2).
- Harman G. (1975). Moral Relativism Defended. – Philosophical Review. No. 84.
- Gert B. (2016). The Definition of Morality. <https://plato.stanford.edu/entries/morality-definition/> (8.2.2016).
- Golubeva M. (2009). Viena politika, divas kultūras. http://www.politika.lv/temas/politikas_kvalitate/viena_politika_divas_kulturas/
- Gordon J.-S. (2017). Moral Egalitarianism. <http://www.iep.utm.edu/moral-eg/> (11.01.2017).
- Kim Y.Y. (2006). From Ethnic to Interethnic The Case for Identity Adaptation and Transformation. – Journal of Language and Social Psychology. Vol. 25. No. 3.
- Kymlicka W. (2007). Multicultural Odysseys. Navigating the New International Politics of Diversity. Oxford: Oxford University Press.
- Latvijas iedzīvotāju sadalījums pēc nacionālā sastāva un valstiskās piederības. (2017). http://www.pmlp.gov.lv/lv/assets/documents/iedzivotaju%20re%C4%A3istrs/07022017/ISVN_Latvija_pec_TTB_VPD.pdf (22.04.2017).
- Latvijas iedzīvotāju skaits pašvaldībās. (2017). http://www.pmlp.gov.lv/lv/assets/documents/iedzivotaju%20re%C4%A3istrs/07022017/ISPV_Pasvaldibas_iedzivotaju_skaits.pdf (22.04.2017).
- Latvijas Republikas Satversme. (2014). <http://likumi.lv> (6.09.2014).
- Nozick R. (1974). Anarchy, State and Utopia. New York: Basic Books.
- Pastāvīgo iedzīvotāju etniskais sastāvs reģionos un republikas pilsētās gada sākumā. (2017). http://data.csb.gov.lv/pxweb/lv/Sociala/Sociala_ikgad_iedz_iedzskaits/ISO191.px/?rxid=992a0682-2c7d-4148-b242-7b48ff9fe0c2 (22.04.2017).
- Rawls J. (2005). A Theory of Justice. Cambridge, Massachusetts: Harvard University Press.
- Ricoeur P. (1966). Freedom and Nature: The Voluntary and the Involuntary. Northwestern University Press.
- Rogers E.M., Hart W.B., Miike Y. (2002). Edward T. Hall and The History of Intercultural Communication: The United States and Japan. – Keio Communication Review. No. 24.

- Snow N.E. (1990). *Liberalism, Community, and Culture*. Philosophical Books. No. 31 (3).
- Taylor Ch. (1994). *Multiculturalism. Examining the Politics of Recognition*. Princeton: Princeton University Press.
- Volkovs V. (2017). The communication of ethnic groups in public space: the case of Daugavpils. – *Warsaw East European Review*. Vol. VII.
- Volkovs V. (2016). Etnisko minoritāšu identitātes Latvijas publiskajā diskursā. – Kūle M. (red.) *Vērtības: Latvija un Eiropa Kolektīva monogrāfija divos sējumos Pirmais sējums. Vērtību pētījumi – filosofiskie aspekti*. Rīga, LU Filozofijas un socioloģijas institūts.
- Waldron J. (1989). Particular Values and Critical Morality. *California Law Review*. Vol. 77. Issue 3.
- Wieviorka M. (1995). *The Arena of Racism*. London: SAGE Publications.
- Wong D. (1984). *Moral Relativity*. Berkeley CA: University of California Press.
- Young, Iris M. (1999). Ruling Norms and the Politics of Difference: A Comment on Seyla Benhabib. – *The Yale Journal of Criticism*. No. 12.2.
- Young R. (1996). *Intercultural communication: Pragmatics, genealogy, deconstruction*. Philadelphia: Multilingual Matters.

A FEMALE BILDUNGSROMAN: THE GYMNASIUM GIRL AS A LITERARY CHARACTER IN THE GENDER DISCOURSE IN LATVIA OF THE 1920s-1930s¹

Natalja Šroma

Dr. philol.

Anastasija Vedela

Dr. philol.

Abstract

This article is devoted to the women's prose of Latvia of the 1920s-1930s that reacts to complex socio-cultural processes by forming a new genre paradigm, a female Bildungsroman². The study is based on the women's texts of Latvian literature and literature of the Russian diaspora in Latvia. The texts are examined in the broad artistic context of the European literature, as well as in the context of "male" literature. The special attention is paid to the definition and identification of genre conventions of a female Bildungsroman: its plot-composition structure, artistic space, and ways of creation of a main character. The authors of the article conclude that the plot of failure, which dominates the women's prose of Latvia, shows that the Latvian society of this period was not ready for gender modernisation. The article may be of interest to researchers in the field of humanities and social sciences.

Keywords: Latvia, female Bildungsroman, female initiation, femme nouvelle, women prose, literature of diaspora.

Introduction

The 1920s-1930s is a period of innovation in the life of Latvian society, as well as the European community as a whole. The total socio-political breakdown could not but affect the sphere of gender relationships.

¹ The article is carried out in the frames of the project NFI/R/2014/061 "Gender, Culture and Power: Diversity and Interactions in Latvia and Norway". The project is co-financed from the EEA and Norway Grant (2009-2014).

² Bildungsroman is the combination of two German words: Bildung, meaning "education," and Roman, meaning "novel." Fittingly, a "bildungsroman" is a novel that deals with the formative years of the main character – in particular, his or her psychological development and moral education.

The question about the nature of the new woman (*femme nouvelle*) was becoming one of the most controversial in the Latvian periodicals of this time. One of the permanent employees of the largest Latvian Russian newspaper, *Segodnya*, Pyotr Pilsky, wrote in the article “The New Woman” (1936): “The great upheavals are taking place, and they are not only in our ways of life, routine, skills, regimes – they are also in our souls: a different woman has entered the World”. According to the journalist, “the new woman has all the rights not only for the close attention of psychologists, but also for the study of her developing, yet still unshaped type.”³

Pilsky echoes his Latvian colleague, a PhD Milda Paļevič-Bīte. In the article “The New Woman”, which opens the first issue of the magazine “The New Woman”, she notes that Romain Rolland, the author of the novel “Annette et Sylvie” she is reviewing, “as a physician-surgeon with a sharp focus follows the birth act of the new woman and is helpful with his consciousness, with his understanding of the direction of the creative motion. He contributes to this birth with his work, awakening the hundreds and thousands to the necessity and feasibility of creation of the new woman”⁴.

Female Bildungsroman in Latvia

The artistic study of the new Latvian woman led to the emergence of a number of texts that not only provoked a heated debate over the women’s question in Latvian society, but also laid the foundation for a new genre – a female Bildungsroman⁵. The following texts are being examined in the article:

- Aida Niedre “The Red Vase” (Sarkanā Vāze, 1927);
- Elza Arens (Эльза Аренс) “The Woman and Love: Intimate Notes of a Woman” (Женщина и любовь (интимные записки женщины), 1932);

³ П. Пильский, «Новая женщина». Сегодня, 11 июня, 1936, с. 3.

⁴ M. Paļevič-Bīte, “Jaunā Sieviete”. *Jaunā Sieviete*, Nr.1, 1927, 2. lpp.

⁵ The qualitative sociological poll (2016) that took place in the frames of the project NFI/R/2014/061 “Gender, Culture and Power: Diversity and Interactions in Latvia and Norway” clearly demonstrated the necessity of bringing into the cultural and social space of Latvia the names of women writers who discussed the gender and feminism related issues in the 1920s-1930s. For instance, one of the female respondents, a poet and a playwright, said that, in general, a masculine point of view is characteristic of the Latvian literature, also in the literature, created by women writers, and that it would be good to show the opposite point of view. The study of a female Bildungsroman in the Latvian literature of the 1920s-1930s is an attempt to demonstrate this opposite point of view.

- S. Tasova (С. Тасова) “Nadja’s Tragedy: From the Notes of my Contemporary” (Трагедия Нади (из записок моей современницы), 1933);
- Paula Balode “A Diary of a Female Artist” (an anonymous publication in the magazine “Women’s World”)/“The Fire of Art: A Story of a Female Artist” (Kādas mākslinieces dienas grāmata/Mākslas ugunīs (kādas mākslinieces dzīves stāsts), 1934-1936);
- Anna Kazarova (Анна Казарова) “Love of the Dead: The Notes of a Female Gymnasium Student” (Любовь погибших (Записки гимназистки), 1938).

The formation of a new genre paradigm in the women’s prose of Latvia precisely at this time is legitimate⁶. The studies of similar genre models in the literature of the UK and the USA have shown that at crucial historical moments, at key stages in the formation of the nation, the identification issue (including the identification of women), becomes significant. Janice Ho writes: “Bildungsroman has frequently been read as a literary technology that narrates and normalises the trajectory of a character from unformed subject to bourgeois citizen, rebellious misfit to acculturated individual. The historical container of this process of self-development was the nation-state: the philosophical concept of *Bildung* emerged in tandem with the rise of romantic nationalism and the Bildungsroman became, as critics have shown, the central novelistic form for representing an individual’s socialisation into norms and practices of national society.”⁷ The literature responds to this social challenge with the advent of the genre of a female Bildungsroman: “History of a nation is thus transformed into the history of a young woman’s discovery of power within herself and her community”⁸.

