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## **POSITIVE EQUILIBRIUM IN USA - CHINA RELATIONS: DURABLE OR NOT?**

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### **Abstract**

Repeated episodes of Chinese public pressure against the United States during 2009 and 2010 on a wide range of issues involving seas near China, Taiwan, Tibet, and economic disputes are subject to different interpretations but on balance they do not seem to seriously upset the prevailing positive equilibrium between the US and Chinese governments.

### **Keywords**

The United States; China; engagement; assertiveness; push-back

### **How to cite this article**

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## **POSITIVE EQUILIBRIUM IN USA - HINA RELATIONS: DURABLE OR NOT?**

**Robert Sutter**

### **Introduction**

Relations between the United States and China emerged as the most important bilateral relationship in the 21<sup>st</sup> century. China's global economic importance and rising political and military power came in a world order where the United States faced many challenges but still exerted broad leadership reflecting its superpower status. Whether the two powers will support international peace and development and pursue more cooperative ties, will become antagonistic as their interests compete, or will pursue some other path in world affairs, remains the subject of ongoing debate among specialists and policy makers in both countries.<sup>1</sup>

Publicly, officials in China and the United States tended for much of this decade to emphasize the positive aspects of the relationship. These include ever closer trade and investment ties leading to deepening economic interdependence of the United States and China. Converging security interests involve dealing with international terrorism, North Korea's nuclear weapons program, UN peacekeeping and other issues involving sensitive situations in Asia and the world. China has come far in the post Mao Zedong (d. 1976) period in adopting norms of free market economic behavior supported by the United States and essential to China's success in dealing with the conditions of economic globalization of the current era. China also has substantially changed policies on proliferation of weapons of mass destruction to conform more to US-backed international norms.

US-China collaboration on climate change and environmental issues has grown in the recent period, and bilateral discussion on human rights continues amid mixed reviews on progress in China toward accepting US-backed international norms. US-China differences over Taiwan have subsided with the coming to power in 2008 of Taiwan President Ma Ying-jeou, who has sharply shifted Taiwan toward a more cooperative stance in relations with China. In broad terms and with some reservations, the US government accepts and supports the Chinese Communist administration as a leading actor in world affairs; the Chinese administration has moved to accept, at least for now, the existing international order where the United States exerts leading power in Asian and world affairs.<sup>2</sup>

The benign image of China-US relations that flowed from recent public discourse of US and Chinese officials was reinforced by prominent commentators, particularly in the United States, emphasizing the convergence of interests between the United States and

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<sup>1</sup> Aaron Friedberg (2009). "Is China a Military Threat?—Menace," *The National Interest* (September-October 2009, 19-25, 31-32.

<sup>2</sup> Kenneth Liberthal (2009). "The China-US Relationship Goes Global," *Current History* 108: 719 (September 2009) 243-246.



China. Some argued for an international order determined chiefly by cooperation between the two governments, what is called a "G-2" world order for the 21<sup>st</sup> century.<sup>3</sup>

In practice, however, Sino-American relations remain more complicated and conflicted than recent official discourse and arguments by commentators in favor of a Sino-American international condominium would lead us to expect. A review of the many decades on Sino-American relations shows enormous changes over time, with patterns of confrontation, conflict, and suspicion much more prevalent than patterns of accommodation and cooperation. The past four decades have featured sometimes remarkable improvements in relations as leaders on both sides have pursued practical benefits through pragmatic means. That the base of cooperation is often incomplete, thin, and dependent on changeable circumstances at home and abroad shows as the societies and governments more often than not demonstrate salient differences over a variety of critical issues involving security, values, and economics. If one gets below the surface of recent positive official discussion, a review of developments and trends shows officials, elites, and public opinion on both sides demonstrating suspicion and wariness of the other country and its possible negative intentions or implications affecting Sino-American relations.<sup>4</sup>

### **Positive Equilibrium in Relations between the US and Chinese Administrations**

Fortunately for those seeking improvement in Sino-American relations, the many differences between the United States and China more often than not were off-set in the first decade of the 21<sup>st</sup> century by circumstances that caused the two leaderships to pragmatically manage their differences while seeking to avoid trouble and where possible develop common ground. The process was not uniform or smooth, but the result was a positive equilibrium between the US and Chinese administrations that appeared likely to persist into the second decade of the 21<sup>st</sup> century, despite many differences and disputes.<sup>5</sup>

During this period, both the US and Chinese administrations became preoccupied with other issues; they generally seemed reluctant to exacerbate tensions with one another. Growing economic interdependence and cooperation over key issues in Asian and world affairs reinforced each government's tendency to emphasize the positive and pursue constructive relations with one another. The emerging positive stasis in US-China relations provides a basis for greater cooperation over economic, security and other interests and issues.

Differences in strategic, economic, political and other interests also have remained strong; they represent major obstacles to further cooperation between the two countries. Policy makers in both countries also continue to harbor suspicions about each others' intentions. They remain on alert for changing circumstances regarding Taiwan, Japan, North Korea, international economic trends, US and Chinese domestic politics, and other developments that could seriously complicate the bilateral relationship.

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<sup>3</sup> Elizabeth Economy and Adam Segal, "The G-2 Mirage," *Foreign Affairs* 88:3 (May-June 2009) 56-72.

<sup>4</sup> Sutter, Robert (2010). *U.S.-Chinese Relations: Perilous Past, Pragmatic Present* Lanham, Md.: Rowman and Littlefield.

<sup>5</sup> Sutter, *U.S.-Chinese Relations*:147-168.



A pattern of dualism in US-China relations has arisen as part of the ostensibly positive equilibrium in this decade. The pattern involves constructive and cooperative engagement on the one hand and contingency planning or hedging on the other. It reflects the mix noted above of converging and competing interests and prevailing leadership suspicions and cooperation.

Chinese and US contingency planning and hedging against one another sometimes involves actions like the respective Chinese and US military buildups that are separate from and develop in tandem with the respective engagement policies the two leaderships pursue with each other. At the same time, dualism shows as each government has used engagement to build positive and cooperative ties while at the same time seeking to use these ties to build interdependencies and webs of relationships that have the effect of constraining the other power from taking actions that oppose its interests. While the analogy is not precise, the policies of engagement pursued by the United States and China toward one another have featured respective "Gulliver strategies" that are designed to tie down aggressive, assertive or other negative policy tendencies of the other power through webs of interdependence in bilateral and multilateral relationships.

The recent positive stasis in US-China relations is based on an increasing convergence of these respective engagement policies and Gulliver strategies. But the fact remains that these Gulliver strategies reflect underlying suspicions and conflicting interests that feature prominently in the calculations of both the US and Chinese administrations as they pursue their relations with one another.<sup>6</sup>

Beginning in the last half of the 1990s, Chinese leaders reviewed and reassessed their previous more confrontational approach to US pressures against China and longstanding Chinese opposition to US dominance and so-called "hegemony" in Asian and world affairs. These US pressures and dominance previously had been seen as antithetical to Chinese interests and as requiring strong opposition and resistance by China.

There was debate among foreign and Chinese specialists regarding the significance of this reassessment. According to some foreign specialists who interviewed numerous Chinese officials and foreign policy specialists, the Chinese leaders by the latter 1990s settled on a strategy that played down differences with and resistance to the United States, in favor of an approach of ever greater cooperation with the American government. This approach was said to remain sensitive to US intrusions on important Chinese interests involving Taiwan, but it deemphasized past Chinese concerns regarding US policies and behavior designed to solidify US leadership in Asian and world affairs.<sup>7</sup>

Against this background, some US and Chinese specialists judged that the new Chinese approach of pragmatic adjustment met and would continue to meet US approval and result in ever greater convergence and cooperation in US-China relations. They maintained that the Chinese adjustment was based on greater maturity and confidence among Chinese leaders as they dealt with the United States and world affairs. Chinese

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<sup>6</sup> This dualism and respective Gulliver strategies are discussed in Robert Sutter, "China and US Security and Economic Interests: Opportunities and Challenges," in Ross, Robert and Tunsjo, Oystein (2010) eds., *US-China-EU Relations: Managing The New World Order* London: Routledge.

<sup>7</sup> Goldstein, Avery (2005). *Rising to the Challenge: China's Grand Strategy and International Security*. Stanford, Calif.: Stanford University Press.



maturity and confidence were seen as based on the Chinese leaders' success in promoting decades of remarkable economic growth along with military modernization and social change in China. Indeed, the maturity and confidence was said to lie behind much of the "new thinking" said to be influencing greater Chinese involvement in regional and other multilateral organizations, and to off-set traditional Chinese views of having been victimized by outside powers and needing to be on guard to prevent future exploitation or oppression.<sup>8</sup>

An opposing school of thought among US and Chinese specialists, which includes this writer, judges that the circumstances surrounding Chinese foreign policy and Chinese policy toward the United States have remained and continue to remain far too uncertain to posit a truly lasting Chinese strategy of cooperation and convergence with the United States. There have been remarkable twists and turns in Sino-American relations, even following the reported Chinese leadership decision in the latter 1990s to pursue a moderate policy toward the United States. The stability of what is seen as an inherently fragile relationship was challenged this decade by antipathy in the United States over Chinese policies and practices in economic, security, and other areas, and by the policies and practices of Taiwan, North Korea, Japan, and other international actors.<sup>9</sup>

This writer and other specialists in this group remain unconvinced that Chinese leaders are confident and mature in their recent moderate approach to the United States. Rather, Chinese leaders are seen as often vulnerable and uncertain as they react and respond to policies and practices, particularly of the powerful and sometimes unpredictable United States government but also including the leaders of Taiwan, Japan, Russia, North Korea, India and others. They adjust to changing circumstances, weighing in each instance the costs and benefits of maintaining or changing policies, and thereby seek to sustain key Chinese leadership priorities and advance the development of what they call China's comprehensive national power.

In recent years, Chinese leaders are seen by this group of analysts as hedging their bets as they endeavor to persuade the United States and other important world powers of China's avowed determination to pursue the road of peace and development. Thus, the new thinking seen in greater Chinese international activism and positivism regarding multilateral organizations and world politics highlighted in the December 2005 Chinese White Paper entitled *China's Peaceful Development Road* appears to be only one part of recent Chinese foreign policy. Such positive and cooperative new thinking seems balanced by a concurrent large-scale buildup in Chinese military forces backed by assertions in Chinese white papers on national security, other official commentary, and assertive diplomatic and military actions that make clear that Chinese leaders are quite prepared to protect their interests in strong and assertive ways under circumstances seen to warrant such actions. In the meantime, the new Chinese diplomatic and international activism and positivism not only fosters a positive and beneficent image for China. They are seen by these analysts as serving an important practical objective of fostering norms and practices in regional and

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<sup>8</sup> Medeiros, Evan and Fravel, R. Taylor (2003). "China's New Diplomacy," *Foreign Affairs* 82:6 (November-December 2003): 22-35.

<sup>9</sup> Shirk, Susan (2007). *China: Fragile Superpower*. New York: Oxford University Press. Sutter, Robert (2007). *Chinese Foreign Relations: Power and Policy since the Cold War* Lanham, Md.: Rowman and Littlefield: 3-12.



international organizations and circumstances that create a buffer against perceived US efforts to “contain” China and to impede China’s rising power. Roughly consistent with the image of the “Gulliver strategy” noted earlier, they foster webs of interdependent relationships that tie down and hamper unilateral or other actions by the US superpower that could intrude on important Chinese interests in Asian and world affairs.<sup>10</sup>

## **2009-2010-a time of “testing” in Sino-American relations**

### **Events in 2009**

It was against this background that President Barack Obama took office in January 2009. 2009 showed the strengths and the weaknesses of contemporary American engagement with China. President Barack Obama entered office to face a host of major international and domestic problems. China policy was not one of them. The president’s campaign was unusual as China policy was absent as a significant issue of debate. Expert opinion urged the incoming US government to pursue the positive equilibrium seen in closer US-China engagement developed during the latter years of the George W. Bush administration.<sup>11</sup>

As noted earlier, prominent Americans saw cooperation between China and the United States as the most important relationship in 21<sup>st</sup> century international politics. They argued for a “G-2” condominium between Washington and Beijing in order to direct major international issues including the global economic recession, climate change, conflicts in Afghanistan and Pakistan, and nuclear weapons development in North Korea and Iran.

The Obama government was more realistic about what could be expected in cooperation with China. It sought China’s assistance, as well as the assistance of other important powers, in dealing with complicated international issues. It tried to reassure Chinese leaders that the US government would not seriously challenge China in dealing with sensitive issues regarding trade protectionism, human rights, meeting with Tibet’s Dalai Lama, and arms sales to Taiwan. It followed the pattern developed during the Bush administration of dealing with the many differences in US-China relations through various bilateral dialogues. There are over sixty such dialogues, including an annual meeting led by the US Secretaries of State and Treasury, where American and Chinese leaders endeavor to manage their differences and broaden cooperation, out of the limelight of media scrutiny. As a result, the carefully managed public discourse between the US and Chinese governments continued to emphasize the positives in the relationship. Differences were dealt with in private meetings.<sup>12</sup>

Nevertheless, many significant differences became vividly clear as the year wore on, underlining the limits of positive US-Chinese engagement. Chinese officials criticized

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<sup>10</sup> Saunders, Phillip (2006). *China’s Global Activism: Strategy, Drivers, and Tools* (Washington, D.C.: National Defense University Press Institute for National Strategic Studies Occasional Paper 4 June 2006): 8-9.

<sup>11</sup> deLisle, Jacques (2009). *China Policy Under Obama* Foreign Policy Research Institute *E-Notes* February 15

<sup>12</sup> Liberthal, “The China-US Relationship Goes Global.”



the Obama government's strategy in Southwest Asia and eschewed significant involvement against the Taliban. Chinese leaders complained frequently about US stewardship in the global economy and made repeated references to diversifying from the US market, investment in US government securities, and use of the US dollar. American complaints about restricted access to the Chinese market amid the massive trade deficit with China saw some moves to restrict Chinese imports and other actions which China greeted with trade retaliation and loud charges of protectionism.<sup>13</sup>

Chinese and American officials endeavored to develop common ground on climate change, but progress was limited and public acrimony between the US and Chinese delegations highlighted the December international meeting in Copenhagen. President Obama undertook extraordinary last minute efforts to get China, India, Brazil and South Africa to join in support of the limited accord that was agreed to.<sup>14</sup>

Sino-American cooperation was better in dealing with North Korea's second nuclear weapons test and other provocations, but the powers remained at odds regarding the utility of using international pressure to compel North Korean cooperation. Beijing was even more reluctant to apply pressure against Iran's nuclear development.<sup>15</sup>

Military relations remained tense. Chinese government ships confronted and harassed US Navy surveillance ships patrolling in international waters that China claimed as a special zone in the South China Sea. China blocked military exchanges for months because of a US arms transfer to Taiwan late in the Bush administration. Renewed military exchanges in 2009 featured strong Chinese warnings against US arms sales to Taiwan.<sup>16</sup>

Against this background, expectations for US-China relations were guarded. Deep mutual suspicion reportedly characterized official US-China interchange. Non-government demonstrations of antipathy showed, especially on the American side. The US media was very critical of President Obama's "weak" stance on various human rights, trade and other issues sensitive to Americans during his November trip to China. Majorities of Americans were unimpressed by the purported benefits of engagement as they continued to disapprove of the Chinese government and increasingly saw China as a threat to the United States.<sup>17</sup>

Despite their salience, disputes and differences in US-China relations in 2009 did not appear sufficient to substantially upset enduring patterns of pragmatic decision making among the Chinese and American leaders focused on continued engagement with one another. The Obama administration remained preoccupied with a wide range of important domestic and foreign policy questions. In this context, a significant dispute with China appeared among the last things the preoccupied US government would want; on the contrary, the incentive to continue at least a semblance of cooperation and to avoid conflict with China seemed strong.

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<sup>13</sup> Glaser, Bonnie (2010). "Obama-Hu Summit: Success or Disappointment?" *Comparative Connections* 11:4 (January 2010), 25-35.

<sup>14</sup> Babington, Charles and Loven, Jennifer (2009). "Obama raced clock, chaos, comedy for climate deal," [www.ap.com](http://www.ap.com) December 19 (accessed December 21, 2009)

<sup>15</sup> Landler, Mark (2010). "Clinton warns China on Iran Sanctions," *New York Times* January 29, 2010 [www.nytimes.com](http://www.nytimes.com) (accessed February 23, 2010).

<sup>16</sup> Buckley, Chris (2010). "China PLA officers urge economic punch against US," *Reuters* February 9, 2010 [www.reuters.com](http://www.reuters.com) (accessed February 12, 2010)

<sup>17</sup> Glaser, "Obama-Hu Summit."



The Chinese administration of President Hu Jintao set a central foreign and domestic policy goal for the next decade focused on China fostering a continuation of the prevailing international situation seen generally advantageous for China in order to allow for expeditious modernization in China. Exploiting this period of perceived "strategic opportunity" in international affairs seemed to require keeping US-China relations moving in positive directions.<sup>18</sup>

The Hu Jintao administration worked hard in fostering business-like and constructive relations with the George W. Bush administration. In 2009, the Chinese administration insured that its initiatives and probes did not seriously disrupt the advantages for China in sustaining generally positive relations with the United States. Thus, Chinese probes against US military surveillance in the South China Sea subsided. Despite public complaints and threats, Chinese investment in US securities continued and Chinese reliance on the US dollar remained. While Chinese officials planned for an eventual reliance on the Chinese consumer to drive economic growth, Chinese entrepreneurs seemed determined to sustain and expand their shares of the reviving US market. China also acceded to varying degrees to US arguments on North Korea, Iran, and climate change. It resumed active military contacts cut off because of US arms sales to Taiwan in 2008.<sup>19</sup>

## Early 2010

Unfortunately for those seeking to strengthen the image of positive cooperation and engagement between the two world powers, 2010 got off to an acrimonious start. February was a particularly bad month. Chinese officials and authoritative commentary took the unusual step of escalating criticism and threats against reports of planned US arms sales to Taiwan. The Chinese administration well knew that the sales were expected and had probably been delayed in order to avoid controversy prior to President Obama's visit to China in November 2009. Nonetheless, official Chinese media was full of warnings in early 2010 against the sales. When the US package of \$6.4 billion of weapons systems was announced in early February, the Chinese reaction was publicly strong. Concrete retaliation included halting some defense talks, while threatened retaliation was directed against US firms selling military equipment to Taiwan and included warnings that China would be less cooperative with US officials in dealing with such salient international problems as Iran's suspected nuclear weapons program.<sup>20</sup>

The Obama government made no secret of the fact that in deference to China and concern over the president's trip to Beijing in November, the US government had postponed the US president's meeting with the Dalai Lama rather than meet with the Tibetan leader during his visit to Washington in October 2009. Thus, when news of the rescheduled Obama-Dalai Lama meeting surfaced in February 2010, Chinese officials

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<sup>18</sup> Lampton, David Michael, *The Three Faces of Chinese Power* Berkeley CA: University of California Press: 32-36.

<sup>19</sup> See quarterly reviews of US-China relations in *Comparative Connections* [www.csis.org/pacfor](http://www.csis.org/pacfor)

<sup>20</sup> Romberg, Alan (2010). "Beijing's Hard Line against US Arms Sales to Taiwan," *PACNET Newsletter* #4 February 3, 2010 [www.csis.org/pacfor](http://www.csis.org/pacfor)



and media once again appeared to be trying to intimidate the Americans by warning against the meeting and its consequences for US-China relations.<sup>21</sup>

### **China's Tougher Posture—Competing Views**

Coming after the sometimes acrimonious Sino-American interaction at the international climate change meeting in Copenhagen and following limited US success in eliciting greater Chinese support for key US international objectives regarding climate change, Iran's nuclear program, and international currency and trade issues, the tougher public posture of China prompted a range of speculation by media observers and international affairs specialists in the United States, China, other parts of Asia and the West. While there were often widely varying views and perspectives, the debate focused on two general groups.

The more prominent group warned of a potential or actual turning point in China-US relations.<sup>22</sup> The specialists and media commentators in this group tended to see rising China as having reached a point of greater power and influence in world affairs, and this rise was now prompting China to press the United States for concessions on key issues of longstanding dispute like Taiwan and Tibet. China's greater "confidence" and "assertiveness" also were prompting Beijing to take tough stances in disputes with the United States on currency and trade issues, human rights practices, and cyber attacks, and to do less in support of US-backed international efforts regarding Iran, North Korea, and climate change. Some saw China taking the lead and setting the agenda in US-China relations, with the United States placed in a weaker and reactive position.<sup>23</sup> It was common among these commentators for the Americans and others in Asia and the West among them to argue for a tougher US stance against China, a so-called American "push-back" against perceived Chinese assertiveness.<sup>24</sup> However, some specialists in this group judged that the Obama government, with its many preoccupations, was not up to the task of managing the newly assertive China; they saw a shift in international power in Asian and world affairs away from US leadership and toward China developing greater momentum.<sup>25</sup>

The specific points made by these commentators and specialists included the following:

- China emerged from the global economic crisis of 2008-2009 stronger than other major powers, including the United States, which remained stuck in a slow recovery with large unemployment. Commentators in China and abroad commonly saw economics as the prime cause for the power shift away from US leadership and toward China that they perceived was well underway in Asian and world affairs. Indeed, it was judged by some that the international economic system was undergoing a significant change, away from Western-led norms and institutions and

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<sup>21</sup> "China warns against Obama-Dalai Lama meeting," *Reuters* February 3, 2010 [www.reuters.com](http://www.reuters.com) (accessed February 23, 2010).

<sup>22</sup> Shambaugh, David (2010). "The Chinese tiger shows its claws," *Financial Times* February 17, 2010 [www.ft.com](http://www.ft.com) (accessed February 23, 2010).

<sup>23</sup> Hoagland, James (2010). "As Obama bets on Asia, regional players hedge," *Washington Post* February 11, 2010 [www.washingtonpost.com](http://www.washingtonpost.com) (accessed February 23, 2010).

<sup>24</sup> Marr, Kendra (2010). "W.H. takes tougher tone with China," *Politico* February 16, 2010 [www.politico.com](http://www.politico.com) (accessed February 23, 2010).

<sup>25</sup> Jacques, Martin (2010). "Crouching dragon, weakened eagle," *International Herald Tribune* February 16, 2010, [www.ihf.com](http://www.ihf.com) (accessed February 23, 2010).



toward international regimes where rising China would play an ever greater role seen at odds with the liberal Western order fostered by the United States.

- In his visit to China in November 2009 and other US-China interchange, President Obama and his administration signaled a strong need for US cooperation with China on a wide variety of international as well as bilateral issues. The US policy agenda was seen to underline the necessity of the US government working closely with China. Under these circumstances, Chinese leaders were portrayed by Chinese and foreign experts to have discerned that America needed China more than China needed the United States. In the past, such calculations were seen behind upsurges in Chinese pressure on the US government regarding Taiwan and other issues. In the current case, President Obama was viewed as “weak” and needing to accommodate China, which could afford to make stronger demands and to do less to accommodate its American partner.
- One line of analysis in this group said that the incentive for senior Chinese leaders to adopt tougher and less cooperative policies toward the United States had less to do with their confidence in international affairs and more to do with their concerns about managing domestic Chinese pressures. Chinese elites and popular opinion reportedly were influenced by international and Chinese commentary highlighting China’s rise from the economic crisis while the United States lagged behind. These segments of Chinese opinion joined with those officials in China representing military, domestic economic and other stakeholders in China’s ever growing international profile who were not associated with the more experienced and generally diplomatic approach of the professional Chinese foreign policy establishment. The domestic, military and other officials joined with popular and elite opinion in pushing for greater attention to Chinese interests and greater resistance to US requests or pressures. In order to preserve domestic stability and the continued smooth rule of the communist party in China, President Hu Jintao and other leaders were seen to have little choice but to accommodate domestic forces pushing for a harder position against America.<sup>26</sup>

The second group of Chinese and international observers was much less prominent than the above noted commentators during early 2010. The specialists and commentators of the second group duly acknowledged China’s more publicly assertive stance on Taiwan and Tibet; limited Chinese cooperation with the United States on issues ranging from currency and trade issues to climate change and Iran’s nuclear program also was noted. These observers often anticipated a difficult year ahead for Sino-American relations, especially as the Obama government was pressed by domestic economic and political forces in the United States to adopt a firmer stance against China on sensitive issues like human rights, trade disputes, and Iran.

However, these specialists and commentators tended to see more continuity than change in Sino-American relations.<sup>27</sup> They disagreed with idea that China had now reached a point where it was prepared to confront America on key issues and or where

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<sup>26</sup> Wong, Edward (2010). “Rift grows as US and China seek differing goals,” *New York Times* February 20, 2010 [www.nytimes.com](http://www.nytimes.com) (accessed February 23, 2010)

<sup>27</sup> Pei, Minxin (2010), “The Tension is overstated,” *International Herald Tribune* February 16, 2010 [www.iht.com](http://www.iht.com) (accessed February 23, 2010); Elizabeth Economy, “The US and China Have at it Again; but it’s much ado about nothing,” <http://blogs.cfr.org> February 2, 2010 (accessed February 12, 2010).



it was prepared to risk substantial deterioration in Sino-American relations. Some of these observers tended to see the Chinese pressure on Taiwan and Tibet as “probes” or “tests” of US resolve, not unlike the probes China appeared to carry out in the South China Sea in 2009 and in threatening that year to move away substantially from the US dollar and to move away from focus on the US market for Chinese exports. As noted earlier, China was viewed to have pulled back from those 2009 initiatives once it was clear that their consequences would be adverse to broad Chinese interests.<sup>28</sup>

Among specific reasons for judging continuation of Chinese efforts to avoid substantial conflict and sustain positive engagement in the United States were:

- China’s dependence on the US economy and its reliance on the international order led by the United States remained enormous. The ability of an aroused United States to complicate and undermine Chinese interests in sustaining the “strategic opportunity” of an advantageous international environment in the first two decades of the twenty first century also remained enormous.
- China was compelled in the previous decade to reverse its strong opposition to US hegemonism in the interests of a policy to reassure the United States and its associates that China’s rise would be peaceful. It did so in major part to avoid US balancing that would impede China’s growth and so complicate China’s rise that it might lead to the end of the CCP regime.<sup>29</sup> Reversing such a policy approach would be a very difficult undertaking for a Hu Jintao administration entering its last years with a focus on smooth succession from one leadership generation to the next. Thus, the incentive for the Hu Jintao administration to sustain generally positive Sino-US relations was reinforced by the pending generational leadership succession due to take place at the 18<sup>th</sup> Chinese Communist Party Congress in 2012. Preparations for this decennial event involve widespread behind-the-scenes bargaining over policy, power, and appointment issues that are best carried out in an atmosphere where Chinese leaders are not diverted by serious controversy among the many issues they face at home and abroad, notably Sino-American relations.
- If China were to choose to confront the United States, it would presumably be inclined to follow the past pattern China used in dealing with international initiatives against potential or real adversaries. That pattern involves “united front” tactics whereby China is sensitive to and endeavors to build closer ties with other powers as it prepares to confront the adversary, the “main” target. However, prevailing conditions in Chinese foreign relations did not show particularly good Chinese relations with many important world power centers as China faced the United States in 2010. China’s relations with India, Japan, Western Europe, South Korea, Australia, and arguably Russia were very mixed and often troubled. With the exception of Japan, they were more troubled and less cooperative than they were earlier in the decade.

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<sup>28</sup> These points and those in the bullets paragraphs below benefited from off-the-record consultations and meetings the author had with two dozen American specialists and five Chinese officials in Washington DC during February 2010.

<sup>29</sup> Lampton, *Three Faces of Chinese Power* 32-34; Robert Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War* (second edition) Lanham, MD: Rowman and Littlefield, 2010, p. 10.



### **Subsequent events—sustained positive equilibrium**

Events later in 2010 did not resolve the debate between those commentators seeing an assertive China prepared to push the United States on differences, and those commentators seeing Chinese and US leaders seeing their interests well served through policies and practices that avoided conflict and sustained a positive equilibrium in US China relations. However, the zig zags of Chinese behavior challenging US policies and practices appeared to have limits. The top Chinese leaders made clear their concern to preserve and develop the positive equilibrium in US-China relations, notably by beginning preparations to send President Hu to the United States on an official visit in early 2011.<sup>30</sup>

The Americans were disappointed by China's refusal to condemn North Korea for its sinking of a South Korean warship, the *Choenán*, killing 46 South Korean sailors. South Korea, backed by the United States, sought to punish North Korea short of violence, notably through the United Nations. China insured that North Korea was not officially the target of UN actions. South Korea and the United States announced military exercises in the seas on both sides of the peninsula. For the first time in recent memory, China publicly opposed the exercises in the Yellow Sea as a threat to China. The Chinese complaints became a focal point of sharply worded commentary in official and unofficial Chinese media for weeks. Chinese comment especially objected to the US aircraft carrier based in Japan, the *George Washington*, taking part in the Yellow Sea exercises.

Meanwhile, Chinese officials were privately and publicly expanding and refining their recently avowed concern with supporting their "core interests" to include broad claims to island groups in the South China Sea also claimed by other states. The presumably uncompromising claims involving Chinese "core" interests included Chinese unilateral assertions and attempted regulation of military surveillance, fishing, oil exploration and other rights heretofore used the United States and neighboring Southeast Asian countries, among others.<sup>31</sup>

China was put on the defensive in reacting to interventions, including a notable statement by U.S. Secretary of State Hillary Clinton, at the annual ASEAN Regional Forum (ARF) meeting in Hanoi on July 23, 2010 regarding recent tensions in the South China Sea. China's foreign ministry interpreted the U.S. intervention as an attack on China. The ARF meeting also saw a new U.S. presidential commitment, backed by ASEAN, to participate actively in the East Asian Summit, raising the profile of that regional body over China's preference for Asian only regional groups. Further complicating China's regional calculus were prominent advances in U.S. military and other relations with Vietnam shown during celebrations of a US-Vietnam anniversary in August that involved exercises with a U.S. aircraft carrier deployed near disputed regions of the South China Sea. The aircraft carrier, the *George Washington*, was the same ship Chinese commentary had harshly objected to participating in announced South Korean-US exercises in the Yellow Sea. The US contingent of ships included an advanced destroyer that entered Vietnam's Danang harbor. The ship had the symbolically important name, *The John McCain*.

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<sup>30</sup> Glaser, Bonnie (2010), "U.S.-Chinese Relations," *Comparative Connections* 12:3 (October 2010), [www.csis.org/pacfor](http://www.csis.org/pacfor)

<sup>31</sup> "China-Southeast Asia Relations," *Comparative Connections* 12:3 (October 2010) [www.csis.org/pacfor](http://www.csis.org/pacfor)



China long had relied on a regional approach based on growing trade and other economic contacts and bilateral and multilateral diplomacy designed to reassure Southeast Asian neighbors and their regional grouping, The Association of Southeast Asian Nations (ASEAN). As disputes in the South China Sea with regional claimants and the United States gained prominence in recent years, China became more assertive in defending its claims. It notably reconfigured military ships for use in enforcing unilateral fishing bans, deployed strong forces from all three Chinese naval fleets in shows of force in area, and asserted that China's claims to the islands, waters and resources of South China Sea represented a "core interest" of China that presumably brooks no compromise.

Chinese officials and commentary in Chinese media at first countered the U.S. intervention at the ARF meeting and other American policy initiatives in Southeast Asia with charges directed at the United States for its alleged self-serving and destabilizing intentions. Those attacks meshed with public Chinese attacks against concurrent U.S. military exercises with South Korean forces in reaction to North Korea's sinking of a South Korean warship, the *Cheonan*.

Later, some Chinese commentary dissented from the harsh public approach to the United States. The criticism of the United States and others over the South China Sea disputes and other issues subsided. For the time being at least, it appeared that China would remain focused on publicly stressing trade and reassuring diplomacy in Southeast Asia, while defending its territorial claims and continuing to build military capabilities.

In sum, China seemed unprepared to allow the disputes with the United States over the South China Sea, the Yellow Sea, and related matters to escalate in ways that would seriously undermine US-China relations. President Hu Jintao and other senior Chinese leaders went out of their way to greet visiting US envoys not of their rank and conveyed a strong public message of reassurance that China would sustain positive engagement with the United States. Indications of limits of Chinese assertive against the interests of the United States, senior Chinese military leaders reversed recent criticism and told American officials and the world that China sought resumed military exchanges with the United States. More importantly, President Hu began preparations for a major visit to Washington in early 2011.

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## **EUROPEAN IDENTITY – SUPRANATIONAL CITIZENSHIP**

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### **Abstract**

The present article aims to advance a reflexion on the construction of the European Union citizenship/identity and identify the main challenges behind the consolidation of the citizenship bond and the difficulties in making EU citizens becoming more involved in the integration process and in bringing European institutions closer to normal citizens. .

### **Keywords**

European citizenship; Treaty of Lisbon; supranationality; fundamental rights; democratic citizenship; challenges

### **How to cite this article**

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## EUROPEAN IDENTITY – SUPRANATIONAL CITIZENSHIP

**Paula Marques Santos e Mónica Silva**

### Context

In the last few years, European citizenship has assumed increased significance in the debate on the importance of its efficient strengthening to ensure the consolidation of European integration and to bring institutions closer to citizens.

In fact, although Monet did refer to the construction of the community as a union of people and not just states, it was only in the 1990s<sup>1</sup>, with the Treaty on the European Union (TEU) and the Treaty of the European Community (TEC), that article 17 clearly defined a citizen of the EU – this quality was to be recognized in any national of a Member State (MS), whose nationality was that stated in the national laws of the Member State in question.

This citizenship concept immediately took up a supranational nature complementary to that of national citizenship. In other words, EU citizenship was to complement national citizenship, not replace it, and encompassed a set of rights and duties in addition to those stemming from the quality of being a citizen of a MS<sup>2</sup>.

The statute of EU citizenship implied, up to now and for all EU citizens, just a list of rights, of which the following stand out: **right to free movement** and the **right of residence in the territory of any MS; active and passive electoral acts** in the elections into the European Parliament and in municipal elections in the MS of residence, in the same conditions as nationals of the MS in question; right to **diplomatic protection** in a third country (non-EU state) by the diplomatic or consular authorities of another Member State, if their own country does not have diplomatic representation there, to the same extent as that provided for nationals of that Member State; the right to **petition the European Parliament** and the right **to appeal to an Ombudsman** appointed by the European Parliament concerning instances of maladministration in the activities of Community institutions or bodies (procedures governed by Articles 194 and 195 of the TEC; the right to **write to any Community institution or body** in one of the languages of the Member States and to receive a response in the same language (Article 21, third paragraph, TEC); the right to **access**

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<sup>1</sup> Before the signing of the TEU and TEC, joint work was carried out to make the community area more cohesive. During the 1990s, there were significant developments to conceptualize and implement citizenship and education for citizenship in Europe, a process that involved several institutions and entities, including the Council of Europe and the European Commission. The Council of Europe has been involved in human rights and citizenship education since the 1980s. The Erasmus mobility programme, through which the European Commission started promoting educational transnational projects, is an example of that effort. The common denominator in these initiatives was to encourage a feeling of European identity and citizenship.

<sup>2</sup> The listed duties are those that stem from the nationality of each citizen, and there is no added duty resulting from EU citizenship, other than the duty to respect European citizenship and the duty to protect that same citizenship.



**European Parliament**, Council<sup>3</sup> and Commission documents, subject to certain conditions (Article 255, TEC).

However, all these duties associated with European citizenship have always had obvious restrictions: according to article 18, paragraph 1 of the TEC, “every citizen of the Union shall have the right to move and reside freely within the territory of the Member States, subject to the limitations and conditions laid down in this Treaty and by the measures adopted to give it effect”. This reservation refers in particular to the legitimate interest of Member States in requesting social and financial backing before guaranteeing residence permits, in order to protect their public funds. In similar fashion, as Besson points out (2007), these reservations and constraints apply to all European citizenship rights, which are guaranteed and bound by the Treaties. This has been object of concern, since these reservations are acceptable with regard to economic fundamental freedoms, but not in social and political matters. The difficulty increased from the moment EU jurisprudence became more generous in guaranteeing national limits for European citizenship rights than it should have, and allowed these rights to be evoked as one of the four fundamental freedoms. And if it is true that the Court of Justice started an unheard-of and much needed initiative to expand EU citizenship rights in material and personal terms, unfortunately this development has been counteracted by over-broad justifications to limit those rights.

The Treaty of Lisbon denotes the same intention to reinforce citizenship in the Union by increasingly involving citizens in the construction of the EU and in its policy-making using several mechanisms and tools (maintenance or reinforcement of those mentioned above, and creation of others which we shall refer to and which informed our analysis). To this effect, we believe it is of the utmost importance to understand the scope of the concept of European citizenship and how it can truly become operational, so that the dichotomy institutions-citizens can become a real tool for deepening interaction in the construction of the Union, given its unique specificities. In other words, if citizenship is a legal bond between an individual and corresponding Member State in a strict sense, which translates into a set of rights and duties, then we need to provide a frame for this new supranational bond between citizens and the Union, always bearing in mind the absence of duties directly allocated to this supranational relationship, even with the entering into force of the Treaty of Lisbon and the binding/compulsory nature of the Charter of Fundamental Rights.

Indeed, this concept has been given considerable reflection: on the one hand, there have been attempts to identify existing issues preventing the consolidation of European citizenship. On the other, a sufficiently broad definition has been put forward in order to clarify this new type of bond that overflows national borders. Nyers (cf. 2007) offers a summary of some authors’ approaches and contributions. Gerard Delanty examines European citizenship policy and notes some concerns related with lack of solidarity and social justice in this citizenship emerging model. For other authors, such as Aihwa Ong, the concern lies on knowing if the territorial notions of citizenship are still current and relevant or if, nowadays, the concept ought to find other meanings in accordance with the global movements that determine contemporary politics<sup>4</sup>. For Figueroa, in turn,

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<sup>3</sup> In accordance with the wording of the Treaty of Lisbon, this means the Council of Ministers.

<sup>4</sup> Ong stresses the importance of the large urban metropolises that take on global migration flows and theorises how these centres can become a “mutation in citizenship zone” where punishments and rewards are distributed according with the assets that contribute to the urban economy Cf. Nyers (2007).



citizenship involves the following: a commitment to society taking into account its diversity; openness to and solidarity with other individuals and their differences: acceptance of all people; rejection of any form of exploitation, discriminatory treatment or racism (Figueroa, 2000: 57).

Faced with all these uncertainties, we must not forget, as defended by Yeatman (*op. cit.*), that any debate on future European citizenship must always take into account the complex and long-lasting relationship between sovereignty and subjectivity, between the search for individual self-preservation and the States and other entities that aim to legitimize their authority (where we place the EU). In other words, the concept of citizenship will need to be reformulated, since, as Preuss pointed out, "citizenship does not presuppose the community of which the citizen is a member, but creates this very community" (*apud* Osler: 2006).

So far, the level of citizenship attainment in the Union has mostly been due (with the exception of electoral capacity) to a mere systematization of existing rights (particularly in what concerns freedom of movement, right to stay and right to petition). Citizenship is now being enshrined in primary law in the name of a political project.

Contrary to what we have seen with regard to the existing concept of constitution in European states since the proclamation of the Declaration of the Rights of Man and of the Citizen (1789), there are no specific guarantees with regard to fundamental rights associated with EU citizenship<sup>5</sup>. Although paragraph 2 of article 6 of the TEU states that the "Union shall respect" fundamental rights, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms, as well as "the constitutional traditions common" to Member States as general principles of Community law, the article does not mention the legal statute of citizenship of the Union (with regard to the fundamental rights of the Union)<sup>6</sup>. Accordingly, despite what is laid down in paragraph 2 of article 17 of the TEC, EU citizenship does not imply any duties for the Union's citizens, which is a major difference with regard to citizenship of Member States, except the respect for Fundamental Rights and respect for citizenship and defence of the EU, as seen earlier.

With the coming into force of the Treaty of Lisbon, we need to understand how the Charter of Fundamental Rights, with the binding nature it has attained, and the various forms of citizens' direct participation in the policy-making process (especially with the setting up of the European Citizens' Initiative) may favour increasing engagement of citizens in European integration. In other words, how can these mechanisms effectively potentiate the defence of citizens and active citizenship which, according to Hoskins' definition, implies involvement in civil society, in the community and/or political life characterised by mutual respect and non-violence, in accordance with human rights and democracy (Hoskins *et al.*, 2006). This author also aims to demonstrate the existing heterogeneity among EU Member States, in terms of active citizenship, according to the construction of the composite indicator<sup>7</sup>.

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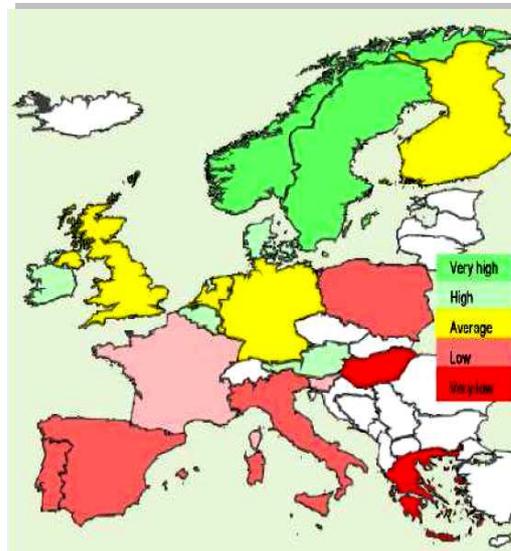
<sup>5</sup> The TL changed this, as the Charter of Fundamental Rights became binding.

<sup>6</sup> Cf. "The Citizens of the Union and Their Rights". *Fact Sheets on the European Union*. [CD-ROM] European Parliament: 2009.

<sup>7</sup> The Active Citizenship Composite Indicator (Hoskins *et al.*) covers 19 European countries and is based on 63 indicators using data collected in the European Social Survey of 2002. The theoretical framework used to construct the active citizenship composite indicator was developed – in cooperation with the Council of Europe – by a team of European experts and presented at an international conference in Ispra in



**Figure 1 – Active Citizenship Composite Indicator**



Source: Hoskins *et al.* (2006)

In addition, evaluating the capacity and will of each Member State to participate in advancing this ongoing political experimentation project will also be important, as it requires a much shared interdependence and the establishment of institutional agreements in the face of contestation and conflicts within a community made up of communities. Due to their adhesion to the EU, the actual Member States are forced to question the concepts of sovereignty and citizenship, and accept the impact of Europe on their own organization, institutions and policies, and the fact that community political decisions will not necessarily reflect their national interests.

### **1. European citizenship in the Treaty of Lisbon**

The concept of citizenship, based on the definition of former treaties, is explicitly laid down in article 9 of the Treaty of Lisbon (TL), which states that “in all its activities, the Union shall observe the principle of the equality of its citizens, who shall receive equal attention from its institutions, bodies, offices, and agencies. Every national of a Member State shall be a citizen of the Union. Citizenship of the Union shall be additional to national citizenship and shall not replace it” (our underlining)

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September 2006. The authors established several items organized around four major dimensions, namely: political life, civil society, community life, and values. As the constructed indicator shows, we see a heterogeneous Europe where Nordic countries lead and Southern countries have positive performances with regard to values and political life, and negatives ones concerning civil society and community life. According to this indicator, the top five countries are: Sweden, Norway, Denmark, Austria, and Belgium. At the bottom of the list are Italy, Portugal, Greece, Hungary, and Poland. However, the five best positioned countries do not have the highest points in the 4 dimensions. The same applies to the least well-placed. For instance, Poland has one of the highest performances in the values dimension, while Portugal is halfway the table in the same dimension.



The TL also consecrates the fundamental principles of democratic equality, of representative democracy (article 10)<sup>8</sup> and of participatory democracy. As an example of the intention to promote participatory democracy, the Treaty proposes a new interaction mechanism – in fact, article 11, paragraph 4, introduces a new right for citizens of the Union: "Not less than one million citizens who are nationals of a significant number of Member States may take the initiative of inviting the European Commission, within the framework of its powers, to submit any appropriate proposal on matters where citizens consider that a legal act of the Union is required for the purpose of implementing the Treaties".

Accordingly, the European Citizens' Initiative (ECI) becomes one of the most important innovations brought about by the TL in terms of citizenship. In addition to the previously proposed interaction mechanisms with institutions and bodies, of which the European Parliament and the Ombudsman stand out, respectively, it aims to strengthen citizens' capacities to pro-actively participate in the Union's policy-making process. Apart from the ECI novelty, the Charter of Fundamental Rights became binding in 2009, which attests the aim to make Europe a more uniform union in social terms. The ECI and the binding nature of the Charter are two examples we shall now analyze in greater depth in terms of building a European identity.

## **2. The Charter of Fundamental Rights and the European Convention for the Protection of Human Rights**

In order to enshrine civil, political, economic, and social rights, the Treaty of Lisbon also made the Charter of Fundamental Rights binding<sup>9</sup>, conferring it the same legal standing as that of the Treaties, listing rights, freedoms and guarantees. As Isabel Camisã explained "... it is an advance in the protection of the rights of European citizens..." and has the "advantage of enabling European citizens to have a better understanding of the guarantees that stem from their status as citizens of the Union." ([www.ieei.pt](http://www.ieei.pt), 22.12.09). It confirms the Union's adhesion to the European Convention for the Protection of Human Rights, whose fundamental rights become part of the legal system.

The Charter of Fundamental Rights (CFR) was not directly incorporated into the Treaty of Lisbon, but became legally binding under the terms of paragraph 1 of article 6 of the Treaty on the European Union, which confers the Charter the same legal value as the Treaties. As stated in the Charter, it does not increase the competences of the Union as set out in the Treaties. The Charter has a protocol announcing specific measures for the United Kingdom and Poland, listing exceptions to the Charter's legal binding nature in the national courts of those countries.

The EU shall adhere to the European Convention as soon as the 14th protocol of the ECPHR comes into force, which will enable both states and international organisations to become signatories of the ECPHR. However, the adhesion act must be ratified by all EU Member States.

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<sup>8</sup> According to article 10, paragraph 3 "every citizen shall have the right to participate in the democratic life of the Union. Decisions shall be taken as openly and as closely as possible to the citizen".

<sup>9</sup> The Member States had already signed the Charter in 2000.



The CFR<sup>10</sup> consecrates all the civil, political, economic and social rights of all Union citizens. It is a set of rights, freedoms and guarantees that decisively contributes to the consolidation of the concept of European Citizenship, representing a synopsis of common values of Member States of the Union. The Charter aims to promote human dignity, illustrate the fundamental rights of European citizens, show the intellectual and legal foundations of the Union and present it as a rule of law community of values. This document ensures that all European institutions shall respect those fundamental rights and guarantee they will be respected by all.

The Cologne European Council, which met in June 1999, deemed it convenient to bring together the panoply of rights of all EU citizens in a single document, in order to clarify them. For the first time in the entire judicial history of the European project, a document encompassing all fundamental rights granted to citizens, which hitherto were dispersed in many legal texts, was prepared, which was a real innovation. In this fashion, the Council of Europe mandated a Convention to write a Charter project. The EU's Charter of Fundamental Rights was enforced in December of that same year, presided by Roman Herzog, and included representatives<sup>11</sup> from national parliaments and governments of the Member States, Euro MPs and the European Commissioner responsible for that area. The Convention's<sup>12</sup> meetings were open and all the documentation produced as a result was made available online, so that citizens could access and follow up on the work. The method chosen to write the Charter led to a widened debate and, subsequently, to an agreed document that was approved by a large majority on 2 October 2000. The Biarritz European Council that met on 13-14 October unanimously approved the Charter and sent it to the European Parliament and the European Commission, which approved it on 14 November and on 6 December, respectively. On 7 December and at the Nice European Council, the Presidents of the European Council, Nicole Fontaine, of the Council, Jacques Chirac, and of the Commission, Romano Prodi, signed the Charter on behalf of their corresponding institutions, and, accordingly, its political value was recognized. The Constitutional Treaty<sup>13</sup> envisaged its integral inclusion in Part II, thus making it legally binding.

The Charter is drawn from several judicial sources and is the result of existing legislation stemming from the Treaty that established the European Union, the Treaty on the European Union, the constitutional traditions of the 15 Member States, the 1950 Council of Europe European Convention on Human Rights and additional protocols, the body of laws of the European Court of Human Rights in Strasbourg, the body of laws of the Court of Justice of the European Communities, the 1961 European Social Charter of the Council of Europe, the 1989 Community Charter of the Fundamental Social Rights of Workers, the United Nations Convention on the Rights of the Child, the Statute of the International Criminal Court, among others. The Charter has 54 articles divided into 6 chapters: dignity, freedom, equality, solidarity, citizenship, and justice.

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<sup>10</sup> This is the most recent declaration on fundamental rights worldwide, and the first of the new millennium.

<sup>11</sup> The Portuguese government was represented by Euro MP Teresa Almeida Garrett, by MP Maria Eduarda Azevedo, and by Pedro Bacelar de Vasconcelos and Miguel de Serpa Soares (substitutes).

<sup>12</sup> There were public audiences with representatives of the civil society, and this generated over 1500 proposals on the contents of the Charter. National parliaments also started consultation processes, parliamentary debates and collected opinions on the wording of the Charter.

<sup>13</sup> It was signed on 29 October 2004, but has not yet come into force.



The intention was not to write a European Constitution nor formulate a new set of rights, let alone transfer responsibilities from the Member States to the Union<sup>14</sup>. The aim was to clarify existing legislation. The objective of the Charter is to certify individual fundamental rights, explain that European Institutions and States are bound by citizens' fundamental rights when promoting and enforcing the law of the Union and in negotiations with candidate or third party countries, strengthen the idea that the European Union has always been an area for shared values and rights, and protect citizens from power abuse on the part of the state. There was equally a concern for current challenges, and importance was paid to bioethics, data protection and the environment, and consumer protection. Attention was drawn to the importance of putting an end to racial, sexual, skin colour, and religious discrimination. The Charter is a major interpretation instrument that assists the European Court of Justice in its work.

The Charter of Fundamental Rights was solemnly proclaimed on 12 December 2007 in Strasbourg by the Presidents of European institutions. It was not directly incorporated into the Treaty of Lisbon, but became legally binding under the terms of paragraph 1 of article 8 of the TEU, which confers the Charter the same legal value as the Treaties. As stated in this document, it does not expand the competences of the Union established in the Treaties. The Charter comes with a protocol that introduces specific procedures for the United Kingdom and Poland, which anticipate exceptions to the legally binding nature of the Charter with regard to the national courts in those countries. The Treaty of Lisbon confirmed the support of the Union for the European Convention for the Protection of Human Rights, whose fundamental rights became part of the legal body of laws. The EU shall adhere to the European Convention as soon as the 14<sup>th</sup> protocol of the ECHR comes into force, allowing both states and international organizations to be signatories of the ECHR. However, the accession act must be ratified by all EU Member States.

With this Charter, European politics aimed to pass on a message of their commitment to citizens' rights and values to EU candidate countries, neighbouring countries and the international community at large. The Charter of Fundamental Rights does not give the Union new responsibilities, nor does it force Member States to change their constitutions. Its aim is to emphasize respect for democratic values, human rights and fundamental reasons. Accordingly, we are pleased to state that it is an inspiring document of reference that mirrors the freedom and respect for the fundamental rights enjoyed in the Union. As

Isabel Camisã explains, "... it has the advantage of enabling European citizens to have a better understanding of the guarantees that stem from their status as citizens of the Union." ([www.ieei.pt](http://www.ieei.pt), 22.12.09). This document is a sign that the European integration project of the last 50 years has been anchored on fundamental rights right from the onset.

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<sup>14</sup> Change of responsibilities is a right and a function of the exclusive competence of Member States, in the form of amendment of the Treaties.



### 3. The European Citizens Initiative (EIC) – article 11, paragraph 4<sup>15</sup>

The introduction of the EIC attests the decision expressed in the TL to encourage citizens' engagement with institutions and, in this case, specifically with the European Commission, since the practice of publically consulting the civil society no longer produced effective results<sup>16</sup>. Article 11, paragraph 4, introduced a new mechanism for the promotion of active citizenship in the Union, stating that at least one million of EU citizens and nationals from a significant number of Member States could take the initiative to invite the European Commission, in the context of its competences, to present a proposal on matters the citizens believed a legal act from the Union was necessary to enforce the Treaties. The procedures and conditions for taking the initiative are set out in the first paragraph of article 24 of the Treaty on the Functioning of the European Union, but they still await regulation<sup>17</sup>.

However, and despite this mechanism, several practical issues remain open, and answers need to be given rapidly to make it effective and not become a wasted opportunity rendering the wording on the treaty meaningless. For instance, what is meant by a "significant number of countries"? How many signatures are necessary from each country? What is the minimum age of participants and who is in charge of checking their signatures? Who should submit the initiative in the end? Is the Commission obliged to reply or take the initiative? Alternatively, if it agrees with the relevance of the matter it was presented with, can it make any changes to the citizens' request? In short, what is the citizens' real capacity to carry out an ECI?

As the above shows, some practical aspects of the citizens' initiative still need to be defined, and the European Commission has tried to collect the necessary information in order to regulate the initiative, so as to establish the minimum rules and procedures. To that effect, and as the ECI should be regulated by the end of 2010, the Commission launched a public consultation<sup>18</sup> to gather opinions from the citizens before concluding works on the matter.