⁶ We are talking about a particular trend in literature that includes a variety of novels that can be attributed to the genre of a female Bildungsroman and were composed during the 1920s-1930s. Certain examples of a female Bildungsroman in the Latvian literature can be found earlier, e.g. Ivande Kaija’s “Original Sin” (“Iedzimtais grēks”), and later, e.g. the novel “In the Train of Life” (“Dzīves vilcienā”) by Zenta Mauriņa.

⁷ J. Ho, *Nation and Citizenship in Twentieth-Century British Novel*. Cambridge University Press, 2015. P. 131.

⁸ D. Heller, *The Feminization of Quest-romance: Radical Departures*. University of Texas Press, 1990, p. 16.

Despite a number of serious studies in this field⁹, the scholarly discourse (including the one in the English language) still debates over the terminology; the genre conventions of a female Bildungsroman are far from academically clear¹⁰. The studies of the Latvian texts that gravitate toward the genre of a female Bildungsroman are in the status of prolegomenon.

It is important to emphasise that the definition of a novel as a **female** novel is multidimensional.

First of all, these are novels written by women. The narrative form of a diary or personal notes, used by the authors, makes it possible to talk about the autobiographic nature of these texts (although the biographies of these writers are still in the process of research).

In this case, the formation of main female characters occurs not only in the private biographical time (childhood – adolescence – adulthood), but also in a major, real historical time – against the backdrop of World War I, revolutions, forced emigration. The grand historical transition from one epoch to another takes place, as M. Bakhtin writes, “in him (in a male/female character) and through him. He is compelled to become a new type of man, unprecedented yet. The foundations of the world are changing, and a man has to change with them.”¹¹

Moreover, these are women's texts from the point of view of the theme: the attention is focused on the woman question – the authors participate in a rather heated discussion over the nature of a modern woman, the “new woman”. The significance of this is clearly demonstrated in the author's introduction to the novel “Nadja's Tragedy”: “This book will cause havoc. There will definitely be a huge argument. It is important to show

⁹ See. K. Dalsimer, *Female Adolescence: Psychoanalytic Reflections on Literature*. Yale University Press, 1987. D. Heller, *The Feminization of Quest-romance: Radical Departures*. University of Texas Press, 1990. M. Hirsch, *The Mother/Daughter Plot: Narrative, Psychoanalysis, Feminism*. Indiana University Press, 1989. B. Keller, *Woman's Journey Toward Self and its Literary Exploration*. Peter Lang Publishing, 1984. A. Pratt, *Archetypal Patterns in Women's Fiction*. Indiana University Press, 1981. B. White, *Growing Up Female: Adolescent Girlhood in American Fiction*. University of Wisconsin–Madison, 1974. G. Wittke, *Female Initiation in the American Novel*. Peter Lang Publishing, 1991.

¹⁰ Alongside the term “Female Bildungsroman” several other definitions are used, stressing the peculiarity of the main protagonist, i.e. “initiation novel, apprentice-novel, coming-of-age novel, novel of adolescence, alienated-youth fiction, young-adult fiction” (see Guo, Shuqing. “Female Variation on Initiation Pattern – A Textual Analysis of *The Bell Jar*”. // Xiao-ming Yang (ed.). *A hundred Flowers Blossoming. A Collection of Literary Essays Written by Chinese Scholars*. Lanham: Maryland University Press 2009. p. 46-55, with the reference to a “pioneering” work in this field – E. Ginsberg “Toward a Definition of the Female Bildungsroman”, MLA Convention, Chicago, 29 December 1977).

¹¹ М. Бахтин, «Постановка проблемы романа воспитания». Эстетика словесного творчества. Москва: Искусство 1979. с. 202.

a true genuine face of a modern girl and woman, all tragedy of her new path... I can't stay silent!"¹²

Furthermore, a particular female character is in the centre of the narrative. This is a girl, a young woman, a gymnasium girl of the sixth or, more often, the seventh, graduation, class, "a gymnasium girl before the exam."¹³

By the 1920s, this character already had an impressive background. By this time, the image of the gymnasium girl became a literary type in the European literature, giving rise to the genre of a girl's school story. In English literature, the origins of the genre are based on Elizabeth Meade-Smith (L.T. Meade), the author of the novel "A World of Girls: The Story of a School" (1886). The tradition was successfully continued by Angela Brazil who wrote about fifty girls school stories from 1904 to 1946. She complicated this literary formula by combining it with the genre of a coming-of-age story, and transferred the narrative into another modus register – from the Victorian didacticism to entertainment. In French literature, the stable storyline and the female character also formed the genre of a girl's school story. The beginnings of the genre can be traced back to Sidonie-Gabrielle Colette with the novel "Claudine at School" (Claudine à l'école, 1900) and to Gabrielle Réval with the novel "Gymnasium Girls" (Lycéennes, 1902). The girl's school stories were popular in Russia – "A World of Girls" was published in the Russian language in 1900, and the novel "Gymnasium Girls" was translated and published in 1909 by Anastasiia Verbitskaya (the most famous woman writer in Russia). No less popular were the original Russian girl's school stories by Lydia Charskaya – "The Notes of the Institute Girl" (Записки институтки, 1902) and "The Notes of the Little Gymnasium Girl" (Записки маленькой гимназистки, 1912).

In Russian literature, the image of a gymnasium girl appears almost simultaneously with the foundation of female gymnasiums. In the play "A Gymnasium Girl" (early 1860s) of Viktor Dyachenko the figure of a young woman, a representative of a new generation, who realises the role of her education, appears for the first time: "I will never forget the gymnasium and in my soul I will remain a gymnasium girl all my life"¹⁴. In "The determination and peculiarity of the views" of a gymnasium girl Sashenka makes it possible for the character to break with the patriarchal foundations of the family – she renounces a profitable marriage, because

¹² С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933, с. III.

¹³ Жак-Нуар, «Читательнице». Сегодня. 12 апреля, 1925, с. 10.

¹⁴ В. Дьяченко, Гимназистка. Комедия в четырех действиях. Москва: Издание книгопродавца М. Вольфа (б. г.), с. 5.

she does not love the groom who is being forced upon her. A similar literary type became quite widespread in the Russian literature of the early XX century¹⁵, especially during the years of an active social discussion about the “woman question” (1907-1909).

The popularity and demand of this invariant model can be explained by its plot-generating qualities: a significant problem of women self-identification is supported by a corresponding personality. The personality that can be defined by the concept of the border: “a female gymnasium girl before the examination” can be perceived not literally, but as being on the eve of changing her social status, on the eve of her main (life) examination. Her happiness depends on the result of this examination. It is significant that the change is perceived as an initiation practice, that is, as the choice of one's gender role and the trial by this choice.

It should be noticed that in traditional cultures, initiation rites were gender-oriented – they were mostly male rituals. In this regard, the phenomenon of women's initiation has always been and still remains controversial. The doubt in the existence of female initiation practices is associated with the idea of the dominance of natural being in the essence of a woman: “Women's lives are arranged in sharp, discontinuous steps, with the emphasis almost inevitably on being – a virgin, a girl who has ceased to be a virgin, a childless woman, a woman who has borne a child, a woman (past the menopause) who can no longer bear a child”¹⁶. A woman does not need an artificial sociocultural structuring of her life cycle, as she has natural biological boundaries: the beginning of menstruation, the loss of virginity, the birth of the first child¹⁷. Margaret Mead, the author of the monograph “Male and Female”, believes that a woman's authenticity does not need any verification or testing: “Something has happened in the girl, which has changed her from one physical state to another; something has been done to the boy, which puts him in a different social status.”¹⁸ The literary discourse supports a different point of view, expressed, for

¹⁵ See the following works: С. Охотский, «Гимназистка» (1905), Поречанка, «Дневник гимназистки» (1907), А. Каменский, «Гимназистка» (1910), Л. Райкин, «Люси: из жизни гимназистки наших времен» (1914), С. Зархи, «Гимназистка» (1915), И. Скорбный, «Героиня-невеста. Параша Гимназистка» (1915), И. Бунин, «Легкое дыхание» (1916), З. Гиппиус, «Зеленое кольцо» (1916).

¹⁶ M. Mead, *Male and Female. A Study of the Sexes in a Changing World*. Australia: Penguin Books, 1962, p. 175.

¹⁷ See the following: M. Mead, *Male and Female. A Study of the Sexes in a Changing World*. Australia: Penguin Books, 1962, p. 174-175.

¹⁸ M. Mead, *Male and Female. A Study of the Sexes in a Changing World*. Australia: Penguin Books, 1962, p. 172.

instance, by Bruce Lincoln. He follows a textbook thesis of Simone de Beauvoir "One is not born, but rather becomes, a woman".¹⁹

The plot and compositional structure of the novels are subjected to the logics of the initiation practices, meaning that the plot is constructed as the process from innocence to experience. All novels have similar compositional scheme. The life of a main female character is divided into two parts. The first part describes an enthusiastic and full of hopes female gymnasium girl in a particular environment: often it is the blooming spring nature or a particular interior (children's room): "Look at this blue sky, this lovely, wonderful sun", – Nadia sent him a kiss, – At these green trees with the buds. It's spring! It's spring! It is so good to live in the world! After all, the most important things are just beginning. Our whole life is ahead!" – Nadya again said enthusiastically²⁰; or "The cool morning air got to the small room through an open window and slightly shook the rosy silk curtains"²¹. The second part of the novels subjects the ideals of a developing woman to certain trials that help her to acquire a necessary experience. The importance of this experience is realised by the female characters themselves: "One must experience everything. It is the only way to understand life"²².