The Green Book and the public consultation posed key questions that aimed to define the practical issues before carrying out the ECI:

- minimum number of Member States from which citizens must come;
- minimum number of signatures per Member State;
- minimum age of signatories;

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<sup>15</sup> For purposes of clarification and standardisation, we have used the numbering shown in the consolidated versions of the Treaties published in the Official Journal of the EU C115, on 9 May 2008, since the version of the Treaty of Lisbon published on 17 December 2007 has a different numbering.

<sup>16</sup> The European Commission has set up an electronic area exclusively for the consultation of topics under discussion in the European agenda by the civil society, with the aim of obtaining citizens' feedback on those matters, and involve them in decision-making processes. Cf. [http://ec.europa.eu/yourvoice/consultations/index\\_en.htm](http://ec.europa.eu/yourvoice/consultations/index_en.htm).

Another example of good practice was the Commission's creation of several thematic *fora* (also online) where citizens can ask questions and debate issues common to all Member States, and try to influence decision-making processes, as well as negotiations with non-EU countries with regard certain partnerships, citizens' rights, etc. The **Citizens' Energy Forum** is an example of this. It was launched by the Commission in collaboration with national and European consumers' associations, representatives of Member States, and of the Energy Community, among others, and its main goal is to protect consumers' interests when drafting policies and ensure consumers' rights are respected when implemented.

<sup>17</sup> The ECI is due to be regulated at the end of 2010 and to come into force in 2011.

<sup>18</sup> Cf. Green Book on the ECI, of the European Commission– public consultation carried out until 31 January 2010.



- form and wording of a citizens' initiative;
- requirements for the collection, verification and authentication of signatures;
- time limit for the collection of signatures;
- registration of proposed initiatives;
- requirements for organisers - transparency and funding;
- time limit for the Commission's response;
- what to do should there be several initiatives on the same issue.

As seen, the scope and efficacy of the ECI cannot be accurately measured, given that it cannot be enforced yet, and we still do not know if this mechanism will actually translate into increased proximity and involvement of citizens in the policy making of the EU. In fact, the complexity of the requirements for carrying out and validating an ECI may have a counter effect and keep citizens further away, leaving the capacity for preparing these initiatives in the hands of associations and/or social movements that may, on occasions, be more focused on attaining their specific goals and relegate the common and community good to second place.

### **Final considerations**

The renewed Lisbon Strategy (Strategy 2020) and the Treaty of Lisbon brought social cohesion into the centre of the European political agenda. European citizenship is a crucial aspect of the entire strategy, focusing on values, representative democracy and civil society. However, before being able to evaluate the importance of European citizenship and its real impact in the process of deepening integration, we need to know if citizens actually feel citizens of the Union and wish to be involved in that process. In other words, we need to ascertain if we can refer to a cohesion capacity that corresponds to a European identity.

It is obvious that divergences and opposing interests will persist for a long time in this Europe with 27 member states, as well as within national societies. Accordingly, the real Europe is a long and major learning and experimentation process at a continent's level, with all the difficulties and resistances that it implies (cf. Ribeiro, 2009).

Having access to the information made available by European institutions and entities does not mean a matching adhesion of citizens to that information, nor the existence of a better informed, proactive society concerned with European integration. Indeed, talking of European society implies talking of national citizenship first, and of the capacity each country has to train citizens more concerned and involved in the community.

To this effect, higher education entities play a crucial role in the training of young citizens who are interested about the decision-making process that will influence our presence in society. It is necessary to create areas where young people may find the answers to their queries and which offer them a better understanding of the European Union they belong to, which has become the area where their employment opportunities, competitiveness and natural competition naturally are. It will only be through investment in training anchored on values such as citizenship, volunteer work and accountability, that we will have citizens contributing more actively to the deepening of European integration. That is, bringing citizens closer to the integration



process is underpinned by active citizenship and the states' capacity to promote and strengthen the importance of their social capital.

Like Robert Putnam affirms, active citizenship is strongly related to "civic involvement", which plays a fundamental role in the formation of social capital. The search for common objectives offers a way for people to experience "reciprocity" and helps create networks anchored on shared values. The high levels resulting from social trust leads to increased cooperation among people and reduces the chances of anti-social behaviour (Putnam, 2000).

Any future debate on this topic will need to underline the importance of adopting a process based on a reflective approach to the study of European citizenship. This means that instead of attempting to establish the supremacy of a particular level of premeditated or unpremeditated standardised citizenship backed by ideological influences (cf. Kostakopoulou, 2007), the most important is to start with the presupposition that the EU and national citizenships are interdependent and examine their interaction and gradual transformation.

The Treaty of Lisbon attests the will to turn an economy-based Europe into a Europe of Citizens, a Social Europe that aims to transmit the sense of belonging to a supranational entity. In fact, European citizenship made us rethink the "impossible" and look for a new model that grants citizens ways to fight discrimination, exclusion and the inability to find a job, and achieve individual and collective stability. Perhaps this is the way to redefine the concept of citizenship and simultaneously answer current issues, making the EU more competitive and a leader in training and citizenship.

If the main objective of European citizenship, as a supranational concept, is to reinforce the protection of EU citizens' rights and interests, and also strengthen and consolidate the identity of Europe by creating a set of rights and duties enabling increased engagement of citizens in the integration process, such as the right to residence as a fundamental right, political participation, diplomatic and consular protection, petition right, among others, the need to initiate and disseminate that sense of belonging to the community becomes the key point of the debate. Accordingly, it is necessary to identify methodologies to fortify that supranational citizenship.

European citizenship can only be reinforced after national citizenship at each member state has been strengthened through the training of better informed citizens concerned about the community they belong to "... all young people acquire the competencies required for personal autonomy and for citizenship, to enter the world of work and social life, with a view to respecting their identity, openness to the world and social and cultural diversity. (UNESCO, 2004: 3).

To that effect, we need to implement the mechanisms set out in the Treaties. Following the voting at the European Parliament in December 2010, the Council adopted the regulations on the European Citizens' Initiative on 15 February 2010. Accordingly, the ECI will be enforced as from the end of March of 2012.



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## **EUROPE'S FIGHT FOR SPACE – A NEW CHALLENGE**

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### **Abstract**

The present article examines the challenge Europe faces with regard to space exploration. It advances some technical concepts associated with space exploration and key concepts for our understanding of International Relations – particularly Astropolitics - in a milieu that many see as placatory, but where competition and cooperation go hand in hand, and where military and civilian capacities are often blurred.

Indeed, on the one hand space has its specific characteristics – natural resources, artificial resources (for instance, satellites), dimension, and range with regard to the earth – which makes it a target for commercial and military dispute and may lead to inevitable escalating space armament. On the other hand, there is a need for cooperation and agreement to enable the development of extremely complex technology, which requires vast human, material, and financial resources.

Whether associated with military space capacities or civil space capacities, one observes that today's dependence on those resources leads to the need to ensure their security. Control of space, the same as with control of sea, land, and air resources, can be vital to guarantee national security, in the first place, and, consequently, international security. How the European Union is doing it, or will be able to do it, is included in the study undertaken in the present essay. To this effect, it is necessary to know Europe's space capacities, policies and strategies.

The following question is raised at the end of this article: **How does Europe's space exploration interfere with international security?**

### **Keywords**

Competition; Cooperation; Space; Security; European Union

### **How to cite this article**

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## EUROPE'S FIGHT FOR SPACE – A NEW CHALLENGE

Ana Baltazar

### Introduction

The present article is part of a master degree dissertation I completed in 2009 with the same title. Besides studying the European Union (EU), the thesis looked at the most prominent countries' policies and capacities in space technology development: China, Russia, and the USA. Technical concepts associated with the topic were equally addressed, such as the notion of astropolitics, space strength and power, dual use, and threat.

"Europe's Fight for Space – A New Challenge" invites reflection because it is a fact that, nowadays, contemporary societies depend on space resources and on their applications. Increasingly, more countries have satellites built and launched by third parties. In general, those satellites have civil and military multiple functions, ranging from facilitating communications and weather forecasting, to obtaining concrete information for navigation purposes. This awareness of dependence on resources required major powers, in particular, to think about space security. During the last conflicts, space resources have had a major influence on military operations. This influence is basically felt at the level of decision-making time and military response, making everything – decisions/actions – quicker.

During conflicts, available space resources are typically plentiful and quite varied, of which the following stand out: weather forecast systems; military communication systems; surveillance systems; weapon positioning and missile launching satellites; and positioning systems, among others. For the Armed Forces, satellites are power multipliers and essential tools serving the "Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance" (C<sup>4</sup>ISR).

As this article illustrates, having capacity brings on power, and to have power brings on capacities to influence decisions on the international stage. However, having the resources and lacking the capacity to defend them may translate into extreme vulnerability. Accordingly, space resources gain strategic importance as they may both offer essential and unique information and put national security at risk.

Therefore, the space issue has a civil element (connected with the distinct aspects of world security, the well-being of the population, and the scientific development of humanity) and a military dimension (supporting defence and a high number of military operations) that often merge in terms of dual use.

The topic "**Europe's Fight for Space – a New Challenge**" is examined precisely around those points. This challenge Europe is facing is analysed in terms of opportunities/advantages at distinct levels: economic, military and political. It must be stressed that this article focuses mostly on the EU as a whole and on its global policies



framed by the Common Security and Defence Policy (CSDP), and not on each country's individual policies. A SWOT analysis – management tool meaning Strengths, Weaknesses, Opportunities and Threats - was carried out to assess the capacities of the EU.

The research method used was that advanced by Luc Van Champenhoudt and Raymond Quivy (Quivy, 2005) for the Social Sciences. The reflection behind this article aimed to answer the Initial Question: **How does Europe's space exploration interfere with international security?**

## 1. Space

### a. Definition of Space

To define or delimit land and sea environments – or even air space with regard to the former two – was simple, insofar as the separation is physically perceptible. When it comes to space, the situation is quite different, to the extent that the international community has not yet agreed on the definition of outer space (or sidereal space). This is mostly due to the fact that it has not been possible to distinguish between air space and outer space. However, it is important to have an internationally acknowledged concept, as there are issues associated both with security and the sovereignty of countries.

In terms of space definition, the present article adopts a definition which, albeit not formally accepted<sup>1</sup>, is the one that attracts largest consensus among the scientific community, and which was coined by Von Karman (Chun, 2006: 14) in 1957: space starts at the height of 100km (already in the Thermosphere) above the surface of the earth. Accordingly, it is above the Von Karman line that the several types of orbits started to be defined, which are called as follows (Dolman, 2006: 65): LEO (*Low Earth Orbit*), MEO (*Medium Earth Orbit*), HAO (*High Altitude Orbit*), and HEO (*Highly Elliptical Orbit*).

Knowledge of orbits and orbital mechanics is crucial, given that, after objects have been placed on stable orbits, they practically require no fuel or power in order to stay there (apart from some power to be able to correct the orbit in the presence of disturbances).

### b. Objects in Space

As mentioned previously, and although we are still at an embryonic stage of knowledge of space potentialities, various forms of space exploration already exist, and precious information obtained from devices placed in space is equally used. This information is acquired from several types of equipment, ranging from satellites to space probes and manned space stations.

With regard to **satellites**, it can be said that they can be any type of object orbiting the Earth or any other planet. Satellites can be of two sorts: natural and artificial. The former are celestial bodies, of which the moon is the best known: the latter are

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<sup>1</sup> The doubt favours a certain degree of political and legal flexibility with regard to the flying of space objects over the air space (or not) of another nation.



manufactured and put into orbit by humans. Generally speaking, an artificial satellite is an information transfer vehicle.

On 31 December 2007, there were 3.208<sup>2</sup> identified satellites in orbit from a wide variety of countries (Portugal only has one entirely its own, launched in 1993 and currently inoperative), with Russia having the highest number (42%), followed by the USA (31%). Europe only has 7% of satellites (MEHURON, 2009: 60).

**Probes** (a total of 119) are unmanned space shuttles with the mission of, for instance, exploring other planets. Here the USA has the highest number (51%), followed by Russia (29%) and by Europe (7%) (MEHURON, 2009: 60).

**Space stations** are structures transported into space by other means, devised to have human beings on board. The Union of Soviet Socialist Republics (USSR) was the first country to develop this type of programmes in the 1970s, namely with the *Salyut*. The International Space Station has been in space since October 2000, and on 15 June 2010, it completed its twenty fourth journey (carrying on board one Russian and two North-Americans).

Besides the objects referred to above, there is also a large number of objects known as **space debris** (about 30.342 objects have been identified<sup>3</sup>). These objects are crucial, because they can cause serious damage to orbiting satellites and stations, and to astronauts. One of the ways satellites can protect themselves, to some extent, from space debris is to use protection shields. However, these measures make satellites heavier and more expensive.

### c. Treaties

From a juridical viewpoint, and as opposed to air space, space is open to everyone (Couteau-Begarie, 2003: 865).

The United Nations (UN) has been working intensely, in terms of framing legislation, on issues related with space use, with particular emphasis on attempts for non-militarisation of the area. The Committee on the Peaceful Uses of Outer Space, with headquarters in Vienna, is the only body working on that legislation. Since its inception, it has completed five legal instruments and five sets of regulatory principles on, for instance, appropriation of outer space and arms control activities (UNOOSA, 2007). Generally speaking, all of these instruments promote the idea that research and activities in space, or space-related, must be carried out in collaboration with other nations and from a general well-being stance.

The Outer Space Treaty (OST) was the first treaty to act as a reference for the legal analysis of space activities. It sets out the core legal principles and prohibitions pertaining to space. The two first articles establish the basic structure, stating that nations have the freedom to undertake scientific research in outer space, and that space and outer celestial bodies (such as the moon) are no one's property. Articles 3 and 4 basically limit space military activities. The treaty legislates that the moon and similar celestial bodies can only be used for peaceful ends, and cannot be equipped

<sup>2</sup> Not all of them are necessarily operational.

<sup>3</sup> "SATCAT Boxscore" <http://www.celestrak.com/satcat/boxscore.asp> accessed on 8 June 2010.



with military bases or used for arms testing. However, they can be used for scientific research or peaceful exploration (UNOOSA, 2002).

#### **d. Astropolitics**

Astropolitics is a relatively recent concept that relates outer space and related technology with the development of political, military and strategic guidelines (Dolman, 2006: 15).

This article follows the astropolitical model proposed by the North American military strategist Everett C. Dolman, for whom astropolitics is a major strategy that is not just limited to the enforcement of military force, encompassing also diplomacy, propaganda, secret operations, information, and economic transactions (Dolman, 2006: 146). The earth is reduced to being a single part of a total approach which, albeit important, in some cases is just a peripheral part (Dolman, 2006: 1) with important astropolitical characteristics (Dolman, 2006: 61): its mass, orbit and interactions with other phenomena. According to Dolman, humanity is entering the age whereby technology, communications, innovation, and the exploration of outer space are the routes to prosperity and abundance. His thesis is a realistic approach that maximizes space prospecting and exploration for the benefit of everyone, reversing the international trend of mistrust in space exploration (Dolman, 2006: 183).

This author also defends that the militarisation of space by a military force that is recognized, non-arbitrary, efficient and able to keep its effective control may, on the one hand, and by means of discouragement, prevent a space arms race; on the other hand, given that military space programmes are the backbone of many civilian space operations (for instance, launching capacity), they foster economic advantages in fields such as telecommunications, navigation and weather satellites (Dolman, 2006: 162). The author affirms that astropolitics is divided into four interrelating astropolitical regions (Dolman, 2006: 69): earth, earth space, lunar space, and solar space. According to this model, it is possible to predict a power relationship in search of world supremacy. Those who are able to control astropolitical regions will be in a position to use economic coercion measures that are relevant in some related fields, such as commercial routes or the control of resources, or those of a military nature, with regard to operations on earth. In more recent conflicts, controlling communication, observation and location satellites allowed North Americans and allies to have an advantage in the operations carried out.

## **2. Europe**

### **a. Europe's Space Strategy**

Europe has recognised that space has an important strategic dimension (ESDA, 2008). Space resources are military centres of gravity that need to be protected, inasmuch as they are potential targets. An attack on the space system of a particular country may render its armed forces blind, deaf and mute. However, the EU is not in a position (and not particularly interested in it) to have a predominant role in space. Accordingly, arms control is not a viable option, given the costs associated with it and the polemics it would generate internally. Therefore, and due to the fact it might fall prey of arms



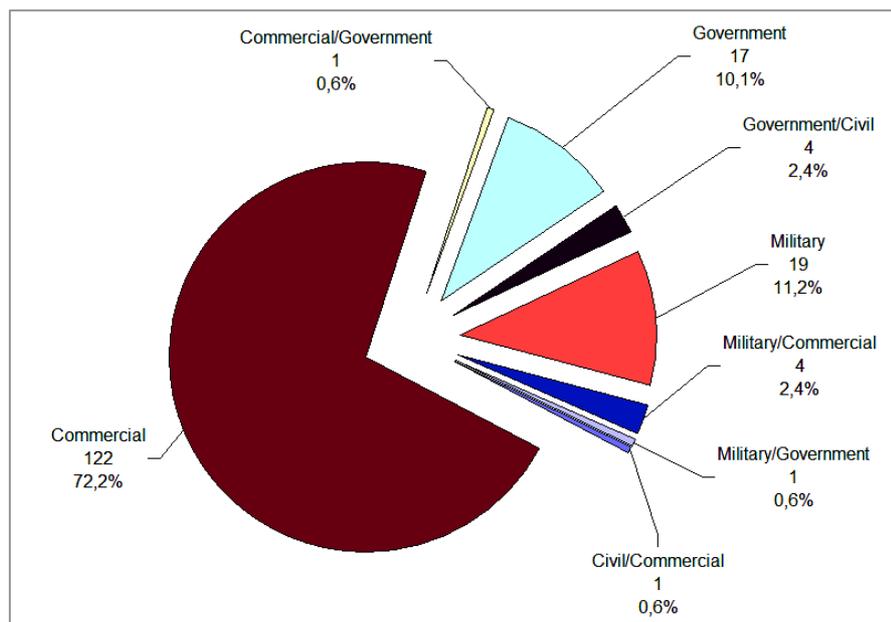
control by other countries, on 3 December 2008 the Council of the European Union publicly announced a draft document on space code of conduct it intends to present to other world nations. Basically, the EU aims to render space weapons free, thus becoming a pioneer in how to address this issue. This document also refers to the importance of space technology for the development of economies, societies and the culture of nations. Nonetheless, it is acknowledged that space capacities are vital for national security and for the maintenance of peace and international security. Accordingly, it calls upon international agreements to, among other things, guarantee the following: influence the safe and peaceful use of space with established rules – as long as it is used for peaceful means – ensuring freedom of access to space; preserve the safety and integrity of space objects in orbit.

This initiative aims to demonstrate that Europe is an important strategic player in space-related issues. It is hoped that this will be a viable option, but it will be so only if major space powers accept it, which will not be easy. This code aims, among other things, to regulate anti-satellite tests and the production of space debris.

### b. Europe's space capacity

France was responsible for the launching of 122 (Figure A) of the 376 commercial satellites currently in orbit, that is, 32% (33% were launched by Russia and 24% by the USA). According to Figure A, there were also military (11%) and governmental (10%) satellite launches. These launches – mostly (89%) in GEO – were carried out at the Guiana Space Centre using various types of Ariane launchers.

**Figure A – Satellites launched by France**

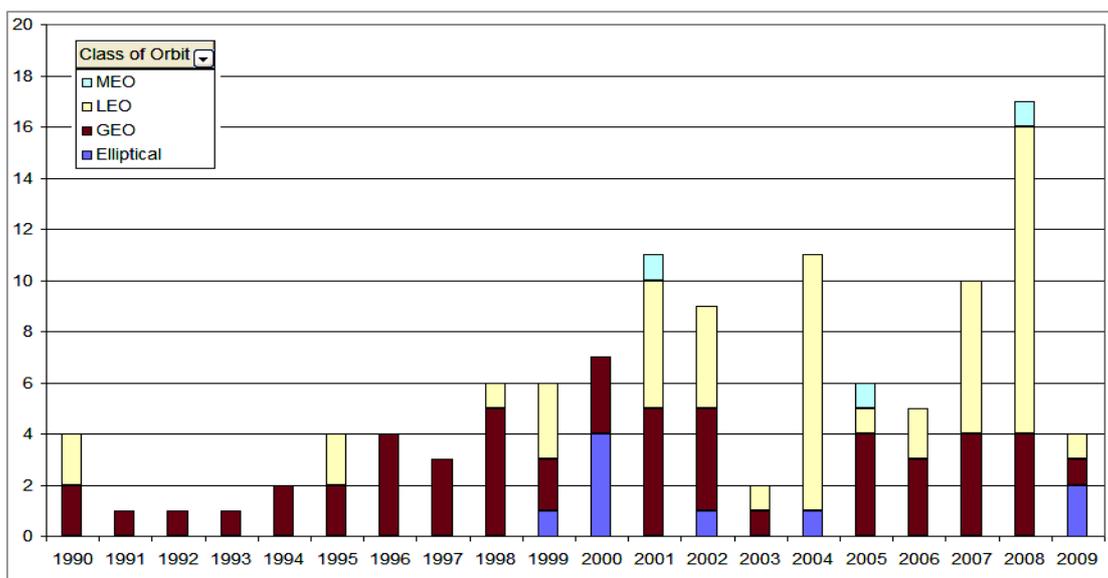


Source: (UCS, 2009)



With regard to satellites owned by EU countries - not necessarily launched or produced by them - 114 satellites out of a total of 888 are currently operational. Most of these satellites are in LEO (43.9%) and GEO (45.6 %), orbits, while a small number are in MEO (2.6%) and HEO (7.9%) orbits (Figure B).

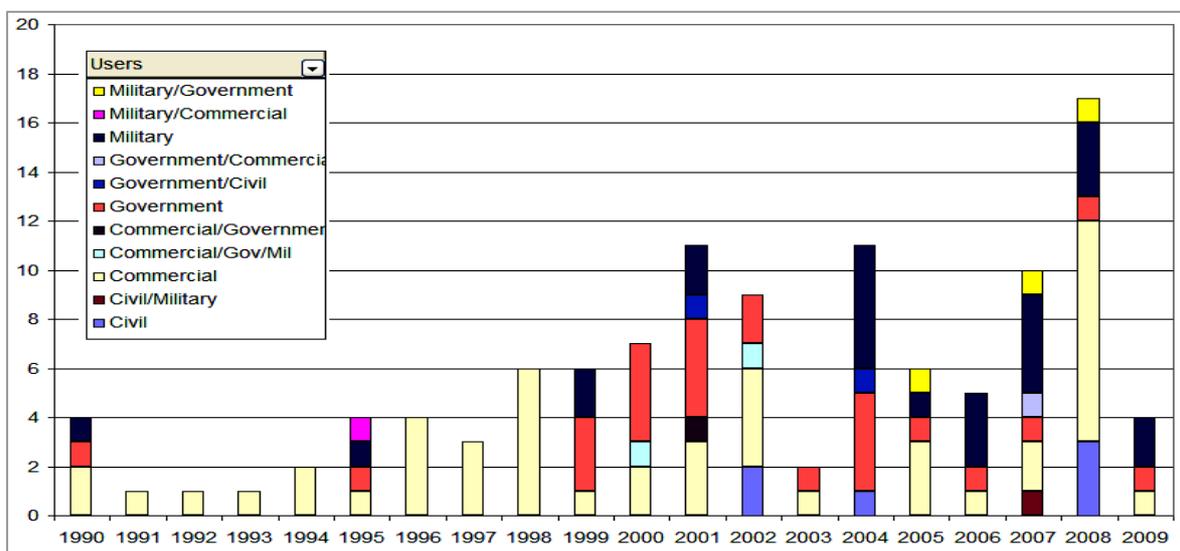
**Figure B – European satellites launched by class of orbit**



Source: (UCS, 2009)

Figure C shows that, generally speaking, it is from 1999 onwards that satellites not exclusively of the commercial type started to be most widely used. Strictly commercial satellites in operation continue to be the highest in number (42%). However, after that date there has been a wider diversity of applications, of which the 21% that are strictly military stand out, belonging for the most part to the United Kingdom, France and Germany (for communication, surveillance, reconnaissance and ELINT purposes).

**Figure C – European satellites launched, by all types of users**

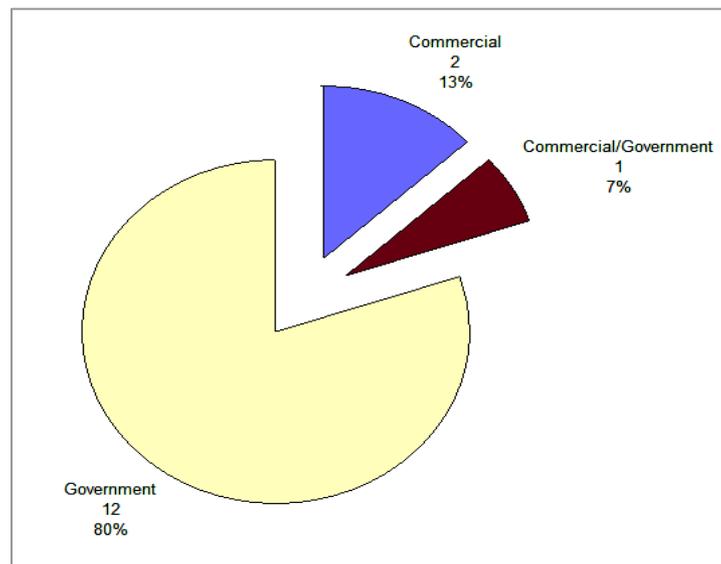


Source: (UCS, 2009)



Of those European 114 satellites in operation, only 15 (between 1990 and 2009) belong to the European Space Agency (ESA) or are owned in partnership (a research satellite launched into HEO with China, a scientific one launched into LEO with the USA, and a space physics satellite launched into HEO with the USA and Russia). As Figure D indicates, they are basically governmental ones, and none is military.

**Figure D – Satellites belonging to ESA**



Source: (UCS, 2009)

The analysis of Europe's space capacities shows duplication of efforts on the part of European countries, with some of them even conducting autonomous development policies, which leads to duplication in some areas, particularly with regard to observation and communication satellites

### **c. SWOT analysis**

This paragraph presents a SWOT analysis of EU's space technology, based on the contents of previous paragraphs and on the dissertation that generated the present article.

#### **1) Strengths**

- Political ambition:
  - Gain and maintain independent access to space
  - Have influence on the international space arena
- EDA/ESA Partnerships
- Broad range of programmes, with associated predominance of high technologies:



- Scientific
- Meteorological
- Navigation (Galileo)
- Environmental (Global Monitoring and Environmental Security - GMES)
- Own launching station at the French Guiana
- Competitive in the commercial sector
- Capacity for meteorological monitoring and environmental control
- Space industry

## **2) Weaknesses**

- Asymmetric capacities among the various countries (France and Germany stand out from the rest)
- Lack of capacity to carry out manned space missions
- Not competitive in the launching sector
- Absence of an European identity
- Absence of doctrine on European Space Security
- European countries have autonomous space programmes
- Diverse and diverging interests interfere on decisions about joint projects (for instance, early-warning mechanisms)
- Economic capacity/investment
- Public acceptability of investments associated with dual-use space programmes

## **3) Opportunities**

- International affirmation:
  - Prestige
  - Credibility
  - Intervention on world political decisions
- Control of other countries' capacities by cooperating with them
- Technological and economic development
- Dual-use technologies
- Complementarity of capacities and information
- Galileo project
- Partnerships through:
  - Cost sharing
  - Knowledge sharing



- Information sharing
- Foster global economy
- Employment in the space sector

#### **4) Threats**

- Dual-use thanks to control difficulties
- Technological dependence on third parties
- Dependence on access to information
- Unawareness of the intentions of some of the players
- Armament capable of destroying space resources
- Space debris
- Knowledge transfer to potential commercial or political opponents
- Difficulty in attaining world agreement on early-warning mechanisms
- China, Russia and the USA in commercial (competition) and security terms (chance of control and destruction of space capacities)

The SWOT analysis leads us to conclude that to have space power, that is, to have the space resources that act as multipliers for existing forces, will give the EU the capacity to influence other international players, namely in such important issues as the regulation of space activities. In addition, to have space power may turn Europe into a gravity centre capable of attracting major partners in terms of cooperation, thus increasing the capabilities and feasibility of new projects. In order to address challenges involving space, Europe may bring together several issues that will guarantee diplomatic, economic, military, and cultural advantages, namely: have access to space, be competitive, have global navigation systems, have the means to explore space, have space scientific capacity, and capacity to manage space traffic. With regard to security, there are, in fact, two types of possible threats: on the one hand, non-intentional ones (incidents and accidents provoked by, for instance, space debris); on the other, space armament. As it develops its space capacities and potential, the EU can and ought to be influential in the international space policy debate to ensure a peaceful environment in space.

### **3. Dispute over Space**

#### **a. The European challenge**

The study of space challenge facing the EU can be done from several viewpoints, namely military, economic and political.



### **Military viewpoint**

Guaranteeing that existing space military systems are safe and serve the needs they are intended for is not an objective one hundred per cent attainable, but is definitely a challenge because of its relevance. This is even more so when the threat is unpredictable due to the variety of situations that may lead to damage or loss of those systems. Early-warning systems capable of detecting any type of threat may be one of the means to prevent or control those situations. It is equally necessary to ensure the existence of alternatives, for instance, in case a blackout in the systems used by the military forces should take place.

From a military perspective, the EU should, as much as possible, foster cooperation in military space technology development. Internal cooperation allows cost reduction, and external cooperation guarantees, besides a reduction in costs, the sharing of technology and knowledge of what others – sometimes opponents or competitors – are developing. Thus, within an organisation where there is no interest whatsoever in encouraging conflict, it is through military cooperation that, to some extent, other players can be kept in control. This stance, as long as it is well coordinated, may serve the interests of the EU in its security and defence policies, materialized in the European Security and Defence Policy (ESDP) and in the missions the latter carries out, particularly in conflicts outside its area, where the support of space resources is determinant for the accomplishment of the mission, of which supporting the C<sup>4</sup>ISR figures prominently.

### **Economic viewpoint**

The EU's approach is more market oriented. Space technology plays a key role in the development of the national economy, for which reason it should be included in EU's ambitions. As referred to previously, space programmes lead to technological development which, in turn, fosters industrialization, the latter encouraging economic development. Making the space sector competitive is an objective of the EU and of some of the countries that comprise it. This can be achieved through cooperation with other countries, but market niches should be found to guarantee that Europe can make a difference.

It is equally important to ensure budgets that support complex projects and to secure the agreement of EU countries. Therefore, it should look out for projects that are necessary for the organization and that are feasible within the time frame and the costs agreed at the outset. This challenge also involves the credibility of the EU in the international order.

### **Political viewpoint**

The first political challenge the EU has to address is to bring together the individual policies of each country and produce a common space political project that is accepted and adhered to by all, without parallel individual projects. Indeed, current trends point to two routes: on the one hand, space policy is carried out on a national basis and is associated with the policy of each country, the defence policy being even more nationalistic; on the other hand, civilian space technologies have been developed



according to a common European approach, whereby ESA has been playing a preponderant role, as it brought to its remit a large part of the projects, coordinating and producing them. Having a common European space policy – civilian and military – will make it possible to increase European global capabilities; share costs, and eliminate or avoid duplication of space systems (the same type of function but belonging to distinct European countries). In addition, the contribution of several European countries, with their distinct fields of knowledge and interests – strengthens the global contribution, which means that more and better can be achieved. As a result, the EU would be able to reduce its dependence on other players. The Galileo system is an example of a new European competence that will free the Europeans from reliance on the North American Global Positioning System (GPS).

Then, it will be necessary to identify what is essential and which are the minimum capacities the EU believes it should have in space in terms of security and defence. There is no doubt that the EU must have independent means to, at least, be able to communicate, observe, locate, obtain information, and early-warning. Space technologies must be seen as decisive means of political support in the international stage, where investment in technology may denote independent decision and capacity control.

### **b. International Security**

This article demonstrates that space security needs are connected with space technology. Whereas space resources should be used to protect the population, resources and territories, they also have the purpose of maintaining actual technological structures (on Earth and in Space). These systems offer extremely versatile solutions at an international level. Nowadays, societies depend on those solutions in distinct ways, which makes protecting them a matter of national security and, in the case of Europe, of European security. In effect, the space sector helps define the EU's concept of security, both in terms of its contribution to the security of citizens and of the path one wants to take in technological development.

In its documents on space technology, the EU's approach is more civilian oriented than military. The actual ESA stated, from the onset, that its mission has peaceful purposes. The European security policy is based on the principle of "helping to ensure security and defend stability". In turn, this goes hand in hand with the political orientation of non-aggression in technology use. However, it is thanks to initiatives like the Global Monitoring for Environment and Security (GMES), which gives priority to the general security of citizens, that European space policy – in its civilian facet – is brought closer to Europe's defence. This type of development shows how new space technologies represent a new stride in the political process where, besides increasing capacities, a new common political project is being fostered.

It is a fact that European governments need to have new military capacities to be able to meet all the objectives set out by the ESDP, namely the Petersberg tasks. Space technology may be a means of achieving it without having to develop major capacities, that is, without the requirement to invest. With regard to space technology, the EU is faced with three possible scenarios: firstly, it may become an active participant in the arms race; secondly, it may play a passive role, that is, be an extra that does not intervene whatsoever in events; thirdly, it may become the main player in the



development of space technology and of norms advocating prevention. It seems that the last scenario was chosen, as there have been efforts to make international agreements regulating activities in Space. The code of conduct, for example, is important because it may foster international cooperation, economic growth, exploration, and, simultaneously, reduce the risk of incidents, making space safer.

In the absence of this kind of regulation, the chance of space armament increases, satellites are exposed to higher risks and space debris expands. This type of agreement may also facilitate the control of dual-use materials. This creates a climate of unawareness of capacities and mistrust of countries' intentions, which may render an escalation in arms race inevitable. However, it is most advisable that the Europeans demonstrate internationally that they have a position and an identity in what concerns space security, in line with their values, objectives and policies. Nevertheless, it is equally paramount that the role they will play is guided by the intentions expressed in the European Security Strategy, based on multiculturalism, cooperation, diplomacy, in the combination of military and civilian resources, and in the promotion of Rule of Law Nations.

In fact, over the last few years, the EU has shown a serious and independent mind about space security. This attitude stems from the awareness that, for the time being, it does not have the means to figure prominently, in military terms, in space, and probably it has no intention to do so. However, this does not imply it does not have military resources in space, as some European countries have developed military satellites (observation and telecommunication, amongst others) in the knowledge that space weapons are not part of the EU's strategy. A strategy leading to an arms race would be too radical to be developed on a national basis, and too sensitive to be developed in partnership.

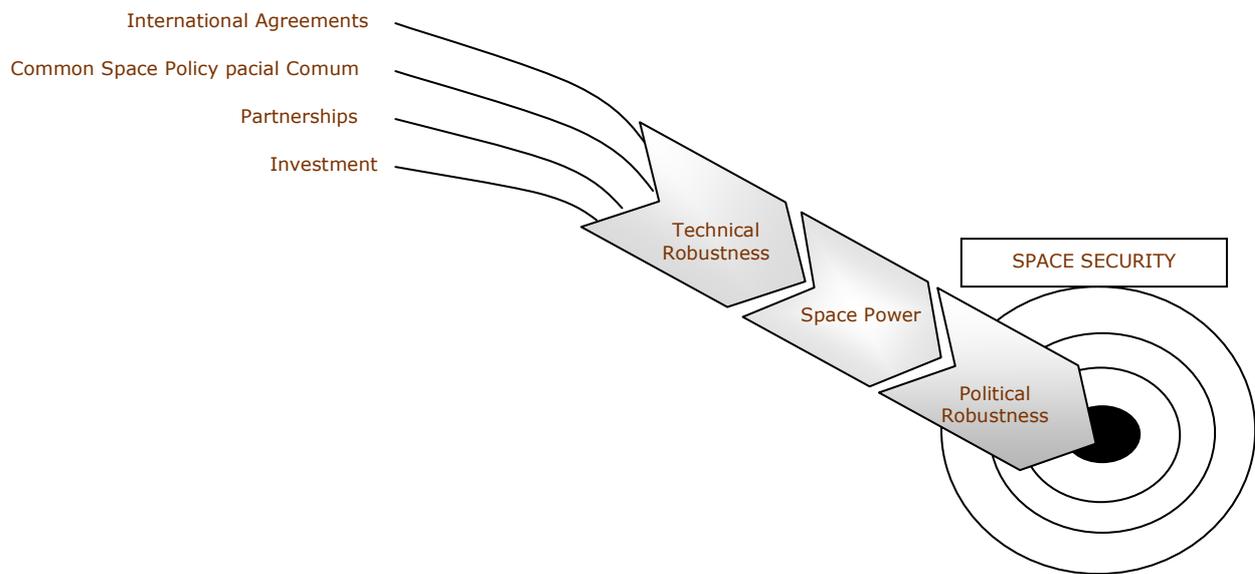
Generally speaking, it is wise to protect resources, as well as to stop the propagation of any technology that may be a potential threat to space resources. Any type of technology that is developed to attack space resources would be extremely harmful to the EU, given it could destroy civilian and military satellites. Nonetheless, the development of space capacities alternative to existing ones, mostly North American, is another contribution to security that the EU should explore. In short, to answer the initial question "**How does Europe's space exploration interfere with international security?**" reading Figure E is hereby suggested, as it aims to systematize the reflections proposed in this article. The objective (*target*) to be attained is to maintain space's security, in that security (*at the centre of the target*) presupposes there is no possibility for space armament and that the threat posed by space debris is reduced. Therefore, and as a result of the previous analysis, it is suggested that EU's strategy (*arrow*) for European and international space security follows a path that is influenced by the following guidelines:

- Development of European proposals for **international agreements**, through the form of Treaties, Conventions and/or Codes of Conduct that basically favour the transparency of space activities, encourage control of space debris, and foster partnerships;
- Identification of a **common space policy** accepted by all EU countries that leads to a clear recognition of the capabilities that are to be developed and on what terms;



- Setting out the highest possible number of **partnerships** with other countries and organisations (NATO) that may contribute to increased technological knowledge and even add to knowledge of partners' capacities (it may reduce the risk of hidden agendas);
- Make efforts to **fund** projects deemed crucial for the security of the EU and, consequently, for international security.

**Figure E – Graphic representation of space security**



The four guidelines must, as a whole, confer the EU the **technical robustness** it needs to have in order to, in the first place, be independent from North-American power in technological terms: in second place, it needs to have **space power**. This space power may be used as a **political tool** to influence the management of the future of space, that is, space technology that supports the EU's security and defence policies.

The conclusion that can be drawn from this article is that a space arms race and the inherent possibility it may turn into a battle field can be avoided. Everybody has a lot to lose, but those with the highest capacities are also the most fragile.

This may be the ideal moment to stop escalating space arms race, whose effect, while not necessarily as lethal as others, may affect the everyday life of civilian and military populations and surely shake international security.

## Conclusions

This article has focused on the topic "**Europe's fight for space – a new challenge**". Our readings suggest that advancement in space can pose new challenges to International Relations, as the quest for controlling access to particular resources



increases, new commercial opportunities in space arise, which may influence the military use of space, and as space power gains added value. In fact, history tells us that explored and occupied frontiers by human beings have (and are), at some point been subject to conflict. The question here is whether space will escape this trend.

The research behind the present article started from the presupposition that space is a *challenging* field for Europe as it aims to grow from a political and economic viewpoint. However, like Director General António Rodotá of ESA stated in November 2001, “*We are still at the dawn of the space age*”. Space exploration – although it was part of collective imagination in the past – is effectively just over 50 years old, and is a field that is still unknown in many ways.

Currently, to have space technology, knowing how to process received information and use it, is a new source of power. Space power, through its many capacities, becomes a power multiplier in military terms. Systems protection, information management and processing to validate it and make it decisive are pivotal to space technology use. Anticipating events may prevent conflicts, reduce attacks and avoid mistakes.

The EU, the key player in this study, possesses important space capacities in the international context. However, some of them belong to countries that are part of it, and are not effective capacities of the Union.

The distinct approach of European countries, particularly EU members, leads to duplication of capacities and to limitations in the development of certain programmes, due to shortage of financial resources and agreement with regard to their need. The reason for this lies, in part, in the fact that those countries deal with their own security independently and not as part of a global European vision.

The projects that the EU is currently undertaking – Galileo navigation system, the GMES environmental surveillance system and space launch developing – make the EU technologically independent from other countries. Independence is clearly beneficial in terms of security – albeit the existence of civilian programmes – and also in economic terms, as they foster the development and internal growth of the organisation. These new capacities stemming from space technology strengthen the organisation in economic terms and may confer the EU the power it needs to be influential in space-related issues.

The current dispute is not, at least for the time being, an armed fight, but is an economic and political dispute. The EU (or the countries it comprises) has, generally speaking, primary goals that encourage it to invest in these technological fields, such as: attain technological independence, develop economically, expand the capacity and credibility of space programmes, and cooperate.

The challenge the EU has to face is how to have a common civilian and military space policy. Subsequently, it needs to identify what is essential and decide on the strategy to attain it.

It is through **international agreements**, a **common European space policy**, **partnerships**, and **funding** that the EU will be in a position to contribute to a free and peaceful space. Accordingly, like with nuclear weaponry, the effects caused by the use of space weaponry may be excessive at a time when scientific exploration is still more important than military exploration.



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## **NATO'S NEW STRATEGIC CONCEPT: A CRITICAL VIEW**

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### **Abstract**

The changes that followed the adoption of the previous NATO's strategic concept in 1999 forced a review of its goals, threats and risks, as well as a new look at the capabilities of the organization at a time dominated by the economic crisis and cuts in its members' defence budgets. On this occasion, the development of a strategic concept begun with a proposal made by a commission of experts, and a public debate which transformed the final text into a diplomatic document, not into a true useful document capable of guiding strategic planning over the next decade.

These differences between the goals established by the document and the actual resources available to NATO were noted immediately with regard to the crisis management system, for which the organization does not possess the structures and civil means. It is not clear either that this limitation can be solved through cooperation with the EU. The involvement of NATO in the international mission in Libya will be the first test to ascertain the validity and effectiveness of this new strategic concept.

### **Keywords**

NATO; New Strategic Concept; Defence; World Security, Crisis Management

### **How to cite this article**

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## **NATO'S NEW STRATEGIC CONCEPT: A CRITICAL VIEW**

**Rafael Calduch Cervera**

### **1. The need for a new strategic concept for NATO**

The important changes that took place in the International Society since the Strategic Concept was formulated at the 1999 Atlantic Council, in Washington, suggested the revision and update of the objectives, resources, and capacities of the Alliance for the first decades of the 21<sup>st</sup> century.<sup>1</sup>

The jihad terrorist attack on 11 September 2001 in the United States, followed by the attacks of 11 March 2004 in Spain, and on 7 July 2005 in the United Kingdom, stood out as a major impact among the main changes leading to the formulation of the New Strategic Concept. A revision of NATO's priorities, directly related to jihad terrorism, already took place in the Prague Summit (2002) to discuss the threat of international terrorism.<sup>2</sup>

It is also important to keep in mind the effect of the expansion of the Alliance to Central and Eastern European countries, which not only translated into a significant increase in its members, with the consequent complication of the system of decision by consensus, but also generated a new dynamic in the relationship with Russia and increased the importance of some existing threats, such as international organized crime.

NATO's participation in the ISAF (*International Security Assistance Force in Afghanistan*) is of no less importance and has been decisive in finding the capabilities, as well as the limitations, of expeditionary operations the Alliance may undertake in the years ahead.

The reappearance of piracy in new geopolitical scenarios, such as the waters of the Indian Ocean and the coast of Somalia, have served to restore maritime security, which had been ignored or postponed in prior strategic concepts, as one of the Alliance's priorities.

However, by themselves, these events would not have been enough to lead to the formulation of a new Strategic Concept. The political impulse created with the United States Administration of President Obama and the need to make NATO's future compatible with the changes introduced by the Lisbon Treaty on Foreign Policy and

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<sup>1</sup> NATO's 1999 Strategic Concept is available at:  
[http://www.nato.int/cps/en/natolive/official\\_texts\\_27433.htm](http://www.nato.int/cps/en/natolive/official_texts_27433.htm) (viewed on 07/04/2011)

<sup>2</sup> See the Declaration of the Prague Summit available at:  
<http://www.nato.int/docu/pr/2002/p02-127e.htm> (viewed on 07/04/2011)



Common Security, particularly in its diplomatic and military dimensions, was also fundamental.<sup>3</sup>

All this takes place in an environment of acute international economic crisis which is forcing Alliance governments, particularly those of hegemonic countries, to revise their own national defence strategies, as was recently the case in the United Kingdom.<sup>4</sup>

## **2. The elaboration process of the New Strategic Concept**

The difference in the strategic concepts devised in 1991 and 1999 and the elaboration process of this new concept demonstrate that the Allies were fully aware of the need to involve public opinions in its preparation in order to guarantee the political legitimacy of the final document, albeit at the expense of sacrificing the conceptual rigor and the precision of contents required by this type of document.

In accordance with the position of the Alliance, the elaboration of the strategic concept took place in three phases with occasional overlapping.

### **A. Reflection Phase (July 2009 – March 2010)**

It included the creation of a team of 12 experts, presided by United States Ambassador Madeleine Albright, who prepared a draft copy following comparing their initial analysis with the opinion of experts from all allied nations at five seminars on: General Questions; NATO Associations; Transformation of Structures, Strengths and Capacities; Integral Approach to Crisis Management<sup>5</sup>;

### **B. Consultation Phase (September 2009 – March 2010)**

At the same time, the team of experts consulted with all allied governments with the goal of comparing the results of the analysis and the seminars with official positions, in an attempt to find topics and points of agreement among all members to allow for the preparation of its final report.

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<sup>3</sup> Texts of the European Union Treaty and the Treaty on the Functioning of the European Union can be found at: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:C:2010:083:SOM:EN:HTML> (viewed on 07/04/2011)

<sup>4</sup> See *A Strong Britain in an Age of Uncertainty: The National Security Strategy (2010)* available at: <http://www.analisisinternacional.eu/archivo/viejos/ID13.ppt> and also *Securing Britain in an Age of Uncertainty: The Strategic Defense and Security Review (2010)* in <http://www.analisisinternacional.eu/archivo/viejos/ID14.pdf> (viewed on 07/04/2011)

<sup>5</sup> The team of experts included: The Honorable Madeleine K. Albright (United States); Mr. Jeroen van der Veer (The Netherlands); Ambassador Giancarlo Aragona (Italy); Ambassador Marie Gervais-Vidricaire (Canada); The Honorable Geoff Hoon (United Kingdom); Ambassador Ümit Pamir (Turkey); Ambassador Fernando Perpiñá-Robert Peyra (Spain); Ambassador Dr. Hans-Friedrich von Ploetz (Federal Republic of Germany); Mr. Bruno Racine (France); Ambassador Aivis Ronis (Latvia); Professor Adam Daniel Rotfeld (Poland); Ambassador Yannis-Alexis Zepos (Greece).  
The report prepared by this group is available at: [http://www.nato.int/nato\\_static/assets/pdf/pdf\\_2010\\_05/20100517\\_100517\\_expertsreport.pdf](http://www.nato.int/nato_static/assets/pdf/pdf_2010_05/20100517_100517_expertsreport.pdf) (viewed on 07/04/2011)



### **C. Draft of the New Strategic Concept and final negotiation (September – November 2010)**

The report submitted by the Team of Experts and officially presented to NATO's Secretary General served as the basis to the latter's writing of a proposal submitted to the governments for negotiation and, finally, to the document approved in the Lisbon summit on 19 November 2010.<sup>6</sup>

### **3. Core tasks and principles**

The New Strategic Concept, like previous ones, reiterates that the Alliance's ultimate aim lies on the community of values that rules its members and which aims to defend the principles of: individual freedom; democracy; human rights, and Rule of Law.

To this end, there are four different categories of core tasks which NATO must be able to carry out and have an impact on:

1. Collective defence;
2. Crisis management;
3. Collaborative security;
4. The continuous process of reform, modernization, and transformation.

### **4. The international strategic environment: threats and risks**

As in all strategic formulation, once the fundamental principles and tasks have been determined, it becomes necessary to define the set of threats and risks the Alliance must confront in the next few years.

As was the case with the documents mentioned above, it is recognized that the threat of a generalized attack, of conventional or nuclear nature, against the allied nations constitutes a very unlikely, although not impossible, scenario. Such threat is no longer linked to the military capability of the former Soviet Union or the transition processes of European communist countries that gave rise to the war in the Balkans.

There are four threats that were not included in previous strategic documents: cyber attacks; missile attacks against the population or territories of allied nations; organized delinquency and serious environmental and public health issues.

However, just as important as the new strategic threats included in this document, are those identified in the 1999 strategic concept document and which were removed from the current document: *the collapse of political order that results in failed states; the policies of oppressive regimes and economic chaos*. It appears clear that in face of the changes the Arab world is experiencing and the effect of the crisis on some allied countries like Greece, the United Kingdom, Spain, and Italy or Portugal, one would think that such omissions are not reasonable.

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<sup>6</sup> The text of the New Strategic Concept is available at:  
<http://www.nato.int/lisbon2010/strategic-concept-2010-eng.pdf> (viewed on 07/04/2011)



## 5. Means and capabilities

Once the threats the Alliance must address were identified, with more or less accuracy, the New Strategic Concept established the means and capacities deemed essential to carry out its main tasks.

The principal means are as follows:

1. A combination of conventional and nuclear forces;
2. Establishing strong conventional forces, mobile and deployable in defensive and expeditionary terms;
3. The joint undertaking among allies of training, exercises, and planning and exchange of information;
4. The participation of all allied nations in the planning of nuclear actions, the storage of nuclear forces during peacetime, and the formulation of command, control and consultation dispositions;
5. The cooperation with Russia and other Euro-Asian partners;
6. The planned coordination of national cyber defence capacities and the adoption of a NATO centralized protection system against cyber attacks;
7. A coordinated analysis of terrorist attacks among allies and the adoption of adequate military capabilities in the fight against terror.
8. The upkeep of defence requirements, despite the crisis, so that the FAS have the necessary means to carry out the missions assigned;
9. Adoption of a general position by NATO in face of the emergence of new threats;

The availability of such means must support the development of the following Alliance capacities:

1. The ability to maintain major joint operations concurrently with several minor operations to guarantee collective defence and to carry out crisis management from a *strategic distance*.
2. The ability to defend populations and allied territories against ballistic missile attacks;
3. The capability of effective defence against threats and attacks with NBDR weapons;
4. The ability to prevent, detect, defend itself against and recover from cyber attacks;
5. The capability to detect and defend itself from international terrorism;
6. The ability to contribute to energy safety, including the protection of critical infrastructures, traffic areas and supply lines;
7. The capacity to evaluate the impact of the development of new technologies on security.



## 6. Security through crisis management - An impossible task for NATO?

One of the most problematic aspects of the New Strategic Concept concerns crisis management, identified as one of the Alliance's core tasks.

In effect, after stressing that crisis and conflicts presume a direct threat to populations and territories of the Alliance, and that the experiences in the Balkans and Afghanistan command the adoption of a comprehensive approach that includes prevention, post conflict management, stability and reconstruction through the use of political, civilian, and military means, the strategic document recognizes that NATO's superiority lies on its military capabilities. It recognizes that the organization just aspires to reach "*an appropriate but modest civilian crisis management capability*" that will allow the Alliance's military forces to have a linking instrument with the civilian means employed on the ground by other players and international agencies.<sup>7</sup>

Without question, NATO lacks an adequate political-civilian structure to assume the leadership of crisis management in its civilian and humanitarian aspects, but, above all, to lead the stabilization and reconstruction processes that follow armed conflicts. Neither is it likely that it will, in the short term, develop that structure with a sufficient degree of efficacy to replace or complement the one available in the framework of the United Nations or the European Union.

Under similar circumstances, the inclusion of this central task forces the Alliance to collaborate with those institutions or, alternatively, to accept that humanitarian and civilian reconstruction tasks be assigned to military forces. This second alternative presents the risk of causing mission failure as a result of the armed forces' lack of preparation to perform this type of tasks. This constitutes a strategic dilemma whose consequences should have been carefully evaluated prior to its inclusion in the final document with the clear intention of making it a politically correct document in the face of public opinions.

## 7. Critical assessment of the New Conceptual Strategy in the light of the new system of world security

An adequate assessment of this New Strategic Concept requires not only a consideration of its content, but also a comparison with the new system of world security, which has been developing in the last two decades, in order to evaluate its adequacy, or lack thereof, to that system.

Since the break-up of the Soviet Union and the multinational intervention in Iraq following the invasion of Kuwait, world security has, little by little, evolved from a bipolar system with nuclear deterrence towards a system of *collective security through interventionism* promoted by the great military powers.