The border between childhood and adulthood, between the past "I" and the future "I" is clearly recognised by both the author and the female character. The female authors describe the exit of their characters from the doors of the gymnasium as a symbolic step into the big world: "The door swiftly opened... They all – adult girls, some with books in their hands or under an armpit, some with a schoolbag – somehow poured out to the streets all at once"²³. The characters always reflect on this step: "She behaved as if saying goodbye, as if knowing, anticipating that she will never meet the spring in the similar manner, and she will not be her usual self, she will be different and that she will never experience such joy of life as today"²⁴. In the novel by Niedre the first step into the

¹⁹ See the following: B. Lincoln, *Emerging from the Chrysalis: Studies in Rituals of Women's Initiation*. Harvard University Press 1981.

²⁰ С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 7.

²¹ A. Niedre, *Sarkana vāze. Cilvēks ar zelta acīm*. Romāni. Rīga: Kontinents, 1993 [1927], 7. lpp.

²² Э. Аренс, Женщина и любовь (интимные записки женщины). Рига: Издательство М. Дидковского 1932. с. 23-24.

²³ С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 6.

²⁴ С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 11.

adult world – the loss of virginity – is symbolically described as the loss of a gymnasium token, a small bouquet of violets: “The dark blue school uniform lacked the bouquet of violets. It was collected and must have stayed in the hotel room. Pauls Vītols will not pay a proper attention to it”²⁵. After the night spent with the poet Pauls Vītols, Aina (the main female protagonist) asks for permission to leave gymnasium and go back to the countryside: “You behave as a foreigner, – said the chief-lady, talking to Aina not as to a student, but as to a woman similar to herself”²⁶.

The symbolic nature of the border can be indicated by the transition from the world of nature (the child's world, pure, idyllic, and, in this sense, small) to the social world, the big world. The plot about the female character running away from the small world of a provincial town to the big world of a big city is also quite frequent. This is how the characters of the novels by Niedra and Tasova act: “It seemed to me that I was sitting in a cage in a muzzle, a collar and on a chain. And, like a wild beast, I rushed out of it. I was eager for a different world, for other people, I gravitated towards a free and beautiful world where you can think and feel without a ban and how you want. I wanted to arrange my personal life according to my theory. ... I thought that somewhere out of this grey town with grey people there is the big world with different people... I realised that if I wanted to live in order to do something big, I had to get away and run from home.”²⁷ And in the novel by Niedra Aina finds a temporary peace in Riga: “In a month, Aina with her father moved to Riga [...] In the street she breathed in the scented autumnal air and became serene”²⁸.

After the series of unsuccessful attempts to build one's destiny according to the ideal, idyllic, maiden-like plans, the protagonists come back (temporary or permanently) to the province or nature (in the novels by Tasova, Arens, Niedra): “The village restored my strength to its full measure. ... Here in the bosom of nature, among the magnificent forests, lakes and fields, I realised the true meaning of life ... I realised that to live for the sake of life itself is the greatest pleasure. To live for the sake of the blue sky and the bright sun ... Isn't it a true happiness to live in the bosom of nature, enjoying the honest labour?! The city! I am scared of it! There is

²⁵ A. Niedra, *Sarkana vāze. Cilvēks ar zelta acīm. Romāni*. Rīga: Kontinents, 1993 [1927], 12. lpp.

²⁶ A. Niedra, *Sarkana vāze. Cilvēks ar zelta acīm. Romāni*. Rīga: Kontinents, 1993 [1927], 14. lpp.

²⁷ C. Тасова, *Трагедия Нади. (Из записок моей современницы)*. Рига: Авторское издательство 1933. с. 78-79.

²⁸ A. Niedra, *Sarkana vāze. Cilvēks ar zelta acīm. Romāni*. Rīga: Kontinents, 1993 [1927], 25. lpp.

poison in its unhealthy life!”²⁹ The character of “The Red Vase” at the end of the novel decides to return to the countryside: “She will not return to the prison she has left!” The last sentence of the novel describes the home village of Aina, where she stays with her husband and son: “The village houses rested in the twilight like grey birds with folded wings, and the windows sparkled with fire like the watchful eyes of the birds”³⁰.

For the genre of the female novel of initiation, it is fundamentally important that the boundary between childhood and adulthood is not related to the biological margins (described by Mead), to the sexual initiation (which is the focus of male authors).

The “male” texts with gymnasium girls as characters consistently bring forward the idea of female initiation as a violation of the prohibition (loss of virginity) and of the unconditional necessity to be punished for such an act. The invariant plot of these texts is the following: the sexual initiative of a young gymnasium girl leads her and/or a man she seduced to literal or moral death. The story is embodied in Ivan Bunin’s short story “Light Breathing” (1916)³¹, in L. Raikin’s play “Lucy: From the Life of a Gymnasium Girl of Our Times” (1914), in the novel “Agony” by Jānis Kārstenis (1920), in a short story “Shakespeare and Ruth” by Pāvils Rozītis (1931). In these works, the gymnasium girl appears as the image of a fallen angel, whose external beauty and purity are coupled with her absolute inner corruption. Overall, the idea of the uncontrolled female sexuality and, as

²⁹ Э. Аренс, Женщина и любовь (интимные записки женщины). Рига: Издательство М. Дидковского 1932. с. 89.

³⁰ A. Niedre, Sarkana vāze. Cilvēks ar zelta acīm. Romāni. Rīga: Kontinents, 1993 [1927], 170. lpp.

³¹ It is significant that the ‘female’ text of that time, i.e. the play “A Green Ring” (1916) by Zinaida Hippus, male and female characters, young gymnasium boys and girls, fundamentally refuse to discuss “the issue of sex” and preach abstinence, purity and “hygiene” in the relationships between sexes: “*Volodya*. If it is about the sex, then we do not need it. We leave it alone for now. Our family consists of us all, but the sex – we do not need it. *Voices*. Yes, we do not need it! We will deal with it later!” (З. Гиппиус. Зеленое кольцо. Пьеса в 4-х действиях. Петербург: Издательство «Огни» 1916. С. 46-47).

a consequence, of the need for its wilful suppression³² (not sublimation into social experience as it happens in the rituals of male initiation) often appears in the male texts. Much less often in the “male” texts, the gymnasium girl is portrayed as an idyllic maiden-angel, i.e. in a state before initiation. Russian Emigration literature contains such an image of a pre-revolutionary (“pre-revolution” as “pre-initiation”) gymnasium girl as the embodiment of the former Golden Age:

...The evil time quickly rolls,
Carrying away with itself.
I remember you in a blue dress
With a long silk braid.
More fragrant than a morning of May –
(No comparison can be found) –
You were reading Ilovayskiy
Before the exam in the garden...

Now you deepen the foxtrot,
Laughing artificially.
For some reason, on your hand
You have a wedding ring –
I sometimes catch your sad,
Your “former” face ...
... And then, from the old card
I steal from the past
A gymnasium girl in a white apron
Before her exam in the garden³³.

³² Cf. Another story about the letter of “one fourteen-year-old gymnasium girl”: she, returning from the gymnasium, “got closely acquainted with an officer on the Nevsky”, who allegedly led her to his place and released only late at night; and she hurried to write about this to a friend of hers to share her delights” from “The Story of an Unknown Person” (1892) by A. Chekhov. Moreover, there is the author’s commentary on this fragment in a letter to the publisher Alexey Suvorin: “The gymnasium girl must go to an asylum [...] The girl suddenly wanted something, she began to molest the first person, then, not afraid of her aunt and gymnasium superiors ... was barely dragging her feet and cynically writing a letter – all this signifies a disease, which is, unfortunately, incurable”. In response to Suvorin’s comment about a depravity of modern manners, Chekhov wrote: “You write that in the recent years the girls have become so openly lecherous”. Oh, do not be a Commoner! If they are lecherous, then time has nothing to do with it”. (See the following: Е.М. Сахарова, Страницы творческой истории «Рассказа неизвестного человека». Чеховские чтения в Ялте. Москва, 1973, с. 57-71).

³³ Жак-Нуар, «Читательнице». Сегодня. 12 апреля, 1925, с. 10.

In contrast to the male authors, for the female authors the biological margins cease to be milestones, signs of transition to a different state. The character of Elza Arens at the beginning of the novel is a nine-year-old girl, a preparatory year gymnasium girl. Already at this point, she realises her female nature that manifests itself in the desire to attract the attention of a grown-up man, an officer: "Remembering now my feelings of that time, I can conclude that my feelings towards him contained something of the true woman love... Maybe, in a little girl he loved an image of a woman that he could anticipate in the girl."³⁴ The loss of virginity does not signify the transition to another state: "And that is all? I am a woman. What is the big difference? What a disappointment! Does this mean to enter a real life, to use it? Really?"³⁵ The loss of virginity as an unsuccessful sexual experience is perceived as a loss of external purity, which is less significant in comparison to the inner purity: "Therefore, the most important thing is not a physical innocence, but precisely the innocence of the soul, the innocence in herself, in her whole being. Her laughter, her looks, her words seemed clean and pure to him, her inner self, which is her essence, seemed pure to him"³⁶. The birth of a child and motherhood are regarded only as a tribute to the divine world order. The son of Aida Niedre's main female character symbolically comes to this world at Christmas, after his birth Aina finally feels alive, that is, free again: "It was done, she gave her heavy burden to the world and she could once again walk light and lonely."³⁷

A short story "Olga" by Augusta Damanskaya, a permanent employee of the newspaper "Segodnya", is representative from the point of view of the initiation margins. A female character of Damanskaya – already a wife and a mother – becomes a woman only after a fateful meeting with her beloved: "Everything she could understand, she understood (forever!) from the moment when in the flower shop she crossed eyes with Nagrotsky's for the first time, – that only this man she needs, that only in his arms she can blossom, bloom, rejoice, only in merging with him she can fulfil her destiny of a woman – a shameless and chaste lover, a mother and a submissive slave". The past, pre-feminine I for Olga is "long ago – a gymnasium girl,

³⁴ Э. Аренс, Женщина и любовь (интимные записки женщины). Рига: Издательство М. Дидковского 1932. с. 14.

³⁵ С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 35.

³⁶ С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 159.

³⁷ A. Niedre, *Sarkana vāze. Cilvēks ar zelta acīm*. Romāni. Rīga: Kontinents, 1993 [1927], 135. lpp.

a conservative, carefree, truthful, sinless, clear". A true woman's Self is "a huge giantess, a big, courageous, fearless, all-deceiving woman."³⁸

The main problem in the Latvian female novels of initiation is the choice, an ontological and ethical choice. In most cases, the traditional role of the wife and mother is opposed to the desired independence (both material and sexual). The independence is also understood as the independence from the male world: "The marriage is a cage for a woman, [...] and I want to be completely free, self-sufficient and financially independent. I want to conquer the world for myself. In addition, a woman should think about liberation from the male yoke"³⁹.

It should be mentioned that already in the first ("male") Russian texts about gymnasium girls the marriage and motherhood cease to be taken for granted. This path can be rejected by a woman: in a story "A Gymnasium Girl" by Sergey Okhotskiy the position of the 16-year-old girl evokes the understanding and approval of the male narrator: "[to state] that "the most important purpose of a free woman is procreation", ... is possible about a female animal, but in no way about a human woman"⁴⁰. Another option is that this choice is perceived as something inevitable, reducing all hopes to nothing: in a story "A Gymnasium Girl" by Sergey Zarkhi a female character, 16-year-old Zhenya, dreams about the courses, about the "higher knowledge", but realises that later "well, we get married, there is nowhere else to go. Zhenya added ironically, with a smile: "It is necessary to support the continuation of the human kind, it is an obligation of an every woman, and nature still takes its toll."⁴¹ The third option is to regard the marriage as a new partnership. In this case, the task of the motherhood for women is not the only one. A female character of the female novel "The Diary of a Gymnasium Girl" insists on this. She "defends her right to privacy" in her future marriage, understanding "personal" as an opportunity to study, work and participate in the public life: "The task of the mother is unquestionably great, but I cannot completely get stuck in family happiness and maternal duties. The same as I cannot close my eyes and shut my ears to the surrounding life, its needs and sufferings"⁴².

³⁸ А. Даманская «Ольга». Сегодня, 10 апреля, 1938. с. 8.

³⁹ С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 14.

⁴⁰ С. Охотский, Гимназистка. Санкт-Петербург: Типография И.Н. Скороходова 1905. с. 26.

⁴¹ С. Зархи, Гимназистка. Рассказы. Петроград 1915. с. 3.

⁴² Поречанка. Дневник гимназистки. Поруганные идеалы. Санкт-Петербург: Издание И.Д. Чистякова 1907. с. 42.

Rejecting the traditional role of a wife and a mother, the woman seeks herself in her profession: "Another in my place would have admirers, success, could enter a successful marriage ... I gave all this ... little time, striving for the main goal of my life – dedicating myself entirely to art"⁴³. It is important that the traditional way is also rejected in the professional aspect: the profession of a teacher, common among the graduates of gymnasiums, is perceived as an extremely undesirable option. Femmes nouvelles dream about creative, i.e. free professions of actresses, dancers, writers, artists⁴⁴: "Moscow, ... Stroganov's Academy, drama courses – everything that was decided and signed at the gymnasium bench – all this was obscured by the menacing ghost of Bolshevism. ... Being a teacher ... I'm not going to be a teacher forever. I admit, this destiny does not seem particularly attractive"⁴⁵; or "Instead of going to a theatre school or studying the art of dance, I'm a teacher! What a sad misunderstanding! ... And here I am a teacher. I'm horrified at the thought of pulling this pathetic webbing all my life"⁴⁶; or "My friends... dream about the studies, others about the most direct path for a woman – the marriage. I am lucky that I have already set my heart for the further progress. I do not care whether it goes up or down – I desire to sacrifice my life to my art"⁴⁷.

Medicine can be another (if not creative) way of professional realisation for a woman. This choice is also symbolic, as it is aimed at the professional, in-depth study of the human body. It is a way for female protagonists to understand their own body. In the women's prose, the acquisition of the experience means, first of all, the experience of communication with one's own body (this experience is more significant than the sexual experience with men). "There may be times when I feel only like a female animal... And no sound reasoning or will force will be able to muffle this imperious

⁴³ Э. Аренс, *Женщина и любовь (интимные записки женщины)*. Рига: Издательство М. Дидковского 1932. с. 23.

⁴⁴ The feminist criticism marks *Kunstlerroman* "in which a woman's growth is documented through her development as an artist" as a separate sub-genre of a female Bildungsroman (C. Lazzaro-Weis, *From Margins to Mainstream. Feminism and Fictional Modes in Italian Women's Writing. 1968-1990*. Philadelphia: University of Pennsylvania Press 1993. p. 116 with the reference to the following: S. Gubar, "The Birth of the Artist as Heroine: (Re)presentation, the *Kunstlerroman* Tradition and the Fiction of Katharine Mansfield". *The Representation of Women in Fiction*, ed. by C. Heilbrun and M. Higonnet. Baltimore: Hopkins University Press 1983, p. 19-59).

⁴⁵ А. Казарова, *Любовь погибших (Записки гимназистки)*. Рига: Издательство М. Дидковского 1938. с. 12-13.

⁴⁶ Э. Аренс, *Женщина и любовь (интимные записки женщины)*. Рига: Издательство М. Дидковского 1932. с. 24, 64-65, 108.

⁴⁷ P. Balode, "Kādas mākslinieces dienas grāmata". *Sievietes pasaule*, Nr. 4, 1934, 10. lpp.

call of the body”.⁴⁸ In the story “Girl Friends” by Alija Bauman (1924) the acknowledgement of the world and oneself by two young friends-artists – Dagmāra and Benita – happens through the inseparable unity of physiological, bodily and psychological: “‘The Girl Friends’ is the place, where Dagmāra’s hetaerism is depicted in such words: “When he tried to resist her, she would come closer to him, so that she would be pressed to his knees. She would stand with a confused look and would look at him, seated, with her dreamily enthusiastic and, at the same time, winning and pleasure-seeking eyes”. The corporeal touch here becomes a phenomenon of the psychological and physical nature”⁴⁹.

In their desire to understand what to do with one’s body, the female characters willingly assume various identities, e.g. of a hetaerae, femme fatale, i.e. the images that are focused on the corporeality, on a sexual women body. The motif of a woman looking at herself in the mirror becomes quite frequent in the women prose (Russian, Latvian, French⁵⁰): “Before my departure from home, I made a stop in front of the mirror... I saw a tall, slender woman, covered in shining golden silk that tightly fitted the pliant contours of my body... “Salome”, – I said, smirking at my own reflection”⁵¹. Another example is from the novel “The Red Vase”: “Then she put on her blue school uniform with a black apron and looked at the mirror. “The nun. A slant, placid nose and placid eyes. And nothing else””⁵².

From the point of view of the conclusion of the plotline, the plot of failure dominates the Latvian female initiation novels of the 1920s-30s: the theoretical construction of an ideal women fate does not stand the trial of reality. The characters cannot realise themselves professionally, cannot gain financial independence. They or stay lonely and ready for the final desperate decision (the suicide; as the character of Tasova), or admit that the traditional role of a wife and a mother is the best for them (the characters of Arens, Niedre, Kazarova): “The only natural calling of the woman is to become a mother and a wife. And woe to the one who consciously or subconsciously rejects this direct calling! She dooms herself

⁴⁸ Э. Аренс, *Женщина и любовь (интимные записки женщины)*. Рига: Издательство М. Дидковского 1932. с. 99.

⁴⁹ J. Vesels, “Kas jauns rakstniecībā”. *Ilustrēts Žurnāls*, Nr. 24 (13.06.), 1924. 2. lpp.

⁵⁰ In the French literature, this motif is described in the following work: Н. Фетисова, «Дуб» и «плющ». Старые стереотипы в новом контексте». *Диалог со временем*, № 22, 2008, с. 118-145.

⁵¹ Э. Аренс, *Женщина и любовь (интимные записки женщины)*. Рига: Издательство М. Дидковского 1932. с. 116.

⁵² A. Niedre, *Sarkana vāze. Cilvēks ar zelta acīm. Romāni*. Rīga: Kontinents, 1993 [1927], 7. lpp.

to inevitable tortures... And she will not be saved by science, arts or any possible work"⁵³. The character of Aida Niedre rejects the financially stable and full of travelling life in the city and returns to the village with her husband and son.