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<sup>7</sup> Center for Security Studies (ETH-Zurich) - *Comprehensive Approaches to International Crisis Management*.- CSS Analyses in Security Policy, vol. 3, no. 42 (October, 2008), available at: [http://kms1.iisn.ethz.ch/serviceengine/Files/ISN/93229/ipublicationdocument\\_singledocument/460f9c24-18c1-45fa-8e14-62b9c0a37682/en/css\\_analysen\\_nr42-2008\\_e.pdf](http://kms1.iisn.ethz.ch/serviceengine/Files/ISN/93229/ipublicationdocument_singledocument/460f9c24-18c1-45fa-8e14-62b9c0a37682/en/css_analysen_nr42-2008_e.pdf) (viewed on 07/04/2011)  
Centro Internacional de Toledo para la Paz - *Civilian Dimension of International Crisis Management in Spain: Commitments, Alternatives and Advantages*.- CITpax Document no.5 (February 2006). See: [http://www.fride.org/download/OTR\\_CrisisMang\\_ENG\\_feb06.ppdf.pdf](http://www.fride.org/download/OTR_CrisisMang_ENG_feb06.ppdf.pdf) (viewed on 07/04/2011)



On the one hand, the increase in the number of peace missions promoted by the United Nations which followed, which continues to enjoy political legitimacy and legal exclusivity, has reinforced the collective dimension of world security.<sup>8</sup>

Notwithstanding, it is also evident that the collective security of the United Nations cannot always be applied, either because it is prevented by the veto system preponderant in the Security Council or because countries, particularly the super powers, are not always willing to contribute with the troops the world organization requires.

The increase in the number and duration of peace missions has brought about the increasing need to involve regional powers in the decision process and execution of such missions. We often see the presence of troops from India, Brazil, Pakistan, South Africa, Canada, Spain, The Netherlands, Portugal, and other countries in these missions, strengthening and complementing the duties of troops from the United States, Russia, the United Kingdom, or France.

Likewise, the geo-strategic, political and economic interests of the great powers do not always coincide with those of the rest of the international community. In similar circumstances, and in face of the inability to achieve the approval of a Security Council Resolution that backs its military actions, international interventions have become generalized, whether unilateral or collective, and directed at defending the interests of those powers in a certain country or region.

The cases of Kosovo (1999); Iraq (2003); *Enduring Freedom* (2001) in Afghanistan or, more recently, Lebanon (2006) and Georgia (2008), more than any argument, illustrate the reality of the interventionist dimension of the current system of world security.

NATO has defined its strategic performance in this international context in some cases in accordance with pragmatic criteria, such as in the military intervention in Kosovo, and, on other occasions, in accordance with international legality criteria, such as in the case of ISAF.

In the light of the Alliance's evolution in the last two decades, we may and should conduct an assessment of the new strategic document pointing out three essential characteristics: a) its political and declarative scope; b) its vagueness; c) and its incomplete nature. .

In a strict sense, it is not a strategic document, at least not in line with its predecessors, as it does not have a section on "directions for the forces of the Alliance" that specifically includes such relevant aspects as: specific missions military forces must carry out, directives for the disposition of forces, quantitative and qualitative characteristics of conventional and nuclear forces needed; command structure; etc.

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<sup>8</sup> For an analysis of the evolution experienced by the United Nations doctrine regarding peace missions, see the General Secretary documents:  
*An Agenda for Peace. Preventive diplomacy, peacemaking and peace-keeping.* (17 June 1992). A/47/277 - S/24111  
*Supplement of "Un Programa de Paz": Documento de posición del Secretario General presentado con ocasión del cincuentenario de las Naciones Unidas.* (25 January 1995). A/50/60 S/1995/1.  
*Un mundo más seguro: la responsabilidad que compartimos. Informe del Grupo de alto nivel sobre las amenazas, los desafíos y el cambio.*- Asamblea General (2 December 2004) A/59/565.



It is possible to argue that all these aspects will be included in the documents leading to the development of the New Strategic Concept. However, one must agree that their absence from the main document minimizes its importance and presupposes a change in position regarding the Alliance' strategies of 1991 and 1999.

It is also a vague document since, as we mentioned, it ignores active threats that had been acknowledged in previous documents; it includes environmental and health threats, for instance, whose management is primarily of national character, as the current nuclear disaster in Japan has proved, without specifying the means available or coordination criteria to follow; it mentions a system of crisis management without specifying the entities, procedures or civilian capacities required. And, finally, it refers to the need for a complementarity of functions with the European Union, particularly regarding crisis management and collaborative security, without making any reference, nor even of general character, to the directives under which such complementarity should be carried out.

Finally, for a series of reasons, it is an incomplete document. First of all, it does not draw from the lessons learned from the experiences in the Balkans and Afghanistan to determine the political and strategic criteria necessary to establish the reach and limits of the missions in which NATO intervenes. Secondly, there is not a precise and differentiated strategic assessment of the regions that neighbour the Alliance, such as the Maghreb, the Caucasus, and the Middle and Far East. Neither is there any mention of some missions that, on account of their frequency, their importance and their mixed nature (defensive and expeditionary) should have been explicitly recognized, such as the rescue missions and protection of citizens of Allied nations residing in areas of war conflict or disaster situations. Last but not least, there is the omission of the relationships the Alliance must maintain with organizations such as OSCE or what to do in face of proposals, such as the one formulated by Russian President Medvedev for establishing a European Security Treaty.

## **8. Conclusions**

As a final assessment, it is necessary to point out that the New Strategic Concept reflects with great accuracy the set of strengths and weaknesses that currently affect NATO.

With regard to the strengths, the following stand out:

1. The capacities, organization (High Commands) and military experience that make NATO the most effective organization that has existed in the last half century;
2. A good part of that efficacy is due to the participation of three of the major military powers in the world which, besides, benefit from a combination of conventional and nuclear means;
3. That has given NATO not only an incredible and effective dissuasive ability, but also a proven capacity of power projection at regional and world levels.

However, the Alliance also presents some considerable weaknesses which, with time, have limited its international protagonist role and increased doubts regarding its reason for existing in face of the development of new multilateral provisional coalitions as



medium or long-term strategic alternatives. Among these weaknesses, the following stand out:

1. The military hegemony historically held by the United States, which has hindered the development of military capacities of European allies and their political will to assume the roles imposed by regional and world defence, at a time when Washington increasingly shifts its strategic priorities towards the Pacific, not towards the Euro-Atlantic region;
2. The insufficient institutional development of the Alliance's political structure in relation to its military structure, which has continuously incapacitated NATO to take on and adapt to the new world strategic and diplomatic situations;
3. The increasing discrepancy of geo-strategic interests among the allies which, together with the system of decision by consensus, is creating an internal political blockade which will become even more complex with the adherence of new members, such as the Ukraine or Georgia.

If these weaknesses are not recognized and no attempt is made to overcome them, the formulation of new strategic concepts will not solve NATO's already large tendency to become a mere military management agency without a political will and vision of the future. Notwithstanding, this is something that can be avoided despite the 2010 New Strategic Concept.

## **LEARNING TO BUILD A SUSTAINABLE PEACE: "LOCAL OWNERSHIP" AND PEACEBUILDING PRACTICES. THE CASE OF JUSTICE REFORM IN HAITI**

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### **Abstract**

The debate on local ownership in peacebuilding policies is relatively recent, inherited from the reflection on aid efficiency and sustainability. When focusing on its application at the field level, like in the Haitian case, it becomes evident that its inclusion in the peacebuilding doctrine of all major donors has not had a correspondence at the strategic and operative levels. This article is the result of a research in the field on how the concept of "local ownership" in peacebuilding efforts is put into practice and perceived by different stakeholders. The authors focused on the on-going Justice reform in Haiti before the Earthquake of January 2010 to better understand the dynamics between international and local actors, from the policy definition stage to their application at the country level.

### **Keywords**

Peacebuilding; Rule of Law; Justice; Haiti; Ownership

### **How to cite this article**

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## **LEARNING TO BUILD A SUSTAINABLE PEACE: "LOCAL OWNERSHIP" AND PEACEBUILDING PRACTICES. THE CASE OF JUSTICE REFORM IN HAITI<sup>1</sup>**

**Amélie Gauthier e Madalena Moita**

Haiti presents an interesting case study of the progress of international intervention in violent conflicts. Haiti exemplifies how international intervention has changed with the nature of war from the onset of the first peacekeeping operation in the early nineties, to the multidimensional integrated peacebuilding mission of the new millennium.

Despite the new approaches, in the last two decades the return of violence continues to highlight the limitations of foreign intervention in peacebuilding efforts. The debate among scholars and professionals associates its lack of sustainability with the fact that the strategies and policies attempted are fundamentally encouraged by foreign entities (usually strong regional or international powers or multilateral bodies) incapable of being sufficiently sensitive to the nuances of each specific situation.

When policies imposed from the outside fail to yield good long-term results, in the absence of commitment by local governments and acceptance by the people, the disproportionate relationships between national and international players are brought into question. The need for greater participation by locals in decision making processes is also questioned and becomes a priority. Under such circumstances, the concept of "local ownership" emerges not only as the source of international legitimacy, but also as a solution for making international intervention more effective.

Today, the debate over this concept is present in the dialogue between the main players in this area, from the big multilateral organizations to the main contributors of development assistance. However, it has been focused on the refinement of a political peacebuilding discourse absent from an ensuing reflection on ways to implement such processes on the ground. The goal of this study is to take the discussion to the ground level in order to try to understand how general guiding principles, such as "local ownership", become routine practices.

In general terms, this study aims to encourage reflection about how the concept of "local ownership" is understood and applied at the political, strategic, and operational levels. The study seeks to better understand the dynamic between local and international players, from an early phase of policy definition to its application at

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<sup>1</sup> This article is the result of a joint research study with the Chr. Michelsen Institute and was financed by the Ministry of Foreign Affairs and the Norwegian Center for Peace Consolidation (NOREF). Though the final results were presented in May of 2010, the study was completed prior to the January 2010 earthquake in Haiti. It is true that the natural disaster caused a shift in priorities for development assistance, but the authors believe that policies regarding the Rule of Law must figure in the agenda for reconstruction. The authors hope that, in that context, this article will prove helpful not only in understanding local ownership in the efforts of general peace consolidation, but also in drawing some lessons from Haiti's past which may be useful in the rebuilding process. The authors would like to thank Jacob Ole Sending for his contribution and ongoing assistance as project coordinator during the research period, and the Chr. Michelsen Institute for its collaboration with FRIDE. The authors would also like to thank the local and international participants who accepted to participate in this study.



national level. It attempts to ascertain to what extent peacebuilding policies are "*locally conceived and led*" (Bendix and Stanley, 2008: 95) and how local and international players interpret this concept.

In more concrete terms, the study focuses on the policies protecting Rule of Law in Haiti: a specific collection of peacebuilding policies which has been a priority of foreign players in the country. From the multiple Rule of Law reform policies, the authors elected to focus on legal reform, which is fundamental for contributors as the unequivocal pillar of state rebuilding.

Today, legal reform in Haiti follows a path based on the November 2007 National Strategy for Growth and Poverty Reduction Document (DSNCRP, the French acronym)<sup>2</sup> which identifies five reform priorities:

1. Restructuring and modernization of the Ministry of Justice and Public Safety;
2. Overhauling the legal system;
3. Improving access to an efficient judicial system and to the courts;
4. Consistent development and rehabilitation of the prison system; and
5. Modernizing legislation.

The acceptance of the Document as a starting point for reform exemplifies a paradigm of international application of the concept of "local ownership" when, in fact, it translates a narrow perspective of the concept. In this study, the authors attempted to discover the limitations and the opportunities in the peacebuilding process in Haiti, stemming from some of the issues raised by this international approach to the advancement of local ownership.

To begin with, "Haitian local ownership" may assume many different meanings, from ownership limited to its political leaders, to a broader ownership by the people. In Haiti, government instability and the constant change of these policies suggests a need to search for other sources of ownership: from the ownership of professionals in the justice sector and the officials who will apply such policies, to ownership by the population who must obey those policies daily. Since "ownership" itself comprises several dimensions (namely in the three levels mentioned above: political, strategic, and operational), when studying its application in a specific context it is essential to consider the heterogeneity and complexity of both aid beneficiaries and *peacebuilders*.<sup>3</sup> Likewise, "international approach" must be considered as a series of cultures and work practices by widely different participants, from those who lean towards cooperation for development to those who give priority to the consolidation of peace and safety in its strict meaning.

At the start of a dialogue regarding ownership, the combination of these different variables must be taken into account, without any ambition to idealize the concept, and the focus must be on the possibilities it may present to the materialization of more sustainable peace building processes.

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<sup>2</sup> *Document Stratégique National pour la Croissance et la Réduction de la Pauvreté* available at: <http://www.mpce.gouv.ht/dsnrcrpfinal.pdf>

<sup>3</sup> Peacebuilders is a term used in several documents on this topic to describe professionals who work in a post-conflict environment in specific areas of peacebuilding such as the Rule of Law, safety, reconciliation, etc.



## Methodology

In this study, the authors combined different approaches in order to analyze the dynamic of local-international interactions in the shaping and implementation of legal reform in Haiti, and followed four of the five priorities defined in the DSNCRP. Following a previous bibliographic review, the authors prepared a set of semi-structured open interviews directed at the representatives of the main international entities in their respective headquarters. In the second phase, they prepared a trip to that country to conduct the interviews.<sup>4</sup>

- National judicial system players;
- Main Haitian contributors to Justice reform: MINUSTAH,<sup>5</sup> UNDP,<sup>6</sup> the United States, the European Union, and Canada.
- The implementation agencies: the National Centre for State Courts (NCSC), the International Legal Assistance Consortium (ILAC) and the *Organisation Internationale de la Francophonie* (OIF)].
- Civil society organizations.

This article will start by presenting the normative context of the concept of "ownership", followed by a brief diagnosis of the judicial system in Haiti and some reflections on how the concept is interpreted by those who apply it and those who benefit from it.

### a. Normative Context

The general discourse on peacebuilding inherited the concept of "local ownership" from the cooperation policies for development when it emerged from the realization of the lack of success associated with assistance efforts of the early 1990s. In 1996, the CAD OCDE<sup>7</sup> document *Shaping the 21<sup>st</sup> Century: the Contribution of Development Co-operation* stated the need to respect "local ownership" in the development process (Kuehne, 2008). At that time, the term was used in the sense of "local participation" or "local empowerment".

In recent years, the debate over the effectiveness of assistance has stressed the importance of local participation as a factor of both legitimacy and sustainability of international interventions. The main entities and nations contributing to development assistance assert that local beneficiaries must partake in devising policies that will change their way of life, not only because it is more ethical to abandon the types of paternalistic relationships inherited from colonialism (Donais, 2008: 6), but also for reasons of long-term efficiency.

Strategic documents and peacebuilding doctrine already include references to local ownership. However, in operational terms, this concept is not clearly defined.

<sup>4</sup> The authors' participation in a parallel project provided them with the opportunity to participate in a seminar in Port-Au-Prince on the political challenges facing the reform of the judicial system, which was organized following research on the ground (June 2009).

<sup>5</sup> United Nations Stabilization Mission in Haiti.

<sup>6</sup> United Nations Development Program

<sup>7</sup> Development Assistance Committee of the Organization for Economic Development and Co-operation



For this study, the authors adopted the definition suggested by Annika S. Hansen and Wiharta Sharon:

*"local ownership embraces the recognition that a justice and security sector reform process is of integral concern to the local population and that local actors should have a say in formulating the outcomes of the process [...] It should, wherever possible, build on existing judicial systems and legal traditions and reflect the culture and values of the country in question. It should also reaffirm international law, norms and standards. Local ownership cannot be treated as an absolute but instead must be implemented to different degrees that range from local acceptance and support for the reform process to local control over decision-making."* (Hansen and Wiharta, 2007: 17).

### **Diagnosis of the judicial system and reform plan**

This section analyzes and responds to one of the main questions featured in the interviews: how would you describe the central problem or challenge in Haiti and, more specifically, in the legal sector?

One of the main problems stressed was the interference of the Executive Power, of politicians, and other groups in the legal system. The absence of an organ independent from the government, with its own budget to manage the courts, appoint judges and magistrates, and oversee their conduct, leaves the judicial system vulnerable to all types of interference.

There was also mention of conflicts of authority between the President and the government over control of the Ministry of Justice.<sup>8</sup> Control of the legal system is coveted by many, which turns this sector into a highly politicized and corrupt arena.

Another frequently mentioned aspect is the weakness of available infrastructures. The courtrooms are very run down, with little furniture and few essential tools for work, such as civil and criminal codes in French and Creole, and computers and archives for storing information on the trials. Material resources are easily funded by the international community but they alone are not enough to allow the legal system to start functioning in an adequate and effective manner. Some contributors are hesitant to finance material resources directly without the development of a standard and a sustainability plan. In fact, the issue of material resources is a point of division between local and international players. Haitians defend the need for resources and equipment to carry out their work; international players recognize such needs but argue that material resources will not make justice more effective and transparent.

The lack of assets is particularly serious when it comes to human resources. The majority of judicial players are not qualified enough to perform their duties and were most likely appointed due to personal or political connections. The problem is so serious that in some remote areas of Haiti some judges are illiterate. This problem is not specific or limited to the legal system and affects the whole country. Brain drain is a complex challenge that has rendered the country highly dependent on foreign technical expertise.

In the specific context of this study, justice administration and the operation of courts are very affected, particularly in the area of criminal cases, where there is a tendency

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<sup>8</sup> Interview with a lawyer in Port-au-Prince, 31 March 2009.



for cases to be blocked by multiple judicial pronouncements over civil issues, resulting in long periods of pre-trial detention that render cases extremely long. Some non-governmental organizations (NGO) in Haiti are working to gather detailed information on every detainee and on the legal proceedings applied. This exercise will help identify difficulties in detention and trial cases and the specific situation of each detainee. Despite the large number of reports about problems in the judicial system, it appears there are still important holes in the information available for each case, regarding both judge profiles and statistical information about courtroom proceedings.

The lack of information is further aggravated by the lack of connection between city and rural areas. Some of the larger local NGOs, such as *Réseau National de Défense des Droits de l'Homme*, have representatives in every province who act as key informers of the situation in each region. The *Réseau National de Défense des Droits de l'Homme*, created in February 2009 by presidential decree, also includes officials in every province, which has, no doubt, improved relations between the capital and more remote areas. However, at the national level, MINUSTAH is still the best informed participant as a result of its stable presence all across the country.

The inequality in access to justice is a critical issue, particularly for the 60% of Haitians who live in rural areas. For many, access to a police station or courtroom requires several hours or days of travel. Conflicts are resolved locally: citizens place their trust in the police leadership, in the locally elected community representative (when they are present), or in a religious personality, whether Catholic, Protestant, or a member of the Voodoo hierarchy. Though it is difficult to label such methods of resolution as typical cases of "informal justice", as is the case in the African nations,<sup>9</sup> the methods of conflict resolution in these rural areas are definitely outside the official judicial parameters established by the civil and criminal codes. The legitimacy of deliberation derives from the prestige of the person granting the decision or the sentence.<sup>10</sup> However, at the same time that it contributes to peaceful coexistence (cases of violence in rural areas are sporadic incidents when compared to the occurrence of such cases in the capital), the methods and rhythm fall outside the legal framework of respect for human rights.

The feelings expressed by Haitians over formal justice are fear and distrust. It is common knowledge that judges, as state civil servants with the responsibility to serve the people, often serve their own interests. There are no professional ethics, pride, or principles to guide judges and their work, and they are often accused of corruption. Distrust, lack of respect, and suspicion between citizens and judicial institutions are alarming; developing a minimum level of trust seems, in itself, like an enormous challenge.

## **b. The reform plan**

The DNSCRP is the most relevant document in the sense that it establishes reform priorities and, further more, it allows foreigners to intervene within the framework of a government programme. However, it has several limitations. On the one hand, the priorities are excessively broad and the document does not establish a strategy for reaching goals. On the other hand, since the Ministry of Justice and Public Safety

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<sup>9</sup> African informal judicial systems are usually characterized by strong tribal structure where the hierarchy is well defined, the supremacy of the chief is recognized, and his decision is respected.

<sup>10</sup> Interview with a lawyer, Port-Au-Prince, March 31, 2009.



manages a budget for the three reforms (police, justice, and prisons), the large part of the budget is destined to police reform, which has yielded positive results and led to a certain consensus among Haitians and international contributors.

Within this general setting, the main contributors in Haiti have their own plans, visions, and strategies regarding reform. Coordination efforts are constant and different instruments have been put in place. Unfortunately, there are still many gaps in terms of coordination. MINUSTAH, UNDP, OIF, NCSC, ILAC, the United States, and the European Union are the primary international contributors in the area of legal reform. There is a certain division in the work areas in an attempt to reduce juxtaposition, but the separation between the activities of different entities has led to a reduction in the impact of actions as a whole. Sometimes projects are funded to meet immediate needs, but are frequently isolated from other projects and disconnected from the final objective of a more efficient legal system.

From the very start there is lack of consensus on the part of contributors, who disagree regarding what reform model to adopt (French, Latin American, and North American), favouring their own in detriment of others. There is also great division among Haitians and consensus is difficult, or nearly impossible, to reach. The Presidential Work Team, which follows the reform and functions independently from the Ministry of Justice and the other commissions and their teams, portrays a good example of the divisions that exist at the very centre of Haitian society. In this climate of disorder regarding the fundamental direction of reform, small progress requires constant dialogue and effort, consultation, and mediation. Such is the case, without mentioning the activities of groups that totally oppose any reform and benefit from the current state of dysfunction of the legal system.

Some progress has been made in the area of reinforcement of judicial power as the result of the passing of a law that establishes the legal framework for the statute of competencies of the Superior Council of Judicial Power. The opening of the School of Magistracy will also help fill the gap in the training of judges and magistrates.<sup>11</sup> Access to legal assistance has improved substantially with the Assistance Bureau programme which was established in nearly every province. The efficiency of courts and the reinforcement of the Ministry, with the help of United Nations volunteers, have resulted in improvements in certain areas. In spite of significant progress, there is no noticeable difference in reaching efficient, accessible, and credible justice. Besides, the sustainability of these small reforms is also questionable.

## **How do peace contributors and local players interpret "ownership"?**

### **c. From the political sphere to the ground**

In the case of Haiti, the study of key documents of the policies of major contributors makes it easy to identify the inclusion of the term "local ownership" as the fundamental directive in the establishment of international relations between locals and international contributors.

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<sup>11</sup> Several magistrates have already completed basic courses; a complete series of specialized courses is available through the Director of the School of Magistracy, with support from the International Francophone Organization. Interview in Port-Au-Prince, April 2009.



On the political level, where the priorities of contributors are established, general documents are usually developed, some very elementary that establish a clear and simple starting point to be later adapted, at strategic level, to each specific context. It is common for contributors to present a standard framework for international peacebuilding interventions. The five pages of European Commission guidelines on policies for reinforcement of the Rule of Law (CE, 2009) are a good example of that. This type of document is usually prepared by international generalist experts at their headquarters.

The 2004 report on Rule of Law by the United Nations General Secretary also mirrors this reality, as it includes "ownership" as a core directive. In mentioning this concept he stresses: *"We must learn as well to eschew one-size-fits-all formulas and the importation of foreign models, and, instead, base our support on national assessments, national participation and national needs and aspirations (UN, 2004)."*

However, it is a long way from these declarations of intent to the actual application of "local ownership" at strategic and operational levels. Perhaps due to the fact that it is essentially an agent for development, the UNDP is, in fact, one of the contributors with clearer guidelines for peacebuilders on the ground with regard to ownership. In a report on the reinforcement of policies of Rule of Law in conflict and post-conflict scenarios, it states:

*"[As] a development agency, UNDP Rule of Law programming is not only guided by national ownership, as a principle, but this principle is also embedded in UNDP execution modalities. Nationally-owned needs assessments are central to UNDP programming design. Partnership and coordination with national partners is essential to this process (UNDP, 2008)."*

However, in legal terms, when we move from the political to the operational level, the contributors' literature regarding ownership is more ambiguous. USAID, for instance, created a guide that establishes procedures for its officers to conduct previous studies of a country in order to devise specific policies for the reinforcement of Rule of Law. This guide states: *"the post-conflict rebuilding process is challenging and complex. It requires strategies that promote local ownership and financial sustainability, and that develop local capacity quickly"* (USAID, 2008). Further along, the same guide offers recommendations about the best way to obtain information about the historic and political context of the country or the roles of the main contributors, so that its officers may conduct a proper evaluation of the legal sector. The dilemma arises when the same report states that: *"if the rule of law is a universal principle, then supporting the rule of law is not necessarily imposing foreign ideas on a society"*.

In some way, this example demonstrates an often problematic application of "local ownership". Rather than learning about priorities from local players, foreign experts on the ground make an effort to attain specific knowledge of each country in order to understand how to better promote "local ownership" - generally meaning *acceptance* and *assuming responsibility* of international policies.

In effect, the strategic level corresponds to a difficult transitional phase that requires the conciliation between the principles of contributors and the demands of developing countries. In that moment of transition, specialists who benefit from a deeper knowledge of the country must carry out basic flexible manoeuvres to adjust policies designed at the headquarters to the real situation, and vice-versa - what Schlichte and



Veit call "policy bending" (Schlichte and Veit, 2007). The solution contributors came up with to simplify this correspondence is to encourage the formulation of a local development plan in a strategy document for each country, which will guide assistance policies. In Haiti this document is the DSNCRP.

At this point it is, no doubt, relevant to mention that, during the interviewing process, the authors were constantly asked to explain the meaning of "local ownership", which reveals a general lack of familiarity with the expression.

However, in the interviews with contributors, alignment with the DSNCRP emerged as one of four main indicators of ownership. Along with this cardinal rule, policies were considered as "local" if they met one of the following criteria:

- a) the government signing off on a specific agreement,
- b) the government's partial contribution with resources (human or financial) or
- c) the government's commitment to assure the continuity of the project.

In fact, the three criteria listed presuppose that the government may "*appreciate the benefits of the policies and to accept the responsibility for them*" (Boughton and Mourmouras, 2002: 3). After all, they suggest that "local ownership" is more of a consequence, rather than the point of departure for the process and, furthermore, that it is exclusively centred on the state, dismissing the will and participation of the people.

In effect, the fundamental instrument of local ownership - the DSNCRP - is now perceived by some national players as the product of an unsuccessful executive power: the 2007 administration of Jacques-Édouard Alexis, which was ousted. Haitians do not recognize the document as a truly national plan, but rather as an external product or, in the best scenario, as a mixed product devised by Haitians and the international community.<sup>12</sup> Besides, few local players recognize the document as adequate and the current government hardly accepts it as the primary plan from which to devise specific public policies. The search for a standard guideline is further complicated by the emergence of new documents, such as the recent report by Paul Collier to the United Nations General Secretary (Collier, 2009) with suggestions for economic alternatives for Haiti, which clouds previously established national priorities.

Calling "local ownership" a success, when following an orphaned plan like the DSNCRP, raises the issue of *which* ownership is being safeguarded. Governments are constantly changing and do not have a coherent and consensual development plan. Today, no one assumes responsibility for the implementation of the DSNCRP and it is primarily a starting point for contributors. The lack of government continuity chips away at local ownership, mainly if international players face restrictions at procedures level to search for more permanent partners, such as justice professionals or even larger platforms of civil society could well be.