In the novel by Anna Kazarova, written already closer to the end of the 1930s, the female protagonist without the inner turmoil accepts her traditional female destiny and follows it in spite of a terrible historical tragedy. She is an 18-year-old young teacher who has not managed to take off the uniform of a gymnasium girl. In the situation of the revolution, civil war, forced emigration she remains the only keeper of the family estate and sees herself through the eyes of a man in love with her: "Your destiny is to live, be loved and give happiness to another, not doing such nonsense as these notebooks".⁵⁴

The result of female initiation is the understanding of the impossibility to be included into the contemporary society that is still a world belonging to men. The new woman in this world is doomed to eternal loneliness. This is the reason for her failures. A female initiate (as opposed to a male initiate) does not have a mentor, she does not have the support of the family or friends: "Why are we kept so far from the reality in a gymnasium or in a family? At home, it is considered necessary for us, up to the grey hair, to believe in the magical property of the stork... Therefore, being young, and it is the most terrible and dangerous period of our life, we are defenceless – we do not have any support, experience, and those who are supposed to protect us, do not protect us, and we are dying"⁵⁵. The mother is not an authority; the characters do not have any mother, or the mother is financially dependent on the daughter, or her life is an anti-example: "The life of her mother is slavery, humiliation, heavy burden... This is the marriage; this is what happens when you get married! No, no, it is enough for me that my mother is married"⁵⁶. The role of the mentor cannot be fulfilled by a girl friend of the protagonist, for whom the freedom manifests itself in the constant and hassle-free change of sexual partners:

⁵³ Э. Аренс, *Женщина и любовь (интимные записки женщины)*. Рига: Издательство М. Дидковского 1932. с. 80.

⁵⁴ А. Казарова, *Любовь погибших (Записки гимназистки)*. Рига: Издательство М. Дидковского 1938. с. 69.

⁵⁵ С. Тасова, *Трагедия Нади. (Из записок моей современницы)*. Рига: Авторское издательство 1933. с. 77.

⁵⁶ С. Тасова, *Трагедия Нади. (Из записок моей современницы)*. Рига: Авторское издательство 1933. с. 15, 17.

“You feel everything too much, with all of yourself. I will live as I like, I will love who I like and as long as I like”⁵⁷.

An important place in the female initiation novels is given to the criticism of the system of education. The gymnasium course does not help to understand the real life: “We studied geometry, geography, literature, love of great people and great love of ordinary people, fiction characters in the gymnasium, but we know almost nothing about the real life and about ourselves. We enter life with the ideas that contradict its laws and with unnecessary baggage of knowledge, feelings, convictions, and we are at a complete dead-end at the first collision with the real life”⁵⁸; or “Long years of gymnasium teaching, drilling unnecessary, useless for the later life subjects... does not they deprive the true talent of its best strengths”⁵⁹.

All female writers, authors of the female novels of the 1920s-30s, conclude that the society, which entered the path of modernisation, appeared not to be ready for this modernisation. The author of the novel “Nadja’s Tragedy”, S. Tasova, makes the most definitive conclusions: she takes an active social position, writing articles for the Latvian periodicals⁶⁰. Tasova both in the novel and in the articles states that women brought the major harm onto themselves: “Emancipation turned into something quite negative and brought forward opposite results, it, in reality, only worsened the position of women. Now men approach a female student and a streetwalker, a lady and a maid with equal intentions...”⁶¹ Even the bigger harm, from the point of view of the writer, emancipation brought to culture: “If a woman used to hold the same position as nowadays, we would not have Michelangelo, Raphael, Dante, Dostoyevsky, Pushkin, Tolstoy, Chopin, Beethoven... I am sure that there would not be any literature, arts, music, or religion... All that disappeared when the woman entered offices and laboratories!”⁶².

⁵⁷ С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 43.

⁵⁸ С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 77.

⁵⁹ Э. Аренс, Женщина и любовь (интимные записки женщины). Рига: Издательство М. Дидковского 1932. с. 45.

⁶⁰ See, for instance, S. Tasova, “Vai sieviete tagad ir laimīga?” *Zeltene*, Nr. 3 (01.02.), 1933. 5.–6. lpp.

⁶¹ С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 215-216.

⁶² С. Тасова, Трагедия Нади. (Из записок моей современницы). Рига: Авторское издательство 1933. с. 216.

Conclusion

Therefore, in response to the grand historical challenges a new genre, a female Bildungsroman, was emerging in the women's literature of Latvia of the 1920s-1930s. A female Bildungsroman shows the formation of a new type of man – a “new woman” (*femme nouvelle*) – against the background of a major historical time. Latvian female Bildungsromans gravitate towards the genre of the initiation novel, since the initiation pattern is at the basis of their thematic and compositional structure. The first stage of the initiation rite – the separation – is portrayed as a symbolic (and not only) step from the doors of the gymnasium into the big world (the world of the city, country, and history). The second stage – the transition to a female adult – shifts the emphasis from gaining sexual experience to choosing a gender role in the new society. The third stage of the woman initiation pattern – the return – turns out to be “the return to the male-dominated society”⁶³, and, therefore, the plot of the female initiation in most cases becomes the plot of the failure.

By the end of the 1930s, the literary discourse of Latvia perceived a female Bildungsroman as a well-established genre paradigm⁶⁴. It can be proved by the appearance in the 1930s of numerous naive literary texts – diaries of real gymnasium girls⁶⁵ and their stylizations (including parodies) by professional journalists⁶⁶, i.e. the fact of the mass dissemination,

⁶³ Guo, S. *Female Variation on Initiation Pattern – A Textual Analysis of The Bell Jar*. // Xiao-ming Yang (ed.). *A hundred Flowers Blossoming. A Collection of Literary Essays Written by Chinese Scholars*. Lanham, Maryland: University Press of America, 2009, p. 49.

⁶⁴ Feminist criticism still debate over the time of appearance of the genre of a female Bildungsroman. Some scholars connect the appearance of the genre with the women movement of the second wave of feminism. See, for instance, Labovitz, Esther K. *The Myth of the Heroine: The Female Bildungsroman in the Twentieth Century: Dorothy Richardson, Simone de Beauvoir, Doris Lessing, Christa Wolf*. Peter Lang International Academic Publishers, 1988, p. 6-7. Others state that the beginnings of the genre can be traced back to the 18th century. See, for instance, Ellis, Lorna. *Appearing to Diminish: Female Development and the British Bildungsroman, 1750-1850*. Bucknell University Press, 1999, p. 17.

⁶⁵ See, for instance, the publications in the magazine “Skolu dzīve” (1936, № 10-12) in the genre of “From the Journals of a Gymnasium Girl” (No kādas ģimnāzistes dienas grāmatas), as well as the debate over the genre in the same magazine (1938, № 7; 1939, № 1).

⁶⁶ See the satirical publication by Ačuks (Arnolds Ruberts) about the banalization of the mass literature and its most widespread formulae, among which the journalist names (alongside detective and adventure stories) “the journal of a gymnasium girl” (Ačuks, “Zelta riņķis ēzeļa ausī”. *Svari*, Nr.17 (06.05.), 1927, 4. lpp.). Also: Kuri-Beri (Arvīds Valdmānis), “Ģimnāzistes dienasgrāmata”. *Magazīna*, Nr. 327-329 (septembris), 1938. 22.–24. lpp.; Л. Джунковский, «Опыт» (Дневник молоденькой гимназистки)». *Для вас*, № 8, 1935, с.2; А. Перфильев, “Счастье было так возможно». *Для вас*, № 13, 1936, с. 14.

of “canonization of the constructive principle”⁶⁷ of the “gymnasium girl’s journal” that underlies the external structure of Latvian female Bildungsromans.

REFERENCES

Sources:

- [Balode, P.] *Kādas mākslinieces dienas grāmata // Sievietes pasaule*, 1934 (03.01)–1935 (15.12).
- Balode, P. (1936) *Mākslas ugunīs (kādas mākslinieces dzīves stāsts)*. Rīgā: Grāmatu Draugs.
- Bauman, A. (1924) *Auļojošā pilsēta. Stāsti*. Rīgā: A. Gulbja apgāds.
- Kārstenis, J. (1920) *Agonija. Chimeras. Tēlojumi*. Cēsīs: O. Jēpes apgādienā.
- Niedre, A. (1993) [1927] *Sarkana vāze. Cilvēks ar zelta acīm. Romāni*. Rīga: Kontinents. 7.–170. lpp.
- Аренс, Э. (1932) *Женщина и любовь (интимные записки женщины)*. Рига: Издательство М. Дидковского.
- Гиппиус, З. (1916) *Зеленое кольцо. Пьеса в 4-х действиях*. Петербург: Издательство «Огни» 1916.
- Даманская, А. (1938) *Ольга // Сегодня*, 10 апреля, с. 8.
- Дьяченко, В.А. [б. г.] *Гимназистка. Комедия в четырех действиях*. Москва: Издание книгопродавца М. Вольфа.
- Жак-Нуар. (1925) *Читательнице // Сегодня*, 12 апреля, с. 10.
- Зархи, С. (1915) *Гимназистка. Рассказы*. Петроград: тип. Зархи.
- Казарова, А. (1938) *Любовь погибших (Записки гимназистки)*. Рига: Издательство М. Дидковского.
- Каменский, А. [1910] *Гимназистка // Рассказы. Т. 3*. Санкт-Петербург: т-во А.Ф. Маркс, с. 91-94.
- Охотский, С. (1905) *Гимназистка*. Санкт-Петербург: Типография И.Н. Скороходова.
- Поречанка. (1907) *Дневник гимназистки. Поруганные идеалы*. Санкт-Петербург: Издание И. Д. Чистякова.
- Райкин, Л. (1914) *Люсси: из жизни гимназистки наших времен. Драма в пяти действиях*. Б.м.: Типография Вощене Лозовая.
- Розит, П. (1931) *Шекспир и Руфь // Сегодня*, 30 января, с. 4.
- Тасова, С. (1933) *Трагедия Нади. (Из записок моей современницы)*. Рига: Авторское издательство.

⁶⁷ See the following: Ю. Тынянов, «Литературный факт». Поэтика. История литературы. Кино. Москва: Наука 1977. с. 255-269.

Literature:

- Dalsimer, K. (1987) *Female Adolescence: Psychoanalytic Reflections on Literature*. Yale University Press.
- Ellis, L. (1999). *Appearing to Diminish: Female Development and the British Bildungsroman, 1750-1850*. Bucknell University Press.
- Guo, S. (2009) Female Variation on Initiation Pattern – A Textual Analysis of The Bell Jar. // Xiao-ming Yang (ed.). *A hundred Flowers Blossoming. A Collection of Literary Essays Written by Chinese Scholars*. Lanham, Maryland: University Press of America, pp. 46-55.
- Heller, D. (1990) *The Feminization of Quest-romance: Radical Departures*. University of Texas Press.
- Hirsch, M. (1989) *The Mother/Daughter Plot: Narrative, Psychoanalysis, Feminism*. Indiana University Press.
- J. Ho, J. (2015) *Nation and Citizenship in Twentieth-Century British Novel*. Cambridge University Press.
- Keller, B. (1984) *Woman's Journey Toward Self and its Literary Exploration*. Peter Lang Publishing.
- Labovitz, E.K. (1988) *The Myth of the Heroine: The Female Bildungsroman in the Twentieth Century: Dorothy Richardson, Simone de Beauvoir, Doris Lessing, Christa Wolf*. Peter Lang International Academic Publishers.
- Lincoln, B. (1981) *Emerging from the Chrysalis: Studies in Rituals of Women's Initiation*. Harvard University Press.
- Mead, M. (1962) *Male and Female. A Study of the Sexes in a Changing World*. Australia: Penguin Books.
- Paļevič-Bite, M. (1927) Jaunā Sieviete // *Jaunā Sieviete*, Nr.1 (20.03.), 2.–6. lpp.
- Pratt, A. (1981) *Archetypal Patterns in Women's Fiction*. Indiana University Press.
- Shuqing Guo (2009) Female Variation on Initiation Pattern – A Textual Analysis of The Bell Jar // *A hundred Flowers Blossoming. A Collection of Literary Essays Written by Chinese Scholars*. Xiao-ming Yang (ed.). Lanham: Maryland University Press. p. 46-55.
- Tasova, S. (1933) Vai sieviete tagad ir laimīga? // *Zeltene*, Nr. 3 (01.02.), 5.–6. lpp.
- Vesels, J. (1924) Kas jauns rakstniecība // *Ilustrēts Žurnāls*, Nr. 24 (13.06.), 2. lpp.
- White, B. (1974) *Growing Up Female: Adolescent Girlhood in American Fiction*. University of Wisconsin–Madison.
- Wittke, G. (1991) *Female Initiation in the American Novel*. Peter Lang Publishing.
- Бахтин, М. (1979) Постановка проблемы романа воспитания // Эстетика словесного творчества. Москва: Искусство. С. 198-203.
- Пильский П. (1933) Новая женщина // Сегодня, 11 июня, с. 3.
- Тынянов Ю. (1977) Литературный факт // Поэтика. История литературы. Кино. Москва: Наука, с. 255-269.

MANAGEMENT AND GOVERNANCE DIFFERENCES BETWEEN HUAWEI AND TRADITIONAL CHINESE PRIVATE ENTERPRISES

Haidong Feng

B. Ec.

Zhenhua Zhang

B. Ec.

Li Fan

B. Ec.

Abstract

By comparing the management in Huawei, a successful Chinese mobile communication enterprise, with other traditional Chinese private enterprises, the authors in this article want to research the reason of the success in Huawei. Also their research can also understand well the shortcomings in Chinese private enterprises and how they can improve themselves and what they can learn from Huawei on marketing strategy, development, innovation, and internationalisation etc.

Key words: China, Management; Governance; Huawei; Chinese Private Enterprise

Introduction

Huawei Technologies Co. Ltd. is a Chinese multinational networking and telecommunications equipment and services company headquartered in Shenzhen, Guangdong, China. It is the largest telecommunications equipment maker in the world, after having overtaken Ericsson. Huawei is famous for its innovation in China, even the world. Every year, Huawei invests 10% of revenue into R&D, which results on average 3-4 patents per day. It is worth noting that Huawei is really competitive compared with western successful counterparts in term of technology, which is rare for a Chinese company especially a Chinese private company. Its revenue is continually increasing. In April 2011, Huawei announced an earnings increase of 30% in 2010, driven by significant growth in overseas markets, with net profit rising to RMB 23.76 billion (US\$3.64 billion; £2.23 billion) from RMB18.27 billion in 2009. What is the most different from other counterparts, including other multinational companies from other countries, is that this is a private company wholly owned by its employees.

It is also the only non-listed company in the top 500 of the world, which is strange. Huawei is mysterious for the public.

In China state-owned enterprises dominate. Therefore it is not easy for private enterprise to be so successful like Huawei, and many of them are small and uncompetitive compared with other counterparts from western advanced countries. Even though some of them have achieved much, they still have many problems internally, especially in terms of management. Actually, most of them do not have scientific management even the concept of management as such, which is an existing problem for most of the Chinese private enterprises. After realising the importance of scientific management, many entrepreneurs have tried to apply this kind of approach for their enterprises, but the end result is not really good.

So what can they learn from Huawei? What are the keys that make Huawei so successful? What is their difference in management from others? This article will introduce the management and governance of Huawei, and then compare the differences with other private enterprises.

Institutions or Committees in Huawei

As mentioned previously, Huawei is a private corporation wholly owned by its employees, which means its shareholders are its employees. As at December 31, 2011, there were 65,596 employees, who held the shares of Huawei and had the right to vote representatives. So in Huawei, the status of employees is significantly influential. The Board of Directors (BOD) needs to make decisions on significant issues and has the right to choose the way of developing. When BOD is adjourned, an executive committee operates instead of the BOD. The BOD is comprised of 13 members who are all elected by all shareholders and there are three women on the Board.

Below the BOD, they have established four committees: human resources committee, finance committee, strategy & development committee and auditing committee, to help the BOD oversee the operations of the company.

Human Resources Committee

The human resources committee makes policies to improve the company's capabilities such as culture, organisation, and talent. The policies are companywide and need to comply with the development of the company. The human resources committee is comprised of 19 members, including BOD members, senior executives, and senior human resources experts. The decisions made by the human resources committee include incentive policy, and managerial appointments. The human resources committee meets on a monthly basis and convenes special sessions whenever

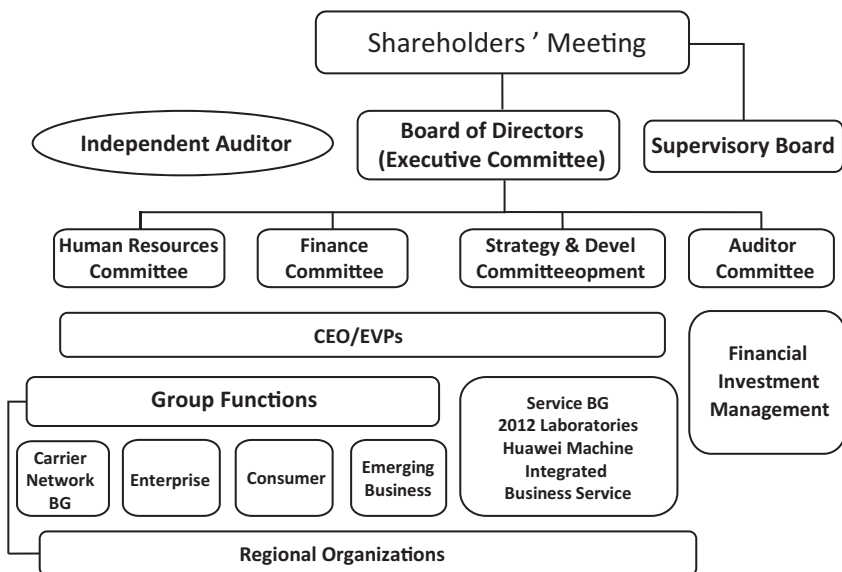
needed. At the request of the committee, business executives and field-specific experts may attend its meetings as non-voting participants. Based on business needs, requests of the BOD, and activities aimed at governance structure optimisation and business restructuring, the human resources committee held 14 meetings in 2011. The topics of these meetings included such items as monitoring manager selection and succession plans for key positions, organisational restructuring, optimising the compensation and incentive structure, developing the governance mechanism for head-count budgeting, improving the overall capability of human resources (HR), updating the HR policy framework, setting policies, and supervising policy execution.