#### **d. What is, then, the government's perspective on local ownership?**

When confronted with this question, government and its national officers appear to be even less familiar with the concept, possibly because they have less access to the specialized language of development than international players. However, when asked,

<sup>12</sup> Interview with a high ranking government official, Port-Au-Prince, April 3 2009.



more specifically, if they felt that justice reform policies were basically initiated by outside contributors or devised by Haitians, they were less hesitant in stating that decisions were always ultimately made by Haitian nationals.

With an orphaned guide in hands and a weak global strategy for legal reform, the government maintains a permanent dialogue with the contributors to select the international offers that better serve the more immediate needs for improving the system. Several outsiders interviewed stated that such negotiations are conducted until international players persuade the government to accept their proposals. This duplicity of perception is also quite contradictory: Haitians see themselves as the main players in decision making, while international players see themselves as convincing Haitians one way or another.

In the end, in some sort of balance between national sovereignty and international constraints,<sup>13</sup> without sufficient financial means, the government ends up accepting the proposals of contributors. In Haiti, this gives rise to a dispute among international players, who have the essential resources and are under pressure to see results, and a kind of national resistance that reflects a lack of strategy and political will, which attempts the tactic of making national independence prevail over international imposition.

### **The opinions of civil society**

In terms of civil society, the large majority of those interviewed were not consulted regarding the DSNCRP and, generally, do not have any knowledge of the document's contents.

The interviews with civil society organizations (CSO) also showed that their priorities in terms of Rule of Law are definitely different from those established by the DSNCRP or the visions of international players. When asked what the priorities in terms of justice should be, the CSOs expressed concerns related to social and economic rights, such as gender equality or the people's right to feed themselves, many clearly absent from the international contributors' programmes of reinforcement of Rule of Law. They also pointed to the vicious circle of corruption and impunity, which tears away at the credibility of institutions, as the main obstacle to the development of a solid legal system. These are two topics generally avoided by contributors.

The CSOs feel that, to some extent, they are sidestepped by legal reform since they were not consulted by either national or international players in the process of defining priorities for that sector. Some contributors acknowledged that they subsidized the government to consult with civil society, but room for dialogue between the government and organized citizens is either extremely weak or nonexistent. It is also true that CSOs did not always accept to work with the government and acted more as an opposition force than a strategic partner working toward a common good. This tendency may be founded on several factors: an historical tradition of not-so-democratic practices and deep-seated political divisions, and a cultural difficulty on the part of Haitians in extending links of solidarity beyond family circles. Both can be

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<sup>13</sup> Haiti generates only 11% of the GDP in revenues, which makes it very dependent on foreign financing. Country Report, The Economist Intelligence Unit, November 2008, p. 8.



explained by years of dictatorship and behaviour rooted in survival and encouraged by competition for international cooperation funds.

This phenomenon of self-exclusion is even more aggravated when it comes to working with MINUSTAH. Haitians' reactions to the United Nations Mission vary greatly: while the large majority of those interviewed share the belief that it must remain on the ground to guarantee the security of the country, many, however, question the profile of that presence with regard to topics of greater political sensibility. All, however, claim the ultimate imperative of national sovereignty. Under these circumstances, some question whether that presence must remain of primarily military nature, since the most radical opinions refuse any presence and accuse the Mission of being an occupation force.

In terms of the Rule of Law and legal reform, MINUSTAH shares the international leadership with USAID, both recognized by the great majority of those interviewed. However, the fact that, in Haiti, the Mission is shifting away from its primary maintenance and security functions toward a more extensive role of institutionalization and state empowerment, while assuming a routine closer to development support, have led to some difficulties in its relations with Haitians.

As far as organizational issues go, the fact that MINUSTAH is trying to change its role, while simultaneously maintaining a significant military component and a DPKO (Department Of Peacekeeping Operations of the United Nations) work culture, also affects its image. It met with challenges in attempting to articulate two different work cultures and languages, between the tools of peacebuilding and those of development, in what is called an integrated mission.

This duplicity of cultures is also reflected on the exercise of "ownership". While the majority of a series of legal agents at multiple levels and from all regions appeared to be satisfied with the "harmonious" collaboration with PNUD officers, this was not, however, the general rule for the United Nations system in the country. In fact, generally speaking, different entities also employ very distinct practices, from *doing the work* to *working with*.

This question was raised regarding the distinction between peacebuilding and development practices. If, these days, sustainability and ownership are preferred principles in the sector of cooperation, in the area of peace promotion short-term measures and quick solutions have had negative effects and have been criticized for their unsustainable nature and counter-producing effects.

#### **e. The experience of the implementation agencies**

At an operational level, and in the context of the implementation agencies that carry out the projects funded by contributors, familiarity with the concept of ownership reflected a slightly different reality. Representatives of the three largest institutions - the *National Centre for State Courts* (NCSC), the *International Legal Assistance Consortium* (ILAC) and the *Organisation Internationale de la Francophonie* (OIF) - stated that they were familiar with the concept and, furthermore, used it as a fundamental guideline in their work.



The majority were selected by contributors as a result of their past experience in the area of legal reform in developing nations. They all admitted their financiers allowed them considerable flexibility in formulating rules for implementing each project; some even mentioned they were contacted prior to project planning on account of their specific technical expertise. All developed a certain familiarity with the Haitian reality since, despite the primarily short-term duration of individual projects, they have been in contact with the country for several years.

They have been developing innovative projects all across the country in a close relationship with reality on the ground, such as the creation of a legal filing system or providing motorcycles for judges of peace to grant them access to remote areas in order to solve small legal problems.

For these organizations, the main indicators that the process is locally driven, and that there is ownership, consist of a profound consulting system and the guarantee that, gradually, the government will assume the financial cost of such projects. However, all three organizations admitted that their basic criteria for success is the response to goals set by contributors, even when the government, as is often the case, fails to give continuity to the projects.

Despite it being easier to apply the concept, some of the representatives stated, however, that when the Rule of Law is questioned, specifically in technical areas, ownership becomes a relative priority and international players must take up the initiative to make sure progress in legal reform is carried out.

### **Main obstacles to ownership**

A contextual analysis of the interviews in the light of the very specific political and social scenario, not only of the country but also of the role of each of the players and the synergy created among them, allows the formulation of some of the main challenges to the application of the concept of ownership.

#### **f. Local limitations**

Haitians are historically used to the presence of a significant international presence. The political elite accumulated knowledge about the way peace operations work and about the role and interests of contributors. The interaction with international personnel has facilitated a culture of dialogue and sharing, making coexistence possible and negotiations more fluid. However, the failure of prior international interventions created a feeling of frustration and distrust. It must be mentioned that MINUSTAH is the 7th United Nations Mission in Haiti. To some, this presence may have created a *quasi-resistant* passive attitude among the Haitian elites.

The first factor identified as an obstacle to ownership is the limited local capacity. The first option for professional Haitian youth who graduate is to either leave the country or go to work for international entities offering higher pay. The capacity deficit of local human resources finds its origin in a poor educational system, from basic education to university level. The result is that local organizations, either from civil society or governmental organs, suffer from severe lack of qualified human resources.



Another factor that has been stressed is the difficulty in making decisions and in implementation on the part of Haitian personnel. This procrastination may also be seen as a way of resisting international predominance in devising policies in the arena of legal reform. In his work *Pays en dehors*, Bartholomy mentions the early openness and empathy of Haitians in the negotiations with foreigners, but international players learned that, just like the author states, that attitude does not necessarily mean they will approve or follow up on an agreement.

The lack of continuity inside the government has proved to be an obstacle to the reform process. In the last four years, there have been five Ministers of Justice and Public Safety. The new ministers tend to modify, ignore, or reinvent the policies of their predecessors. The absence of a national consensus which, with the help of civil society, could have been maintained during the times of government change leaves international efforts vulnerable to change and to the exercise of democracy.

There is still no fluidity in the relationship between civil society and parliament. Without any type of instruments for accountability and control over government and members of parliament beyond elections, democracy is restricted. Civil society is characterized by its weak capacity to work with sovereign powers and advance proposals and solutions.

Another obstacle to ownership and to a larger process of social transformation is the lack of political will of the President, the government, and the elite. "The President does not believe in the State"<sup>14</sup> and uses tactics such as "divide to conquer" with contributors in order to complicate and difficult the coordination of efforts, on a multilateral basis. An efficient legal system would make Haitians equal before the law and would endanger the elite and their current schemes of corruption and clientelism. For example, the President has been pressured by the international community to select the president of the Supreme Court, which, since November of 2007, could have given a boost to reform and to the creation of the Superior Council of Magistracy. However, the sector is still waiting for that decision.

### **g. International limitations**

In a complex situation of transition toward democratic functioning of the state involving the creation of institutions, qualifications, and a Rule of Law culture, participants in peacebuilding and development must work together (Hansen and Wiharta, 2007: 5).

It has been demonstrated that post-conflict periods are politically and socially more volatile. In that sense, Haiti's recent political scenario is fascinating. In the last three years the government fell twice and, along with it, the Minister of Justice who had worked side by side with MINUSTAH on laws about independence of the legal system. Every time there is a new government, a new Minister is appointed who, through inertia or indifference, rejects previous advancement measures. Simultaneously, two presidential commissions, along with two other within the framework of the Ministry of Justice, were created. Split between supporting the government or the President and discouraged by so many political manoeuvres and insufficient capacity for implementation, the international community must deal with the increasing number of players. In face of these challenges, the international community is forced to work with

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<sup>14</sup> Interview with a United Nations employee, October 20, 2009.



personalities rather than institutions. In this unstable environment, the sustainability of its programmes is extremely complex.

In this complex scenario, contributors face important technical and financial limitations. The pre-eminence of quick results has been denounced as highly prejudicial due to the pressure applied by contributors to the implementation agencies. Consequently, results are quantitatively measured and do not take into account other variables of success, such as ownership. Often, it is sacrificed in the name of results.

Programmes may work for a few years but since, in time, the priorities of contributors change considerably (they, too, are affected by public opinion, voters, and a larger international context) depending on the results they yield, these programmes are often discontinued. A specific example is the case mentioned earlier of the itinerant judge of peace in the southern provinces of Haiti. Judges were provided with motorcycles to reach populations in remote parts of the country. The actual demand for judges by the populations far exceeded expectations, but unfortunately the programme was shut down because its financing did not include funds for paying for petrol. Getting the population used to these services, but lacking a plan for sustainability of the projects, creates a set of necessities while failing to safeguard the means to continue to meet those needs.

When it comes to instruments for accountability and assessing transparency, there is a total discrepancy between international and local players. International players demand strict control of funds and transparency from locals. However, most locals interviewed stressed they lack access to instruments that go beyond an assessment of results carried out by contributors in function of the goals set by them. Therefore, locals request national instruments for accountability of the contributors' intervention. In the words of a person interviewed: *"how many more expensive and ineffective projects must we tolerate?"*<sup>15</sup>

It has been stressed that ownership appears in the majority of peacebuilding doctrine documents of all major contributors. However, it remains blocked in political discourse as a concept and a best practice without effective translation into the implementation of strategic measures on the ground. This was symptomatically illustrated by the lack of familiarity with the concept on the part of international peacebuilders. Likewise, when referring to Rule of Law, some peacebuilders really took it as a universal democratic principle and, deliberately, ignored the need for ownership.

A considerable part of the problem resides in the lack of consensual definition, in the controversy around the concept, and on the lack of guidelines on how to apply it on the ground. It is not an absolute concept and not all ownership makes good ownership: it is fundamental to select local partners and to identify those who are, in general, true representatives of the will of the people. International players have primarily focused on collaboration with the government for reasons of functional feasibility. However, policies of strict "governmental initiative" that resulted from this partnership have not matched the real expectations of the population and have undermined government and international credibility. Although government reinforcement is fundamental, the lack of complementary *ground-up* approaches leads to a decrease in people support. In terms of sustainability, an approach strictly based on the government has its costs since, in

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<sup>15</sup> Interview with a representative of civil society, Port-Au-Prince, 13 April 2009.



the end, it is the people who must maintain or reject peace and the processes of statebuilding, as a democratic state has no power without consent and acceptance by the people.

The most used methods to promote ownership were consultation processes, and even these appear to have been limited and merely incidental. Some contributors supported consulting with populations, and stated they had funds set aside in case the government wanted to conduct consultations about legal reform. Later, however, they declared there was no room for consulting, which was good since the Haitian people were poorly prepared for such an exercise.<sup>16</sup> In some instances, local players felt that consulting and participation in the design of a document served more as a way to lend legitimacy to international policies than to actually seek the opinion of broader segments of the Haitian people.

The intervention of contributors through implementation agencies with the capability to execute large-scale programmes is also a way to bypass ownership and avoid working directly with civil society. In this manner, it takes away from the people and CSOs their right to participate in legal reform and exercise their role in shaping public policies.

The obstacles to ownership are manifold, ranging from hidden political will to technical limitations and political volatility. The concept should be developed not only at political level, but also at strategic and operational levels, to reflect the complex nature of transitional periods. International peacebuilding efforts must not be limited to a self-fulfilling prophecy; they must constitute a long-term commitment with tools adaptable to each context.

## Conclusions

This study on how "To learn to build a sustainable peace" had the objective of analyzing the way key-concepts of policy, guidelines, and best practices are interpreted and applied in real situations on the ground.

Several factors were identified as challenges to ownership. These were primarily centred on the capability and political will of Haitians, on the one hand, and on procedural restrictions by international players, on the other.

At the root of these technical and ground issues, a fundamental question was raised: is the international community really prepared to allow local players to determine the results of reform processes? Real ownership means accepting not only the solutions, but also the processes that may not be in agreement with Western models (Hansen and Wiharta, 2007: 5). It implies abdicating the false premises that universal knowledge is more important than local knowledge, and that international legitimacy is more important than internal legitimacy (Sending, 2009).

The fact is that the solution for ownership dilemmas which emerged from this study is not easily found. A feeling of frustration emanates from the verification of the current incompatibility between international standard procedures and the need to allow development and post national rebuilding processes to evolve. The quest for quick results came out as one of the main factors of divergence: considering that in a country like Haiti peacebuilding interventions are still designed for short-term periods, and that

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<sup>16</sup> Interview with a representative of a contributing nation. Port-Au-Prince, 30 March 2009.



rapid solutions are not conceivable or viable due to the poor state of institutions, support and long-term commitment are fundamental. Ownership requires identification of needs, definition of priorities and strategies, participation in the formulation of policies through active contribution in consultation processes, and development of instruments of accountability. The progress of the peacebuilding discourse is positive but will not be enough if not followed by a solid institutional reform of the United Nations and the development agencies. Such a reform will allow exchanging a uniform and strict paradigm for a series of sensitive and flexible approaches to each specific context.

In the context of legal reform, the international community could redirect its strategy and practices to achieve indispensable legitimacy to the future sustainability of results. Some factors to consider include improving the relationship between citizens and the legal and state apparatus and gaining a better understanding of the needs of citizens. Reinforcing ownership may be a very important way to reach these objectives and safeguard some of the progress made in Haiti so far.

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## **SOCIAL NETWORKS: COMMUNICATION AND CHANGE**

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### **Abstract**

Virtual social networks have brought about the possibility for open and plural debate, where all those with the necessary literacy skills and means are able to participate in the creation and dissemination of information. By pressing political agents and determining the "agenda" of a lot of the media, users demonstrate that we stand at an ideal platform for creating both real social movements and more or less fleeting events, as manifestos or virtual campaigns. Nonetheless, in order to understand the role of virtual social networks in today's world, we need to answer some prior questions. Are we facing a new communication model, whereby the product of "disinterested" interactivity creates an aura of confidence in disseminated information, often quite higher than that seen in the "old media"? Will that interactivity be a chance to fight-off citizens' growing detachment with regard to the "res publica"? Will we find in citizen-made journalism, transmitted through virtual social networks, the consecration of a true fourth power? On the other hand, can we call the distinct collective movements we have seen emerging true "social movements"?

The present article aims to examine this and other issues that come to the fore in the intricate social world of cyberspace.

### **Keywords**

Social Movement; Social Networks; Internet; Networked Communication; Political Communication

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## **SOCIAL NETWORKS: COMMUNICATION AND CHANGE**

**Gustavo Cardoso e Cláudia Lamy**

### **Introduction**

Communication and the media in general are not only windows to the world. Rather, they are sources of change, values, attitudes and ways of viewing the world, ideologies, views about the "other", possible worlds, and futures.

Television was, and still is, the box that changed the world; newspapers have launched the seeds of change from old to new regimes, and even at a time closer to us, newspapers, radio and the television did contribute, from Portugal, to change in East Timor (Cardoso, 2006). The Internet, blogs and social networks have given us distinct form of looking at Iran; in the U.S., the choice of a candidate for vice president was announced via SMS; in Mozambique, the popular uprising in September 2010 was organized via SMS and followed up in Maputo and the world via Facebook.

We waited about 50 years to see the emergence of a new communication technology that would question the importance of television in our society: we called it Internet. The reason why it has challenged the idea of supremacy of the TV as media has much to do with the way it provides information, entertainment, communication, and advertising space. However, there is more to it than that. Like television, the Internet has also evolved and this evolution eventually became a formidable instrument of communication and change. No two countries are alike, only the same technologies, and although the Internet has always been a social space for communication - not just an information space - by adopting the term Web2.0 we put ourselves in a position whereby our biggest motivation for using the Internet could be communication.

This new view about the role of communication in information societies (Castells, 2009) allowed us to see the role of communication in multiple events of social change, which we have witnessed over the past years in various geographical and social spaces.

Although there are many examples of appropriation of the so-called "social networks" in changing contexts, we chose to focus our analysis in the election of Mahmoud Ahmadinejad in Iran and in the protests around the "Green Movement". The choice of this example was due to the fact that we wanted an event that might be paradigmatic of the social appropriation of the media in social networks, but that also allowed comparison with other examples, as were the September 2010 protests in Mozambique and the election of Barack Obama in 2008. The reason is that change can be made not only via an electoral campaign through daily TV spins and social networks, because there are other contexts in addition to North American and European society where change takes place. There are many other possible communication practices leading to social change. However, if, in theory, we can all use Internet communication to change the practices and attitudes about what surrounds us, in practice there are a number of



previous choices to make. These choices are essentially choices on how to think about our relationship with the mediation mechanisms, and what degree of intervention we want to have. As Jonathan Taplin shows us in his blog<sup>1</sup>, the way we want to relate with the world depends on us, and we can choose to merely observe or rethink the world and our role in it. However, whether we want to play an active role in change or not, change is underway, as explained by Manuel Castells (2009). For this author, the relationship between power and communication has never been so direct, and the first step to exercise that power today is to understand how it works. This analysis seeks to be a contribution to this exercise.

## **I. Networked communication and social networks**

All societies are characterized by patterns of communication and not just by information models (Wolton, 1999, Colombo, 1993; Himanen, 2006, Castells 2006, Cardoso 2006). Our information societies have seen the emergence of a new communication model. This is a fourth model that can be added to the three previous ones and that can be placed in chronological order in terms of its social statement cycles (Ortoleva, 2004). The first model has been defined as interpersonal communication, which takes a bidirectional form between two or more persons within a group. The second model, also deeply rooted in our societies, is based on a one-to-many type of communication, whereby an individual sends a single message to a limited group of people. The third model, with which we have less experience in historical terms, boils down to the mass media, whereby, thanks to the use of specific mediation technologies, a single message can be sent to a mass of people, i.e. forwarded to an audience of unknown size, which, as such, is unlimited from the start (Cardoso 2008, Thompson 1995).

The fourth communication model, which seems to characterize our contemporary societies, is formed by the capacity for globalization of communication, along with the networking of the means for mass and interpersonal communication and, consequently, by the emergence of networked mediation under different patterns of interaction. These patterns may take the form of *Self-Mass Communication* (Castells, 2009), which takes place when using Twitter, blogs or SMS; *Interpersonal Communication Multimedia*, which happens when we use MSN or Google Chat or even Skype; *One-to-Many Mediated Communication*, when we use Facebook with our "friends" and, of course, the cases of non-mediated mass communication and interpersonal communication. All these patterns are based on the above-mentioned communication models and which, through the evolution of mediation, allow them to reconfigure a new communication model.

The organization of the uses and networking of the media included in this new communication model is directly related to the different degrees of interactivity allowed by the today's media (Cardoso 2008).

If it is true that we have built communication models in our societies, it is equally true that the main communication paradigms have shaped what the *media* of a given system can be (Cardoso 2008). Our current communication paradigms seem to be built around a rhetoric based mainly on the importance of the moving image, combined with

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<sup>1</sup> See.: <http://jontaplin.com/>



the availability of new ways of accessing information, and with new and innovative roles, which are now also delivered to users, and which has brought about profound changes in information and entertainment patterns.

Our contents - be it news, information or entertainment - seem to have changed thanks to the presence of content provided by actual media users and not just by the media *per se*, giving rise to the co-existence of different information models for different people. However, not only newsworthy information has changed, so has entertainment.

The innovation in entertainment models is reflected both in the availability of user-generated content, and in the amendments made by media companies on their search for new content and "shapes" of their experiences with the blurring of boundaries between traditional genres programming and new approaches to social values (such as privacy and private life), along with changes within the social appropriation of time, space and ethics, as reflected in the way stories are told and scripts are written.

The communication model developed in information societies, where the predominant paradigm of social organization is based on the network (Castells, 2002) is called *Networked Communication* (Cardoso, 2009). This model does not replace previous ones, but tends to link them together, producing new forms of communication, and enabling new ways of facilitating capacity, therefore communication autonomy.

In information societies, where the network is a central element of the organization, a new communication model is taking shape: this is a model characterized by a new interpersonal network, a one-to-many, which connects audiences, participants, users, broadcasters, and publishers in a single array of network media.

In a networked communication environment, mediation (Silverstone, 2006), media diets (Aroldi & Colombo, 2003), media matrixes (Meyrovitz, 1985), and the communication system itself (Ortoleva, 2004) have been transformed. These transformations in the relations between distinct media, which currently experience more of a networking interconnection than a true convergence - either in terms of hardware, services or networks - turn mediation into an integrated experience, combining the use of different media: from the telephone to TV, the newspaper to the video game, from Internet to the radio, from movies to mobile phones, placing users, their practices and necessary competences once more at the centre of analysis (Livingstone, 1999; Cardoso, 2007; Cardoso, 2008).

It is in this context that the use of social networking evolves, sometimes as *self-mass communication*, as in the case of Twitter, others as *mediated communication from one-to-many*, as with Facebook.

## **II. Are the internet "social networks" social networks?**

*"The purpose and potential of these large virtual social networks has not yet been t unveiled, but no doubt they affect and promote ways of relating"*

(Machado & Tijiboy, 2003).



The study of networks, which started in the field of Exact Sciences with Euler's Graph Theory, translated into the field of Social Sciences in three models: the *random networks model*, the *small-world model* and the *scale-free networks model* (Recuero 2004: 4).

Erdős and Rényi's *random networks model* explains the workings of social networking through the party metaphor: *a mere connection between each of the guests at a party would be enough for everyone to be connected by the end of it* (Recuero, 2004: 4). Thus, from an individual common to all, a cluster is formed by a group of interconnected people, and this connection allows a future relationship between various clusters.

Granovetter's *small-world model* distinguishes social ties, separating strong ties (among close friends) from weak ones (between mere acquaintances): if the former bring together people who have shared interests, creating clusters or communities, the latter allow not only the interaction between individuals belonging to different clusters, but also between the communities to which they belong, thereby creating a social network (Recuero, 2004: 5-6). From this theory, Watts and Strogatz demonstrated how easy it is to establish a connection among members of different communities: the average distance between any two people on the planet does not exceed a small number of others, and their interaction simply requires that some random links between groups take place (Buchanan, 2002).

The *scale-free networks model* emerged as a critique to Watts' vision: networks do not have an inherent randomness but specific laws, such as the preferred connection ("rich get richer") (Barabási, 2003). Moreover, the networks are not equal and the worlds are not small, given the existence of highly connected factors (hubs). Accordingly, any individual will prefer to connect to another who has a large number of connections, as this will allow him to access them all. This is evidence of the existence of a preferred connection: the hubs are "the rich that get richer", given that, as they have an immense range of contacts, they will also be the most sought after by those around them (Recuero, 2004: 6).

However, can we transfer these models on to online social networks?

In the *random networks model*, there seems to be added value in explaining the connection between hubs and other participants through randomization - after all, the former only contact others to promote their own profiles, ignoring the characteristics and interests of the latter. However, not all invitations in social networks are based on this premise, as many are justified by personal interests, such as reconnect with friends, establish business contacts or find a love relationship (Recuero, 2004: 7 et seq.).

In the *small-world model*, the degree of separation between members of an online social network is very small, it is true, but not because this is a rule based on two types of ties (weak and strong): it is so because there are individuals who see accumulating contacts as an end in itself, even if they never interact with those whom Recuero calls "friends around the world" or Barabási describes as hubs, *"people who are highly connected, with a vast number of friends, and who contribute significantly to the disappearance of distance between individuals in the system"* (Barabási, 2004: 7 et seq.).



As for the *scale-free networks model*, Recuero advocates that it is impossible to apply it to its full extent in the absence of a preferred connection: the hubs are the ones that randomly invite other users to their contact list and not the reverse, to serve their sole purpose (the "*collection of profiles.*"). In the absence of any interaction other than the original, can we really take these elements as belonging to a true *social network*? (Recuero, 2004: 7 et seq.).

The analysis and explanation of how virtual networks work just from the models applied to non Internet-mediated networks is difficult, because many of its features do not fit or even contradict the premises of the models presented. However, this does not invalidate the existence of social networks in the online medium, as they exist from the moment in which individuals are active in this context. We are just facing a reality that fits to its own context the limitations and advantages of the interests of social ties shared by all users, (Cardoso, 2003; Schroeder, 2005: 2). To speak of forms of social relationship on the Internet is to discuss how citizens use the new communication possibilities, and how they stand up to their advantages and difficulties. Or, as Bennett affirms, *it is the interaction between the Internet and its users - and, in turn, their interactions in material social contexts - that constitute the matrix within which we can find the power of new media in creating different spaces for discourse and coordination of actions* (2003:18).

Some authors see nothing exceptional in these new networks, which will be just ways of sociability transposed to new platforms: it is, for example, the opinion of Wellman, for whom "*Computer-Mediated Communication is just one of many technologies used by people and through which existing community networks communicate*" (Hamman, 1998). It is clear that Wellman bases his views on the premise that the purpose of most virtual contacts is to be transposed to life offline, which is not always the case: many virtual links tend to be kept in those spaces, and may never translate into to face-to-face contact, not least due to geographical distance (Recuero, 2004: 9).

In the discussion about the territoriality of communities on the Internet, a distinction between online communities and virtual communities is advanced. Online communities are associated with the recreation, in cyberspace - the area without the size and characteristics of physical space - of places which were already associated with offline communities. In turn, virtual communities are associated with the establishment of communities in cyberspace without any correspondence with a pre-existing physical space, that is, meeting points for all who share a common set of interests, but whose meeting in the same cybernetic location is not possible given the geographic distance or other constraints (Cardoso, 1999).