Human resources have a substantial influence on the management of Huawei. As is noted previously, it is a non-listed company which is wholly owned by its employees — this means that all the employees are shareholders of the company. The human resources committee, which is responsible for promotion, benefits, training closely related to employees or shareholders need to satisfy employees by negotiating with other committees such as the financing committee in order to guarantee the benefits of employees. So human resources need to be authorised an absolutely powerful status and influence to make sure that its decision can be brought into force. And HR will listen to employees what they want to do and what they want to get. For example, when they need some employees working abroad, they will ask them whether they are willing to go abroad. In a speech made by Ren Zhengfei, the founder and vice president of the company, he said, “If you do not want to go abroad, you can tell me. We will consider your willingness. Meanwhile every department needs to encourage their employees to go outside.” But this principle is just applied to general staff not to senior leaders. Senior leaders must accept the rotation even though they are actually unwilling to do so. “We will listen to your complaints about the change, but after you complain you must go to your new position and work diligently.”

Because Huawei is a technology and innovation-dominated company, most of the leaders have engineering backgrounds. Due to the lack of professional knowledge, Human resources must promote someone who is nominated by the people already at the rank or position—this means that Human resources cannot make the decision independently. HR also records the information about every employee including the senior managers. The information about what the employees did and how about their performance after they join the company will be an important basis of their promotion. “We will not promote a person who does not have a good record about his or her performance. So newcomers must work hard to accumulate your information to make your future promotion easier. About the promotion of senior managers to higher position, it is not only

related with HR and the people who nominate you, but also with yourself. Everyone who wants to get a higher position needs to be sure that you have brought up a proper successor already, or you cannot be promoted.”

There are four principles to be appraised, if one is a good leader in Huawei according to Ren Zhengfei. The first one is whether one has the spirit of dedication. Because interest allocation is impossibly always equitable, every leader needs to accept this. Secondly, every leader must respect one's work sincerely and try their best to make company better. In Huawei, mostly every leader made some mistakes before their promotion, which is because a mistake means that one attempts to make some improvement for company. Huawei does not promote someone who had never made mistakes and always worked stably, which will be thought that one does not want to make some changes or development. So everyone is not really afraid to make mistakes. Of course, that does not mean that one can do anything inconsiderately. For example, assertive innovation is forbidden in Huawei. However, in most of the private enterprises in China, if managers make mistakes, it is quite difficult for the managers to be promoted into senior position. What is more, they usually do not analyse the reasons of mistakes and instead they just understand that someone makes a mistake and the person is uncompetitive. Thirdly, one needs to be full of responsibility and the sense of mission.



Source: <http://www.huawei.com/en/about-huawei/corporate-info/corporate-governance/index.htm>

Huawei has tests periodically from which they can find someone who do not work well or do not have the ability needed for their work, and such employees will be fired. When it is in recession, Huawei do not resort to payoff in the past, even in the economic crisis in Asia in 1997. But Huawei has never officially declared that they will not resort to payoff in the future. Huawei is famous for its concern and love for its employees. As early as 2008, Huawei made Huawei voice community open for its whole employees to say their feelings freely such as their complaints about company. Although outsiders cannot make comments, they can look through the voice to know more about Huawei. The number of employees in Huawei is more than 140,000 now (2012), 20% of which is women. In 2011, Huawei invested 4.5 billion RMBs into training, health care and other benefits—the net profit in 2011 is 11.6 billion RMB. Huawei established Huawei University to train its newcomers and other employees. In Huawei University, the employees learn the culture, sense of value in Huawei and some necessary skills to continually improve them.

In some private enterprises, the attitude to employees or human resources is different. Because of lack of capital they use founding the enterprise; entrepreneurs did not hire employees, but their own relatives in order to save money which results in many family businesses in China. What is different from family businesses abroad is that many Chinese family businesses do not believe in outsiders and do not open their business to outside yet. They just consider their employees as labourers who sell labour for money. Their employees who are not their relatives cannot be concerned and cannot make decisions for management. HR has never been focused, while the employees do not have the sense of belonging. But such enterprises begin to change. For example, a private enterprise in Zhejiang province hires more and more non-family persons as managers. The wife and three brothers and other 30 relatives of the company's founder are fired.

The Finance Committee

The Finance Committee is comprised of 21 members, including BOD members and financial experts. The influence of Finance Committee in Huawei is continually improving after the economic crisis in Asia in 1997, from when Huawei began realising the importance of finance. Ren Zhengfei, the founder, thinks that cash-flow is critically important for a long-term and steady survival nowadays, so the status of finance becomes more and more decisive in the management of Huawei. "When we confront some difficult, only enough cash-flow can help us go through the hard time. Cash-flow is just like coats in winter." Now they have many finance experts and establish more and more finance working groups under finance committee

to make more precise plans. What is more, Huawei began to promote some employees with professional finance background after 1997. Before 1997 its most of leaders have the background of engineering.

Marketing Strategy & Development Committee

The Marketing Strategy & Development Committee (MDC) considers, sets, and executes the company's strategic directions. It was established in 2012, before that the Investment Review Board made decision on strategy and development and other related matters. The MDC is comprised of 23 members, including BOD members, senior business executives, and field-specific senior experts, the latter being non-voting participants. MDC also has a substantial influence on management, which enables it to fulfil its decisions. Also, it can report to BOD if it finds some parts of the company do not fulfil the decisions. Under this committee, there is a subunit called Huawei Consumers and Businesses Laboratory, which consists of many young people from different occupations and with different cultural background and different preferences. After its establishment from 2007, the laboratory is always researching the demands of consumers by making surveys and it also care about the feeling of consumers after using their product and then make some changes. All of this is because of its consumer-driven culture in Huawei.

Audit Committee

Audit Committee concern on the monitoring executive and other internal control policies. It is comprised of nine members, including members of the Supervisory Board, BOD members, and field-specific experts. Business executives and field-specific experts will attend meetings under the requirement of audit committee with non-voting. Audit committee selects an independent audit along with BOD to audit the company's annual finance statements.

Other Institutions

The Supervisory Board is comprised of five members. Each member is elected by all Representatives. The Board is aimed at supervision of finance and it is improving to operate more effectively.

There is a committee comprised of managers from every department to discuss issues when some disputes occur. But the committee does not have substantial decision-making rights. They give some advice to line managers, but specific operations are decided by line managers themselves. All of this prevents centralisation.

In 2004, Huawei began its unprecedented collective decision-making mechanism. From then Huawei did not have a fixed CEO. The eight senior managerial directors hold the post of CEO in turn for half year. Ren Zhengfei, the founder of Huawei, always tries his best to make a great team in Huawei and stimulate everyone to be responsible for the development of Huawei not just him or herself like before. There is no doubt that such kind of system complies with his principle.

This is really different from some private enterprises in China. Because many private companies were established in 1980s, during which the economic policy were reforming and existed many opportunities, many entrepreneurs who occasionally held the chances became successful. Such enterprises grew up without actually meaningful management, which seemed not bad just in the past. Such founders of these enterprises have a strong sense of hero, so founders or founder teams have the absolutely decision-making right, which makes other managers inside just like general employees without any right of management. It seems that the enterprises are the founder's own properties which are not related with others even their employees or senior managers. Conversely Huawei forbids such sense of hero. Ren Zhengfei, the outstanding founder, said there were not heroes in Huawei from past to future and everyone was responsible for the company.

Discussion

Problems

As Huawei becomes more and more successful, more and more problems occur. The Technical department is paid more attention, while other departments such as marketing, servicing are relatively weaker. In the past, it even distributed wrong products to wrong consumers by mistakes, which makes much more waste. But now it is improving the ability of other departments to keep the balance companywide. In most private enterprises, especially small ones, only visible numbers can be concerned, which results in much higher status of sales department compared with others such as HR whose revenue is invisible.

Internationalisation

In the path of internationalisation, Huawei is one of the few winners. Huawei has more than 20 regional divisions oversea and more than 100 branches abroad. In 2007, revenue from oversea accounts for more than 72% of all revenue. All of its decisions are based on accurate surveys made by Huawei and deep understanding of the target market. For example,

before it came into the market of Russia last century, there was a survey for three years. But if one looks into the management of some small private enterprises one finds their decisions are made irrationally. Many words like “maybe”, “possible” for example exist in their decisions. Because of such fact, one can understand that why Huawei can grow up steadily compared with most of private enterprises which always have a big rise and fall.

Standardisations

Like Toyota, Huawei also devotes itself to making itself standardised. Ren Zhengfei pays lots of attention to forcing employees to learn standardisations which have been identified around world. He thinks that such standardisations should be easier to operate. So once there is a standard the employees will follow it and will not change easily. Blindly innovative operations hardly occur in Huawei. For most private enterprises, they do not care lot about such standard and of course they will not have standardisation management which is really an important part in Huawei management.

Innovation

The fact that no blind innovation exists in Huawei does not mean that there is no innovation in Huawei. Conversely, Huawei is especially famous for its ability of innovation in the world. Every year they will invest 10% of revenue into innovation, which is constantly not changed from its establishment. After the famous lawsuit between Huawei and Cisco in 2003, Huawei became more concerned about its strategic management of patent, which is not concerned yet in some private enterprises. Now in Huawei every day there are average 3 or 4 new patents invented, which seems impossible for normal private enterprises in China. Of course, the reason why many private enterprises do not have management of patent is that they do not have such great ability of innovation like Huawei.

Conclusion

So there is a big gap with respect to management and government between Huawei and Chinese traditional private enterprises. Generally speaking, Huawei's management and governance are more scientifically systematic and theoretical than those of some private enterprises in China. There are three main points about the difference.

Firstly, their attitudes towards employees are different. Huawei regards its employees as its unique resource, which is one factor of successful competition. In order to improve the competition of this factor, it tries best to simulate and improve employees by giving lots of benefits, rights

of management and chances to train. Huawei is always attempting to make everyone involve in management. Some private enterprises in China just think that there is a contractual relationship with employees and do not regard their employees as one part of companies and even they do not guarantee employees' basic benefits required by law, as response to which employees are not loyal to companies.

Secondly, Huawei pays much attention to innovation which cannot always get enough concern from many private enterprises. It is no doubt that patent and technology is critically important in the path of internationalisation if a company wants to be competitive, which Huawei realized and responded with a scientific management of patents from its foundation. However, in many enterprises in China, innovation does not get enough attention and patent management is rare in most companies. What they usually do is to buy patents from others or just assemble products for others, which results in the dependence on companies overseas. Patent management contributes a lot to the success of internationalisation for Huawei.

Thirdly, there is an open culture in Huawei. Culture in company has a strong influence on reformation and development. Open culture makes the company in the condition and atmosphere of development and improvement constantly. When the distribution of interests changes, a usual result of reforms, open culture can make it easier for employees to accept the new changes. Conversely, many private companies in China fail to develop an open culture, which makes it difficult for them to reform or even just change a little. Because of the lack of open culture, employees and some senior officers are unwillingness to accept a little change in their interests. Thus a high quality working environment and open enterprise's culture facilitates reform, improvement, and upgrade of management.

REFERENCES

- [1] Tan J. Regulatory environment and strategic orientations in a transitional economy: A study of Chinese private enterprise [J]. *Entrepreneurship: Theory and Practice*, 1996: 31-44.
- [2] Li H, Meng L, Wang Q, et al. Political connections, financing and firm performance: Evidence from Chinese private firms[J]. *Journal of development economics*, 2008, 87(2): 283-299.
- [3] Qingyan S Z L. Market Environment, Entrepreneur's Capacity and Enterprise's Economic Performance: An Empirical Study about the Influences on Chinese Private Enterprise's Economic Performance in Transition [J][J]. *Nankai Economic Studies*, 2006, 2: 009.
- [4] Chen B, Feng Y. Determinants of economic growth in China: Private enterprise, education, and openness [J]. *China Economic Review*, 2000, 11(1): 1-15.

- [5] Chen G, Li J, Matlay H. Who are the Chinese private entrepreneurs?: A study of entrepreneurial attributes and business governance[J]. *Journal of Small Business and Enterprise Development*, 2006, 13(2): 148-160.
- [6] Tian G. Property rights and the nature of Chinese collective enterprises [J]. *Journal of Comparative Economics*, 2000, 28(2): 247-268.
- [7] Anderson A R, Li J H, Harrison R T, et al. The increasing role of small business in the Chinese economy [J]. *Journal of Small Business Management*, 2003, 41(3): 310-316.
- [8] Gibb A, Li J. Organizing for enterprise in China: what can we learn from the Chinese micro, small, and medium enterprise development experience [J]. *Futures*, 2003, 35(4): 403-421.
- [9] Garnaut R. Private enterprise in China [M]. ANU E Press, 2012.
- [10] Zhonghui W. Private enterprise in China: an overview[J]. *The Journal of Communist Studies and Transition Politics*, 1990, 6(3): 83-98.
- [11] Wank D L. The institutional process of market clientelism: Guanxi and private business in a South China city [J]. *The China Quarterly*, 1996, 147: 820-838.
- [12] Wen-bin S, Siu-lun W. The development of private enterprise in contemporary China: Institutional foundations and limitations [J]. *China Review*, 2002: 65-91.
- [13] Steinfeld E. Chinese enterprise development and the challenge of global integration [J]. *Global production networking and technological change in East Asia*, 2004: 255-96.
- [14] Chen W. Does the colour of the cat matter? The red hat strategy in China's private enterprises [J]. *Management and Organization Review*, 2007, 3(1): 55-80.
- [15] Jian-zhong D A I. A Study of Chinese Private Enterprise Owners [J][J]. *Journal of Renmin University of China*, 2001, 2: 003.

THE AUTHORS

Louis Wierenga, is a PhD candidate at the University of Tartu's Johan Skytte Institute of Political Studies. His research interests include nationalism, populist radical right parties, gender and politics, youth organisations of far-right parties and transnational networks within Central and Eastern European far-right parties with a focus on Latvia and Estonia. His current research focuses on far-right parties in the Baltic countries and their relationship with the Russian-speaking population after the onset of the refugee crisis. He received his MA from the University of Toronto's Munk School of Global Affairs and a BA in history from York University.

Arūnas Molis, holds a BA in political science from Institute of International relations and political science of Vilnius University (VU IIRPS), an MA in European Studies from Hochschule Bremen (University of applied sciences) and an MA in International Business Law from Vytautas Magnus University (Kaunas), as well as a PhD in political sciences from VU IIRPS. He works as professor at Vytautas Magnus University and holds visiting appointments at Bologna University (Italy). His academic interests relate to international and European security, role of energy in international relations, energy resources management, European integration and others.

Justinas Juozaitis, is a PhD candidate in political science at Department of Political Science and Diplomacy, Vytautas Magnus University. Apart from writing a PhD thesis on Lithuanian national interests in the energy policies of intergovernmental organisations, he teaches some courses on international relations and energy policy, works as a junior researcher at Energy Security Research Centre and is a member of Future Energy Leaders network "FEL-100" at World Energy Council. He is mostly interested in Baltic States' security issues, foreign and energy policies.

Vladislav Volkov, Dr. sc. soc., senior researcher of the Institute of Philosophy and Sociology (the University of Latvia). Scientific specialisation – sociology of ethnic minorities in Latvia. The author of 4 scientific monographies and more than 110 scientific articles on the sociology of ethnic minorities in Latvia. Expert of The Latvian Council of Science, branch – "Sociology". The editor of the scientific journal "Ethnicity" (issued by the Institute of Philosophy and Sociology (the University of Latvia)).

Volkan Sezgin, is a Doctoral Student at the University of Rome "Tor Vergata", Faculty of Economics, Rome, Italy. Before joining the Doctoral Program, he studied economics at the Middle East Technical University

(METU) in Ankara and completed his master's degree in economics at the University of Manchester. Mr. Sezgin also holds another master's degree from science and technology policy studies from METU. Currently, he is working as a senior foreign trade expert at the Ministry of Economy of the Republic of Turkey and he was as a National Expert in Professional Training (NEPT) at the European Commission under the command of DG Economic and Financial Affairs in 2014.

Henry Kam Kah, is an Associate Professor of History at the University of Buea in the South West Region of Cameroon and researches on globalisation, conflict, culture, governance, popular culture, civil society, gender and security. He has published several scholarly papers in peer reviewed journals in Cameroon and abroad, book chapters and attended several international symposia, workshops, seminars and conferences where he presented papers on these issues. He belongs to learned societies such as the American Political Science Association (APSA), the Council for the Development of Social Science Research in Africa (CODESRIA), the West African Research Association (WARA), the Pan African Anthropologists Association (PAAA), the African Politics Contact Group (APCG) and the Association of Friends of the Archives and Antiquities Cameroon (AFAAC). He is also associate research fellow of the Institute of African Studies, University of Ibadan, Ibadan Nigeria. He was DAAD Guest Professor at the Department of History at the Heinrich Heine University Dusseldorf between October 2015 and March 2016.

Natalja Šroma, Dr. Philol., is an Associate Professor at the Department of Russian and Slavonic Studies of the Faculty of Humanities, University of Latvia, as well as Head of the BA and MA programmes in Russian Philology. She has published a variety of articles on the modern Russian literature. Current interests include history of the literature of the Russian emigration, literature of Latvia of the 1920s–1930s, and gender and feminism studies. She has participated in several international research projects, including the EEA and Norway Grant project “Gender, Culture and Power: Diversity and Interactions in Latvia and Norway”.

Anastasija Vedela, Dr. Philol., is a part-time teacher and a project coordinator at the Department of Russian and Slavonic Studies of the Faculty of Humanities, University of Latvia. Her PhD thesis was defended in the field of comparative literature. Current interests include history of the literature of the Russian emigration, literature of Latvia of the 1920s–1930s, and gender and feminism studies. As an expert participated in the EEA and Norway Grant project “Gender, Culture and Power: Diversity and Interactions in Latvia and Norway”.

Haidong Feng, graduated from School of Finance, Lanzhou University of Finance and Economics, and obtained his Bachelor degree in 2009. Now he is an MBA student at the School of Management, Lanzhou University, and through the agreement for student exchange programmes between Lanzhou University and University of Latvia, he is an exchange student at the Faculty of Business, Management and Economics, University of Latvia.

Zhenhua Zhang, graduated from School of Management, Lanzhou University, and obtained his Bachelor degree in 2014. Now he is a graduate student at the School of Management, Lanzhou University. He is also an exchange student in Faculty of Economics and Management, Otaru University of Commerce.

Li Fan, graduated from School of Economics, Lanzhou University, and obtained her Bachelor degree in 2014. Now she is a graduate student at the Jinhe Center for Economic Research, Xi'an Jiaotong University, China. She is also an exchange student in Faculty of Economics and Management, Otaru University of Commerce.