From the cross analysis between the network theories and the empirical dimension associated with sites called Social Networking Sites (SNS) like Facebook, Hi5, Orkut, or microblogging like Twitter, it seems clear that we have social networks in the sense of social interaction spaces and creation of autonomy.

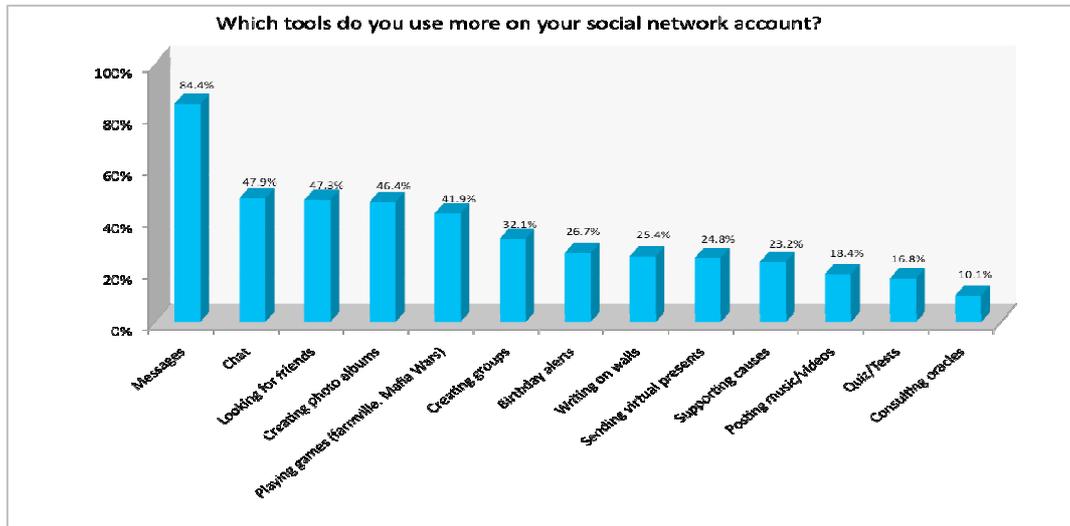
### **III. Networked social practice on the internet**

There is a basic question in the analysis of social networks on the Internet: what do we do with social networks? Between the technological potential and actual use lies a whole domestication process (Silverstone, 1994) that marks where the technology had



evolved in terms of its use. The figure below shows the kind of diverse SNS uses in Portugal

**Fig I – “Which tools do you use most on your social network account?”**



Source: CIES ISCTE, *A Sociedade em Rede*, 2010

N=1255 (total responses); n=35 (users of the Internet and social network platforms)/ 25% of total respondents; 56% of Internet users.

From these uses, a possible division stands out in the activities aimed at strengthening social ties with friends and acquaintances (Messaging, Chat, Birthday Alerts, Writing on the Wall), managing social capital (Search for Friends, Sending Gifts, Games, Group Creation), entertainment (Quizzes and Tests), identity expression (Video Posting), and social intervention (Supporting Causes). This article will focus primarily on social intervention in Internet networks. There are very significant developments with regard to online social networks, especially in relation to the spread and reliability of information: for example, CNN has said it fears more competition from networks like Facebook or Twitter than from other television broadcasters<sup>2</sup>. Trust in this type of sources appears to have been encouraging their use, supplanting the search for information in other media. Of course we can never forget that we are analyzing the cyber world and not world reality - as we know, television and its contents are still the medium citizens give priority to, in particular due to their easy access to the technology used and the fact they do not need immediate specific literacy. Given the exponential growth of networks promoted by Facebook and Twitter, we need to better understand what they offer.

Like other social networks, Facebook allows one to create a profile, whereby the user enters information ranging from name, age or marital status, to data such as ideological and political views, or causes espoused. There are mechanisms for maintaining privacy, if not anonymity: the use of nicknames and the non-placement of photos or personal information, although not the most common options, are real

<sup>2</sup> See.: <http://www.agenciafinanceira.iol.pt/empresas/media-cnn-facebook-twitter-hi5-agencia-financeira/1146270-1728.html>



possibilities. Users can support causes, institutions or people, and they also have the opportunity to join debate forums. They can also communicate through asynchronous messages (*a priori*, only visible to them), chats, and through public posts, accessible to all their contacts. In the case of the latter, users' direct contacts (or indirect, if so determined) may comment on content and have the possibility to share it.

Currently, Facebook is the social network on the Internet that brings together a greater number of supporters (517.480,460 users worldwide, and 149.976,980 individuals registered in Europe alone<sup>3</sup>), giving rise to such devotion as to elicit the emergence of pathological behaviours<sup>45</sup>. As a result of this success, its advertising revenues have been increasing exponentially, surpassing the highest expectations: in 2009, they reached \$ 800 million, with net income of tens of millions<sup>6</sup>. Thus, Facebook becomes a "mediated communication from one-to-many", since each user knows who his/her "friends" are, as he/she authorizes their "friendship." Only after acceptance by the friend can he start being a "friend" to the person who invited him.

Twitter has other characteristics, because it is a form of microblogging<sup>7</sup> based on the instant publishing of text of up to 140 characters. Twitter allows the use of instant text messaging, primarily to share experiences and opinions among communities of citizens (Java, Song, Finin & Tseng, 2007: 2; Miard, 2009: 2). However, not everyone uses it in the same way: whereas some are constant sources of information and commentary, others just watch the dissemination of opinions, without active participation.

According to a study conducted on these microbloggers, the most common posts focus on the daily routine, on what the user is doing at the moment and on his/her particular mood (Java, Finin, Song & Tseng, 2007: 6/7). In what regards talks, there is no possibility for direct response to a message posted by a third person, as with Facebook, which is why users have chosen to use the "@" symbol followed by the username of the user with whom they want communicate.

The dissemination of constantly updated daily information is also one of the most interesting applications of Twitter, and has already proven to allow a very rapid awareness of the user population, apart from being a simple way for those who do not have other ways of communicating their indignation with regimes that are dictatorial or restrictive of freedom of expression<sup>8</sup> (Correia, undated: 4). In fact, due to the media convergence, it is now possible to use mobile phones for text messaging instead of accessing the homepage, enabling the dissemination of a variety of content from any location.

Of course all this ease of access and unrestricted content has less positive implications: the danger of misinformation, especially if propagated by the strongest hubs. Rumours

<sup>3</sup> See.: <http://www.facebakers.com/countries-with-facebook/>

<sup>4</sup> Obsession medical clinics: <http://www.ionline.pt/conteudo/52583-viciados-no-facebook-ja-ha-clinicas-tratar-obsessao>.

<sup>5</sup> See.: <http://www.facebakers.com/countries-with-facebook/>

<sup>6</sup> See: <http://www.tvi24.iol.pt/media-e-comunicacoes/facebook-redes-sociais-media-internet-agencia-financeira/1171052-5239.html>.

<sup>7</sup> It differs from blogging, particularly because it only allows a small number of characters and because it is related to a rate of updates that is much greater than blogging (Java, Song, Finin & Tseng, 2007: 2)

<sup>8</sup> The organisation *Reporters Sans Frontières* (v.g. <http://en.rsf.org/>) fights for press freedom. It has headquarters in Paris and offices in several countries. Its site, built in three languages, maps out the aggressions of authoritarian governments against journalists and the media (Moraes, 2001: 8).



are quickly repeated and amplified through this network, especially if generated or shared by members with more contacts.

Between supporters and pessimists, both with strong arguments on the matter under consideration, the truth is that social networking on the Internet and in other mediation areas, such as telephone networks, force us to rethink the social and political societies of the 21<sup>st</sup> century. What motivates individuals to participate in new forms of social relationships through mediation?

The idea of a platform in which all citizens are invited to rationally discuss the issues of the society they belong to, facilitating the flow of information and knowledge, is the ideal fourth estate: the media in general should act like that, allowing grassroots voices to reach decision makers (Hartley, 1992) - the materialization of Habermas' concept of public sphere, the *Agora* of Athens or New England's town-hall, something that does not seem to occur today (Cardoso, 2003). This challenging but desirable view of the media was heavily criticized, especially because it would never be equalitarian: if, in the past, only the literate bourgeoisie could access the contents of newspapers in order to foster the exchange of ideas, nowadays only an elite could participate fully in such an occurrence.

Given this state of the art, some authors see in new media in general, and in online social networks in particular, not just one way of achieving the debate that has not taken place in traditional media, but a means for civic participation, where common interests allow soliciting opinions, decisions and interventions in specific areas. In part, this seems to find some echo: as Castells points out, *"in the international arena, new transborder social movements, rising to defend women's causes, human rights, environmental preservation and political democracy, are making the Internet an essential tool for disseminating information, organizing, and mobilizing"* (2002: 475).

This possibility is even more relevant if we look at the general disappointment with political life and the increasing distrust in democracy<sup>9</sup> and its institutions: Discussing, deciding, and implementing decisions would be transposed or shared between modern institutions and the public through the Internet (Cardoso, 2003). To the extent that the mass media and political elites, in their eagerness to regain new audiences and supporters, have already expressed their interest in joining computer-mediated communication, especially social networks. As Castells argues, the study of the transformation of power relations in the new communication space should consider the interaction between political actors, social agents and the media business (2007:254).

The use of these networks have proven a skilful way of communicating without trace, which is useful in countries where communication is still open to explicit censure, as in China or Myanmar (Ekman, 2007: 39). In fact, censorship or manipulation of information by political groups or lobbies becomes more difficult: horizontal transmission of information, often live, by citizens creates an aura of truth very different from the one that currently fills the political world (Castells, 2007:251).

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<sup>9</sup> According to Eurobarometer, in relation to Portugal, *"only 40 percent of respondents consider themselves satisfied with the functioning of national democracy, compared with a European average of 53 percent. The levels of satisfaction with the functioning of national democracy are superior only to those expressed by the new Member States (NMS-12) like Slovakia (40%), Slovenia (37%), Hungary (23%), Latvia (21%), Bulgaria (21%), Romania (18%) and Lithuania (18%)"* (Executive Summary, 2009, p. 4).



This form of "citizen journalism" is further simplified by the current convergence of platforms<sup>10</sup>: the possibility of placing any information in the web world via mobiles or by transferring content through online networks lends itself not only to increased globalization of social interaction through virtual networks, as it allows almost simultaneous circulation of any event that deserves the attention of its transmitter. Moreover, the use of mobile phones to spread images and consequently raise the awareness of the international community has proved essential in situations as diverse as Seattle, or in the case of the Iranian and Mozambicans protests.

In the Internet arena, organizations and people gather together to change something in many different themes and perspectives, fighting for visibility and projecting the consequences. As Moraes writes, *"The Internet is fostering the struggles of civil society groups to promote social justice in a world that globalizes inequalities of all kinds. (...) Most of these entities aim to strengthen civil society in the process of universalizing values and democratic rights. They bring together concrete or symbolic interests and needs, promoting actions in favour of citizenship"* (2001:2). Therefore, social networks play an extremely important role with regard to socially, economically or politically excluded groups, giving voice to minorities or enabling the raising of resources and the setting up of and networks that share their aims.

Organizations have been using the Internet for a long time to spread their purposes and actions more easily at no cost, and to raise the largest number of members. These practices led to the creation of intervention tools, such as virtual campaigns, discussion groups, online manifestos, and links murals, creating an *arena for further mobilization*. The possibility of a reaching a range of people without the limitations imposed by gatekeepers (as happens in television or in the press) makes Computer-Mediated Communication (CMC) extremely relevant to all citizens and NGOs whose objectives include denouncing, exercising pressure and raise political awareness<sup>11</sup> (Moraes, 2001: 3; Bennett, 2003: 3). Virtual NGOs have also begun to make full use of their interconnection with the aim of sharing expertise, resources, costs, and space, and each node incorporates new users who potentially become producers and transmitters of information (Moraes, 2001:3). There is no doubt that social networks have allowed a more open and pluralistic debate, becoming promoters of a civic and political participation that otherwise appears to be fading away (Cardoso & Neto, 2003).

Even if the globalization phenomenon means we run the risk of uniformity of thought and critical analysis, it is also this phenomenon that allows once-distant regions become accessible to all: their problems, victories, and movements are not only broadcast but can find supporters in remote locations around the globe. Accordingly, we have a conjugation of individual matters conceived for local use and a global world: in fact, people think in the context of their own realities, but use virtual media for its diffusion, thus acting globally (Castells, 2007:249). For this reason, the Internet and other technologies, such as mobile phones and digital video, enable people to organize politics in a way that overcomes the limitations of time, space, identity and ideology,

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<sup>10</sup> Over 70 million Europeans already access the Internet via their mobile phones, and do it once a week for one hour a day on average - Study of the European Interactive Advertising Association (EIAA), see [http://dn.sapo.pt/inicio/ciencia/interior.aspx?content\\_id=1512132&seccao=Tecnologia](http://dn.sapo.pt/inicio/ciencia/interior.aspx?content_id=1512132&seccao=Tecnologia).

<sup>11</sup> Take the case of Amnesty International, one of the first NGOs to use the Internet: in 2001 it had one million members in 160 countries and 50 websites (Moraes, 2001:7).



resulting in the expansion and coordination of activities, which possibly would not occur by other means (Bennett, 2003: 6).

Activist networks on causes have been addressed differently by distinct authors, and some see an "army on the net" (Holstein, 2002, unpagged) or a "smart mob" (Rheingold, 2002) in them. However, Bennett points to the difficulty in accepting such warlike or close to interest groups views when the non-institutional organization and the absence of a hierarchy to respect are essential to understand the networking work of activist communities (2003: 9 et seq.). As such, the author proposes the approach presented by Gerlach and Hines, called SPIN: we are talking about *segmented*, *polycentric* and *integrated* networks:

- *segmented*, given the fluidity of its borders in relation to formal organizations, non-institutionalized groups and individual activists and individuals, where cooperation is constant;
- *polycentric*, since there are no leaders but centres to coordinate the activities of networks;
- *integrated*, due to its horizontal structure, assuming activism is carried out by all members.

The first case study of a popular movement organized through the Internet took place in Seattle in 1999, at the meeting of the World Trade Organization. The world saw not only the demonstration of some fifty thousand people filling the streets of Seattle in a protest against Neoliberalism, but also protests in 82 cities in the U.S., Europe and South America (Bennett, 2003: 25; Moraes 2001: 9).

In these cases, the Internet proved to be important both for the organization of demonstrations and for the global transmission and dissemination of events. Thus, the protest gained a global force, determining the agenda setting of the media and, accordingly, of public opinion. As a result, the political authorities were forced to cancel the meeting, showing that the "losing" forces of the economic system had managed, through a conflict relationship, to seize the power they claimed (Della Porta and Diani, 2006: 167).

#### **IV. Networked communication and social movements**

*A social movement is a collective attempt by a certain number of people to change individuals or institutions and social structures*

(Zald and Ash, 1966).

Nowadays, activism seems a regular practice that is well received by users of social networks: environmental causes, defence of human rights or reaction to political facts are subject to frequent attention. However, does this reflect social movements, or is it simply the sum of a set of shared acts of individual protest? Many authors have tried to define what, among various possible collective actions, is commonly called *social movement*. This debate has generated both demand for greater rigour in the



description of the aspects that make up this reality (creating more or less open notions), and the denial of the actual concept<sup>12</sup>.

For Della Porta and Diani (2006: 20), social movements necessarily comprise three components: *conflict relationships*; intricate *networks among the actors involved*, and a lasting *collective identity* that goes beyond individual will and the mere event limited in time. Let us examine these aspects.

At the outbreak of a social movement, individuals are involved in conflict relationships with clearly identified adversaries, both seeking to control the same object. Thus, those directly involved in social movements should be considered to be challengers/defenders of existing institutional authority, whether of political, corporate, religious, or educational nature (Snow, Soule & Kries, 2007: 8/9).

The definition of strategies, coordination of initiatives and regulation of individual behaviour depends on ongoing negotiations between individuals and the organizations involved, developed through contacts made through informal networks. This organization can be of various types and levels, but in no case an individual, by himself, represents a move, because the latter assumes the existence of shared ambitions by different actors.

Finally, these actors share a collective identity that reflects a commitment to the cause beyond a certain number of protests or the total of specific campaigns (Snow, Soule & Kries 2007: 10/11). Thus, as stated by Della Porta and Diani (2006: 23), *the dynamics of a social movement is taking place when individual episodes of collective action are perceived as components of a more enduring action, rather than discrete events (...)*. Even if a representative democracy presupposes that the interests of citizens are represented, the disappointment of the latter with regard to institutionalized political organizations cannot but be noted, leading to the development of new forms of participation (Cardoso & Neto, 2003: 108). Along with institutional tools that have long been used, such as the work provided to political parties or attending political meetings, new means of conducting politics are emerging, like signing petitions, boycotts, occupations, demonstrations, cutting off traffic, and non-trade union strikes (2006: 166), some of which are initiated, and certainly disseminated, through social networks.

The concept of *protest* is, itself, controversial. Being a form of collective action, it is not the only one, and it does not necessarily have a radical or conflict intent. Rather, it is an unorthodox course of action aimed at mobilizing public opinion to exercise pressure on policy makers (Della Porta and Diani, 2006: 165).

This takes us back to the question on the origin of social movements: given the influence they already hold, organizations standing close to power do not resort to this kind of strategy. Rather, *protest is the political source of the non-powerful* (Lipsky, 1965): those committed to a common cause and who intend to press their institutionalized "opponents" need their actions to have visibility to garner the sympathy of public opinion.

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<sup>12</sup> For example, this is the position of Dieter Opp, when he states he prefers the notion of protest group to that of social movement, defining it as a community of actors who want to achieve their goal or shared objectives, influencing the decisions of a target (2009: 41)



Support given to causes in the context of social networks typically arises as a result of the action of formal or informal groups with ability to mobilize others, because its success depends on the capacity to get the word out and get third parties to trigger an action which, at least, results in public support for a given position. The argument that we can leave here is that support to causes in social networks have characteristics of conflict relationships, of smaller or larger networks among stakeholders, and of formation of a collective identity. This last point, which we may consider to be more controversial, is echoed when membership starts to be listed in the individual profiles of those who lend their support and, as such, becomes a shareable part of the personal identity with regard to third parties. Therefore, it can be argued that social movements also are forged on the Internet's social networks.

## **V. From Washington to Tehran, passing through Maputo: Networks between symbolism and action**

*"We can see that virtual social networks are major circulation channels in the flow of information, links, values and social discourse, which expand, delimit and fuse territories*

*" (Machado & Tijiboy 2003).*

Internet use during the election campaign of Barack Obama in 2008 has often been cited, being mentioned as one of the main reasons for the electoral success of the current U.S. President. The campaign website, Obama's appearance at various social networks - particularly on Facebook - the mailing list of supporters, among other things, left a strong imprint on this campaign, which became somehow an inspiring model for several candidacies that have since taken place almost everywhere in Europe. (Plouffe, 2009).

One could argue that the model for the Obama campaign was appropriated and reinvented in the 2009 Iranian post-election context, in the form of a social movement generated in social networks and brought to the streets of Tehran. Given the election results of June 2009 - with Mahmoud Ahmadinejad declared the winner two hours after the close of the polls - the Iranian population upraised because it believed the result to be fraudulent. Supporting the main opposition leader, the reformist candidate Mir Hussein Mousavi, citizens organized themselves in what is called the *Green Movement*<sup>13</sup>, which is still active today despite all state police efforts to end it<sup>14</sup>.

Given the popular reactions and feelings shared in them, we aim to demonstrate not only the existence of a genuine social movement developed and implemented through online social networking, but also the existence of virtual communities that use it as a protest tool. Moreover, the essentiality of CMC is so obvious that those targeted by the movement not only censor the information conveyed as they even derail the network connections in key moments of domestic politics.

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<sup>13</sup> See.: <http://translate.google.pt/translate?hl=pt-PT&sl=en&tl=pt&u=http%3A%2F%2Fwww.cbsnews.com%2Fstories%2F2010%2F06%2F10%2Fopinion%2Fmain6568553.shtml&anno=2>

<sup>14</sup> The International Federation of Human Rights (FIDH) said that about two thousand people were arrested in just 15 days of protests: <http://aeiou.expresso.pt/musavi-insiste-em-novas-eleicoes-no-irao=f523600>



First, the conflict relationship between those who have institutionalized power and authority (in this case the government of Ahmadinejad and the Guardian Council that validated his alleged victory) and those who want to remove such power from those hands towards a change of regime (which includes, of course, not only Mousavi and all his political supporters, but also citizens who, in the streets of Tehran and in online social networks, require a new ballot.)

The organizational format of all those who wish to contest the elections is in fact based on an informal network. Without any pre-established hierarchy or original vertical relations, citizens defend their common interests in a democratic relationship of equality that, of course, never questioned the power of initiative that is more or less present in each of the existing links. Mousavi may incite protest, but the initiatives associated with the Green Movement do not all depend on him. At best, he may be a hub, but he can never be regarded as a leader in the relations among the communities that profess the common interest of democracy and pluralism in Iran.

As important as the previous references, we are in the presence of a collective identity: we are not talking about a fleeting protest, a one-off demonstration: we have a collective feeling shared by the masses that justice behind a political process should occur. To this end, efforts are brought together, forms of communication are created among all supporters (individuals or collective), personal accounts are developed so that, globally, everyone can follow the progress of political and social developments in Iran.

The growing awareness of the essentiality of the virtual world of politics has a place not only among citizens: the actual traditional media are starting to pay attention to content published by virtual communities, to petitions circulating through them, and to peaceful demonstrations that are being organized in this way. Indeed, the former do not pay much attention to demonstrations: as they focus on the "now" ignoring the information context, activist actions that not translate into violent demonstrations or protests seldom capture media attention, which means, not infrequently, that the media receptors have complete ignorance of the purposes or intentions of the organizations involved (Bennett, 2003: 3).

The fact that Twitter was the channel that warned about the poor coverage of the Green Movement by traditional media strikes us as an example of what has been said before. In fact, *"on 13 June 2009, when protests began to escalate, which was ignored by the Iranian media, information on Twitter flowed in real-time"*<sup>15</sup>. Referring specifically to CNN, the network created a gate watching movement in which citizens questioned the quality and the true intentions of the information conveyed by the media. Influenced by this warning or not, the truth is that this company has redoubled its attention (De Tolledo, undated: 5). Thus, the agenda setting of the activists with the media in general can produce changes in how priorities are established in the media (Web, undated: 4 /5) - how to *"encourage" forgotten "stories", marginalized sources and the return to civil society and its informal dynamics at the expense of prefabricated and selected information focused on institutional mechanisms "*(undated: 5 et seq.). In addition, there is the fact that political and economic interests do not always turn away from the media, and even match those shared by opponents of social movement (Moraes, 2001: 4; Castells, 2007: 250). This is the case in Iran: by manipulating the

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<sup>15</sup> See.: *Twitter: A window to Iran*: <http://aeiou.visao.pt/twitter-uma-janela-para-o-irao=f513147>



national media, which can only convey expressions of support for Ahmadinejad, the current leader has even prohibited the coverage of protests by international media<sup>16</sup>. Zuckerman believes that the *reason why social media is so interesting is that international media do not have correspondents on the ground*<sup>17</sup>.

Aware of the dynamism shown by these communities that use the new media as a major interaction vehicle, Ahmadinejad's supporters operated in two distinct ways: they not only censored content and hindered the use of sites, blogs<sup>18</sup>, virtual social networks, and even mobile telephone network, but also imprisoned those responsible for transmitting information not seen as being favourable to the regime<sup>19</sup>. Moreover, this awareness did not start just after protests had began, otherwise the suspension of Twitter hours before the elections would not be justified<sup>20</sup>. With regard to this type of censorship, users of CMC have been trying to warn about ways to disseminate information, especially when using the two most common tags: *iranelection* and *gr88* (Reference to the Green Revolution and the current year in the Persian calendar: 1388)<sup>21 22</sup>. In these cases, Twitter users were advised not to reveal their IP address, not to reveal in any manner the name or location of a genuine source of the Green Movement, or even rushing to respond, since the security forces were using the same social network<sup>23</sup>.

Thus, it seems undeniable that the Iranian Government of Mr. Ahmadinejad is afraid of the media in general and online social networks in particular: in fact, there is no point in censoring spaces that have no power at home or abroad. Although censorship does not advocate the essentiality of social networks, it seems undeniable that censorship, especially in key political occasions, shows it finds them important, even if only potentially.

As in other social movements or collective actions, in the case of Iran, online social networks have also been heavily used. If we examine them, we will see a wide range of virtual communities sharing a common purpose, their members sharing a relationship of equality and fairness not using any hierarchies; in these social networks, space is often exceeded as national issues are transposed to international reality, and joint determination is often accomplished through cybernetic mediation. With this type of communication (many-to-many), citizens and NGOs have succeeded in mobilizing supporters around the world, aligning global protests and collecting signatures for petitions, giving global visibility to a national issue.

<sup>16</sup> At the announcement of a demonstration, the professional licences of journalists working for foreign media were declared invalid for a period of 48 hours: <http://aeiou.expresso.pt/gen.pl?p=stories&op=view&fokey=ex.stories/551691>

<sup>17</sup> See.: [http://www.businessweek.com/technology/content/jun2009/tc20090617\\_803990.htm](http://www.businessweek.com/technology/content/jun2009/tc20090617_803990.htm)

<sup>18</sup> When a student protest was organised, "authorities blocked most student websites": <http://aeiou.expresso.pt/gen.pl?p=stories&op=view&fokey=ex.stories/551691>

<sup>19</sup> "Following protests against the reelection of Mahmud Ahmadinejad, four thousand people were detained, and, of these, over fifty bloggers and journalists": <http://aeiou.expresso.pt/gen.pl?p=stories&op=view&fokey=ex.stories/541076>

<sup>20</sup> See.: <http://boingboing.net/2009/06/15/iranian-election-upr.html>

<sup>21</sup> The only two hashtags considered to be legitimate used by bloggers in this context are #iranelection and #gr88; all others may induce the thinning out of conversation <http://www.boingboing.net/2009/06/16/cyberwar-guide-for-i.html>

<sup>22</sup> An example is: when acceding Mousavi's page on Twitter, one reads: #iranelection In case of the arrest of any of the Green movement's leaders, take to the streets in Tehran: Enghelab to Azadi. Tell everyone. (10:50 PM Dec 30th, 2009)

<sup>23</sup> See.: <http://www.boingboing.net/2009/06/16/cyberwar-guide-for-i.html>



An example illustrating the importance of the Twitter online social network took place on 15 June 2009, when the possibility of suspending the network for maintenance purposes was advanced. Faced with the concern of Iranians users and followers throughout the world, given that only two days had elapsed since the release of the elections results and the start of protests, those in charge of Twitter opted to defer the procedure<sup>24</sup>. This concern seems plausible when we note that one of the most popular pages on Twitter, with more than 25,631 followers, is about the reformist candidate<sup>25</sup>. Out of curiosity, it must be noted that Mousavi also has a Facebook profile<sup>26</sup> with 3,966 contacts, a YouTube channel<sup>27</sup> with almost 70,000 views, and a Flickr page where he collects pictures of the protests against him<sup>28</sup>.

**Fig. II – Profile of Mir Hossein Mousavi on Facebook**



Source: <http://www.facebook.com/home.php?#!/mousavi?ref=search>

Nevertheless, several authors defend that we do not face a real revolution in the means for coordinating social movements, but a utility for increasing global visibility, sometimes merely the result of a particular international context.

We believe it is impossible to justify all the development and coordination of a social movement through online networks. Mishra argues that the number of citizens using such networks is too small when compared with the size of the protests that we have seen<sup>29</sup>. And if it is true that citizens have the means to give their personal account of experiences and to access to all sorts of information and values shared by certain communities (Castells, 2007: 256), the fact remains that not everyone will have access to these platforms. However, the peculiar Iranian case should be pointed out: with a very young population (average 26.4 years of age<sup>30</sup>), more than 23 million Iranians had

<sup>24</sup> See: [http://www.businessweek.com/technology/content/jun2009/tc20090617\\_803990.htm](http://www.businessweek.com/technology/content/jun2009/tc20090617_803990.htm)  
<sup>25</sup> See: <http://twitter.com/mousavi1388>  
<sup>26</sup> See: <http://www.facebook.com/mousavi1388>  
<sup>27</sup> See: <http://www.youtube.com/mousavi1388>  
<sup>28</sup> See: <http://www.flickr.com/photos/mousavi1388>  
<sup>29</sup> See: [http://www.businessweek.com/technology/content/jun2009/tc20090617\\_803990.htm](http://www.businessweek.com/technology/content/jun2009/tc20090617_803990.htm)  
<sup>30</sup> See.: [http://www.middleeastdirectory.com/cs\\_iran.htm](http://www.middleeastdirectory.com/cs_iran.htm)



Internet connection in 2007 and 29.77 million had mobile phones<sup>31</sup> - these are relevant numbers considering that Iranian population in 2008 was just under 66 million (From Tolledo, undated: 4).

Any such analysis must be tempered by the fact that, as in other online communities, many of the participants are mere spectators who belong to a Facebook group or have a host on Twitter without actually materializing this support in the political world offline (Chong, 2009: 18). It is more reasonable to say that only some citizens use Twitter to organize protests in Iran, with blogs, SMS and even offline communication media being the most common means used for internal organization.

We must not forget that not everyone involved may be interested in active participation in online social networks: the "profile collectors", who rarely seek interaction with their contacts, are examples of this. Conversely, there are also real "promoters of public debate", as already noted by some authors: "*there are strategic agents in the networks who act as facilitators of links and information flow, and who stimulate debate, propose, challenge other members of the group to participate and generate or relieve tension in the articulation of differences*" (Machado & Tijiboy, 2003:4). As it happens in a society that is not mediated by the Internet, not all citizens are interested in active participation, for which reason we should not expect interaction and interest from everyone involved in social networks. We must not forget that people are the ones using digital platforms to achieve their purposes, not the reverse: through them, curiosity may be raised, and it may be possible to inform and even educate. But networks can never override the human will to use it: we need to show the possibilities and be aware that they are basically just that. In essence, the real question is whether the users of virtual communities use them as a means to make their voices heard when no other means permit it, if they only reproduce online the attitudes they have offline, or if all those with no previous interest in public debate develop new interests and skills to be socially involved.

However, mobilization and the international publicity of events already owe a lot to that social network, which also allows connection with political exiles (Chong, 2009: 18): as Correia states, "*one of the most important features of computer-mediated communication is its ability to allow the many-to-many dialogue and its capacity to facilitate communication among geographically dispersed groups and individuals*" (Correia, undated: 4).

Still, not all results in the use of this and other virtual networks are positive: the unlimited proliferation of information runs the risk that, instead of informing, it will create information chaos. Basically, we speak of a general confusion and the emergence of certain forms of autism (Rheingold, 1993), of the multiplication of personal visions, little reliable information or with less clear intentions that might lead to what Correia calls the "*lack of reflexivity paralyzed by the new fetish value that is speed in real time*" (undated: 6). Public sphere as a democratic achievement faces, in fact, an obstacle: the so-called digital divide, the critical stance that allows us to disentangle information from noise or knowledge from "readings based solely on any common sense" become more essential to the realization of democracy through online networks (ibid, 2006: 401; Correia, undated: 6 et seq.) However, it seems safe to consider the possibility that information survives outside the context of news and the

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<sup>31</sup> See.: [http://www.middleeastdirectory.com/cs\\_iran.htm](http://www.middleeastdirectory.com/cs_iran.htm)



exclusive mediation of journalists. We do not live in a reality of mass communication or in a context where it is totally irrelevant. Networked communication (Cardoso, 2009) presupposes coexistence and interdependence not only of communication models but also among many different actors, be they users, journalists or participants (Silverstone, 2006).

## VI. How Far Do The Voices Get To?

As we have seen, debate and information flow seem to be, in itself, a big plus. Despite the fact that many of the views advanced in social networking sites wish to change the *status quo*, and wish to be heard by the powers in general, will they be consequential?. Silveirinha believes not: *"in cyber-organizations, due to the fact that people do not develop face-to-face actions, strong bonds of 'affinity groups' can be limited to maintaining a kind of 'virtual public' without power for action and influence, simply replacing political battle with cyber-fighting, which is more or less inconsequential "* (undated: 12). Boyd also argues that there is no direct link between the information conveyed through new technologies and those who should be its recipients: although technology provides a public forum in which people can express different political views, this does not guarantee that such views are heard" (2005: 3). According to the author, although the population has been enticed to participate politically through virtual networks, the truth is that, as a rule, new technologies have not allowed those raised voices reach higher levels of political decision (2005:7). In this specific case, the analysis is not easy and the results are not peaceful. First of all, this is because we have to analyze what results are expected and, ultimately, what political participation means to each of us. Should information and debate, without an end other than themselves, be disregarded? The fact is, this way the Iranian authorities are questioned, the power of "insiders" is undermined and the opponents lose sympathy. However, are the outraged voices attaining their prime objective – i.e., to recover the freedom to vote and disintegrate the Ahmadinejad government? According to Chong, the current regime begins to reveal some cracks: the release of some prisoners to demonstrate the good will of Islam, or even the way it has fought so ineffectively against the international dissemination of information, showing some weakness before rebel citizens and their supporters. All this may lead to future political and social change in Iran. However, this is mere speculation, given the fact that Ahmadinejad holds a military regime behind him (Chong, 2009:24). On this aspect, Boyd recalls that democracy can not be looked at in purely quantitative terms, or based on institutions seen as political agents *per se*, the process itself being of utmost importance: *it is important to encourage contact and influence among different groups, but without crushing the individual. People should be able to find individual meaning in the process* (2005:11).

The Iranian Green Movement also represents a practical example of the adoption of a networked communication model, where multiple mediation technologies are interconnected and around a given objective. Thus, we can say that in the context of protest, there are representations about the role that each media can have – i.e. the media matrixes (Meyrovitz, 1985) - in achieving the goals of political autonomy. In addition to these representations, there are communicative autonomy strategies based on media diets (Colombo, 1993) that combine different technological networks with the



aim of managing social networks, either through Bluetooth, mobile phone networks or the Internet. The Iranian case discussed here also shows the prevalence of social networking over networked technology, as exemplified by the adoption of Bluetooth for using SMS after the telephone network was cut off. In this context, the population resorted to Bluetooth to distribute digital flyers and videos in public places such as cinemas, parks and public transport. Somehow, the same procedures can be detected in Mozambique's protests in September 2010 where, after the announcement of price increases of essential goods, like bread, an SMS was circulated calling for protest. These messages led to protest, which was followed by conflict with the authorities on the streets of Maputo and other areas of the country, resulting in several deaths. As a means to manage this conflict, and before announcing that prices would not increase, either the government or the actual companies blocked the sending of SMSs for several hours, only allowing voice communication and data access to the Internet. The Mozambican protests also allowed the emergence of information practices based on the relationship between newspapers and social networks, such as the newspaper @*verdade*. During the times of greatest tumult in the streets of Maputo, a journalist from @*verdade* and Facebook friends of both the newspaper and the journalist, exchanged information on safe places and on the scale of protest in different parts of the city from the street, via Blackberry or home and office computers. This journalist also mediated, certified and validated incoming information to people on Facebook. In turn, this sharing space on Facebook led to the rise of a campaign for peace in Mozambique and was also through @*verdade* on Facebook that questions were posed on who had a given operator and could send messages or not.

Somehow, the Mozambican case shows us a dual reality when it comes to social networking. On the one hand, some have access only to mobile phone networks and not to mobile Internet – due to the cost of equipment and of data connections. Those are the ones who protested in the streets against the cost of living. On the other hand, there are those who use other social networks, Facebook in this case, to understand what is happening around the protest and not be caught by it. Finally, we have the government and the telecommunications companies that can handle what type of use can be permitted in terms of access and control of access gateways to communication.

What all three geographically and socially different examples (U.S., Iran and Mozambique) show us is a present where, regardless of where we are or where we look, an area of *Networked Communication* is germinating. We need to bear this paradigm in mind to be able to understand how causes are supported and how protests are carried out in our times.

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## **PEOPLE AND KNOWLEDGE MANAGEMENT IN ORGANIZATIONS CHALLENGES OF THE NEXT DECADES**

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### **Abstract**

In the next fifteen years the characteristics of organizations and the way they manage human capital will be conditioned by the development of eight processes with global presence: pre-eminence of knowledge, globalization, population ageing, importance of the role of women, psychological contract, erosion of traditional authority, and the emergence of new organizational values. These eight factors are analyzed here, and their evolving tendencies are addressed.

These processes are combining to transform the organizations of the second and third decades of the XXI century into more complex and pluralistic structures, with more diffuse frontiers, open and disperse structures, and with work forces organized into different levels of involvement which communicate among themselves and with the outside world through global networks.

These organizations present new challenges to people management, including the consequences of rising retirement age, occupation and productivity of older workers, coexistence of three generations in the work force, intercultural intelligence, motivational development, merit significance, talent management in open organizations, and new leadership styles required in a more fluid, more spread out, and more egalitarian environment.

We approach the Portuguese situation in the light of similarities and differences with regard to the evolution of the conditioning factors analyzed here and in the light of measures recommended for this issue in general. We identify its specific characteristics and discuss the effect they may have on people management policies and practices to be adopted in the period under consideration.

### **Keywords**

People management; human capital; knowledge economy; global networks; open organizations

### **How to cite this article**

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## **PEOPLE AND KNOWLEDGE MANAGEMENT IN ORGANIZATIONS CHALLENGES OF THE NEXT DECADES**

**João Paulo Feijoo**

### **Understanding the change**

In the beginning of the second decade of the 21<sup>st</sup> century, the world faces a series of unprecedented challenges in the history of humanity: depletion of food and energy resources, climatic changes, devastation of habitats, overpopulation, urbanization and global ageing, and profound alterations in the world economic and political order.

These events combine to trigger deep changes in all aspects of our lives: in the way we relate to our family members, colleagues, and friends; in the way we travel and communicate; and in the way we shop, the way we eat, and the way we work and relax.

This change inevitably transforms organizations as economic agents and social institutions and significantly affects the factors - mission, products, participants, resources, and culture - which define and rule their activity. These changes also require innovative responses to the way organizations manage their human capital - their workers and the knowledge they possess and apply in the exercise of their activities.

In order to understand the meaning and reach of such responses, we need to identify the factors which have the most direct impact on the situation of organizations and their policies and practices of human capital management.

The selection of these factors is always subjective, rather than exhaustive, and dictated by the author's preferences. There was, however, a preoccupation in selecting processes sufficiently discreet and independent, which do not represent two facets of the same reality, and concurrent enough so that their effects may be felt in the same period of 10 to 20 years. The selection identified the following eight factors:

- Growing importance of knowledge as a factor in production
- Globalization
- Global ageing
- Technical evolution (in particular, but not exclusively, in the area of ICT - Information and Communication Technologies)
- Growing importance of the role of women in organizations
- Changes in the psychological contract between the worker and the organization
- Erosion of traditional forms of authority
- Emergence of values such as corporate social responsibility (CSR) and the balance between professional life and personal and family life (work-life balance).



As we can attest, despite being independent, these factors are, to great extent, interrelated: they are connected through a complex web of joint effects with multiple and varied instances of mutual reinforcement or weakening, like waves on the surface of a stretch of water with crests rising and troughs deepening as they intersect.

## **The factors**

### **a. The predominance of knowledge as a factor in production**

The second half of the 20<sup>th</sup> century witnessed the birth of knowledge workers: workers whose activity requires the application of specialized knowledge acquired through extensive formal education. There has always been an intellectual elite dedicated to intensive-knowledge activities - medical doctors, professors, scientists, jurists - but the mass expansion of a working class with such characteristics only started after World War II, and over the next two decades it will become, no doubt, the largest professional group.

Nowadays, knowledge is the most important, and the most wanting, production factor, and its properties determine the characteristics of the so-called "knowledge societies" and "knowledge economy".

Knowledge is specialized. Therefore, its incorporation into a final product implies the intermediation of some form of organization that assures the required interdisciplinary effort. Up until very recently, the most effective model was the functionally integrated, centralized and concentrated company. These days, the immaterial nature of knowledge, the existence of a global talent market, and the opportunities created by ICT are giving rise to the emergence of radically innovative alternatives: partnerships, open networked organizations, client and supplier participation (co-creation, crowdsourcing), etc.

Knowledge quickly becomes obsolete. Such "perishable nature" requires continuous and lifelong professional development, in addition to the initial training. Distinction between "study" and "work" as two successive and separate parts of life will tend to disappear over the next decades. In order to stay current, to remain in top form like a top competition athlete, knowledge must be constantly applied and requires a number of opportunities often out of reach of specialized departments. The solution may lie in the autonomy, and later merging, of those units in order to provide services to several organizations and to reach the level required to be sufficiently good in their area.

Knowledge is easily transmittable. Unlike facilities, stocks of raw-materials, and machinery, it is difficult to confine knowledge to one place: at the end of the work day, it walks out the company door along with the worker who possesses it. Attempts to convert tacit knowledge into explicit knowledge, in other words, to codify and describe it in order to make it independent from the individual who possesses it, invariably meet with insurmountable obstacles of context and interpretation. Besides, its immaterial nature allows its quick long-distance diffusion, nowadays greatly facilitated by the existence of global networks.

In fact, knowledge workers tend to identify ever more with their specialty area rather than with the organization they work for. Thanks to the ICT revolution, it is increasingly easier to establish relationships with other "professionals in the same trade" working



for other organizations. Their primary loyalty is shifting from the organization they work for to the "trade" they practice.

The fact that knowledge is held by workers and not by organizations represents, ironically, the fulfilment of the Marxist prophecy of collective appropriation of the means of production. Paradoxically, however, through pension funds and other savings and investment sources, organizations remain firmly in possession of the workers' capital, while the workers control much of the capital of many companies (Drucker, 2001).

## **b. Globalization**

Globalization is the process of integration of national economies into a transnational economy through the flow of goods (international commerce), capital, people (tourism and migration), and knowledge.

This process intensified at the end of the decade of the 1980s with the introduction of three thousand million new consumers, producers and people with savings in the global market economy as a consequence of the dynamic caused by the collapse of the Soviet Bloc, the end of "proxy wars" between that bloc and the Western Bloc, and the opening of China.

This expansion was supported by the liberalization of international trade, the flow of capital, and the development of new information and communication technologies. By drastically reducing transaction costs, it rendered dispensable organization models based on centralization, concentration, and vertical integration. It also allowed the externalization and relocation of large segments of value chains to countries or regions with less expensive labour, thus leading to a great increase in the global production capacity.

The result was a spectacular growth in the creation of wealth which led to a generalized improvement in the quality of life of the world population.

Globalization gave rise to a global labour market where talent competes at the planetary level. This market was boosted by the shortage that was beginning to be felt as a consequence of demographic ageing and the nonalignment between the output of educational systems and the demands of the economy. It proved especially dynamic in the two extremes of the qualification spectrum - the lesser qualified workers, on the one hand, and the highly specialized technical workers and top management, on the other hand - fostering the immigration of lesser skilled workers to more developed economies as well as the more recent phenomenon of "brain drain".

To this "long term" international mobility we must add international careers made-up of expatriation of greater or lesser duration, as well as all types of business trips and what may be described as "virtual mobility", regular contact with workers from other countries and cultures that does not require physical mobility, made possible by the predominance of "knowledge work" and supported by the new ICT.

All these mobility types are giving emergence to a work environment characterized by a large expansion of relationship networks and an unprecedented intercultural exposure - which, paradoxically, has been followed by the indiscriminate adoption of an Anglo-



Saxon organization culture and a management model whose characteristics often are not appropriate to the national cultures in question.

### c. Global ageing

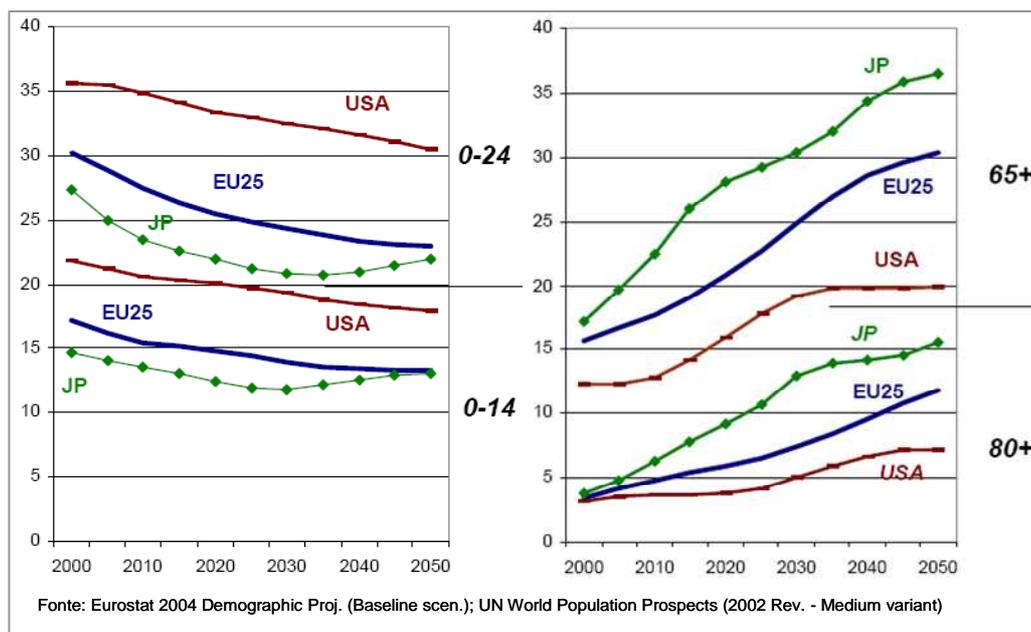
Out of the eight phenomena selected as factors in the future management of people, global ageing is the one that presents a greater degree of certainty, as all developments which determine the evolution of world population in the next two or three decades have already taken place and are known.

This problem is not exclusive to the so-called developed countries. It is a global process which, despite having started sooner in those countries, is already under way in the emergent economies where, by the way, it will happen much faster.

In China, the fertility index is down to 1.79 - substantially lower than the 2.1 replacement threshold; in fact, it only reaches this value in some of the interior provinces, and in the more developed coastal provinces it does not reach over 1.5. In India, the national fertility rate is still 2.81. However, in a group of states with a combined population of over two hundred million people, that rate has already fallen below the replacement threshold.

A quickly ageing population combined with an increasingly scarce work force lead to an increase in the ratio of dependence. It is estimated that the working population in Europe (15-64 years of age) will decrease by 20.8 million people between 2005 and 2030, and the proportion of older dependents will increase from 1 for each 4.2 to 1 for each 2.4<sup>1</sup> working individuals between 2000 and 2030.

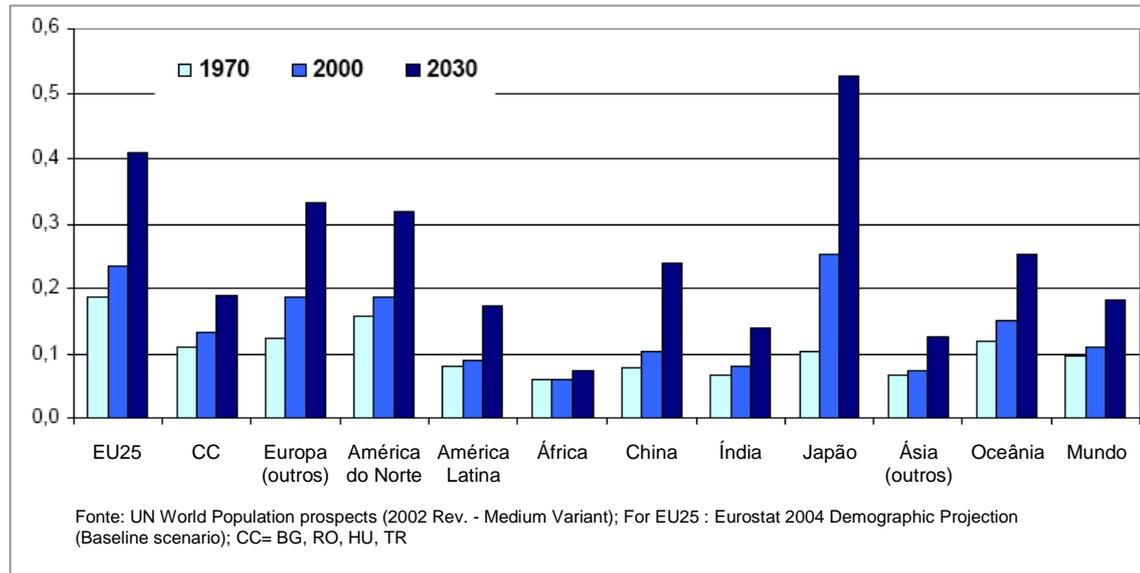
**Figure 1 – Comparison of the percentages of age groups 0-14, 0-24, 65+ e 85+ in the total population, EU-25, USA and Japan, 2000-2050**



<sup>1</sup> In Japan, where ageing is felt more intensively, the increase will be from 1/3.8 to 1/1.9 working individuals.



**Figure 2 – Dependent ratio (older population)  
total of individuals 65+ years of age / total of individuals 15-64 years of age**



Therefore, immigration from countries with strong demographics has intensified and the presence of high numbers of immigrant workers in the wealthier societies will be a constant in the next decades.

Such transnational flows, although necessary, will not be enough to keep the active population at the required levels to assure some economic growth. In some countries the problem has achieved such levels that the proportion of immigrants in relation to the native population would lead to an inevitable xenophobic reaction by the latter.<sup>2</sup> On the other hand, the demographic surplus of the countries of origin will tend to decrease as a consequence of their own economic development and population ageing.

Therefore, it appears inevitable that raising the retirement age, despite unpopular (mainly amidst older workers), is unavoidable and justified, since "healthy longevity" has been continuously increasing: the great majority of individuals reaches the current age of retirement in good health and in conditions to continue working, and that will remain so for some time.

Very likely with the extension of working years, the transition to retirement will become more gradual, with a progressive reduction in work time and alternating periods of remunerated professional activity and periods of inactivity. This phenomenon appears to already be under way, fuelled by necessity: in the United States, the unemployment rate in the age group between 65 and 74 was 18.5% in 2003, compared to only 5.6% in the European Union, where there is a higher level of social protection.

This transition will be followed by change and diversification of the bond between the organization and the worker. The individual will transition from the status of dependent worker permanently integrated in the work force core to the status of temporary

<sup>2</sup> It is estimated that by 2020 Germany, for example, will have to receive one million immigrants of active age (not including eventual relatives) each year just to maintain the active population at a constant level.



worker, *boomerang*,<sup>3</sup> provider of services, semi-independent consultant, worker for provider organizations and clients, etc. In this environment, it is possible that the more experienced and qualified workers, with greater leadership ability and less resistance to risk-taking, will decide (or be encouraged) to focus on their own entrepreneurial projects, eventually severing any relationship with their former organization.

On a different topic, for the first time, three generations will coexist in the labour force of most organizations. The relationship among them - the conflict of their respective values, the division of work, and the hierarchical relationship - will mark profoundly the life of the organization and alter radically the reality of people management.

#### **d. The technological evolution**

The distance communication forms which arose from the swift development of ICT and the global ubiquity of the internet - from electronic mail to instant messaging, from video conferencing to broadband services, from research sites to social networks - are at the base of one of the bigger revolutions in the way organizations operate and structure themselves.

The ICTs allow organizations to free themselves from physical barriers and gain access to talent pools which otherwise would be difficult to mobilize, such as specialists based in different locations and young mothers or older people who prefer to work from home. Even more important are the opportunities that open up from the overcoming of mental barriers and which allow organizations to explore human capital located far beyond the "conventional" work force: "open organizations", "open innovation", "x-teams", "co-creation", and "crowdsourcing" are some of the buzzwords presently fashionable and which designate this new capacity to involve clients, suppliers, stakeholders in general, and even simple sympathizers in the processes of innovation, development, and production.

The organizations of the future will be more open and diffused structures, made up of several concentric spheres where "producers" move around connected to the organization through a variety of associations: full time workers on an exclusivity basis, temporary workers, retired workers, service providers, workers from subcontracted organizations and suppliers, consultants, etc. These various types of "producers" may move around from one sphere to another as their level of involvement intensifies or decreases and, in the majority of cases, their contributions do not require their extended physical presence.

Decreasing returns of the "experience curve" typical of traditional organizations are being replaced by growing profits of the "collaboration curve" associated with open networks (Hagel and Brown, 2010): instead of leaning towards a limit as "internal" experience is accumulated, the added value tends to grow each time new members join the network and contribute their experience and ideas.

Despite the mechanisms of censorship and control that some countries seek to impose, access to information and content production is increasingly more democratic and is

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<sup>3</sup> Retired workers are occasionally called by former employers to fill in positions during temporary absences of qualified workers. Companies like Boeing and Procter & Gamble regularly call engineers and middle management workers to replace younger colleagues during vacation periods or to participate in teams on a project basis.



becoming more widespread. Instead of passively relying on content provided by specialized collectors (such as television networks, printed or *online* newspapers...), the information consumer may use the functionality of networks directly (search engines, alerts, feeds, tweets, etc.) to select and gather what interests him; even better, anyone can publish content he/she creates (news, articles, opinions and commentaries, videos, etc.). Obviously, this huge flow of information varies greatly in quality, but it is constantly enriched, filtered, and purified by continuous contributors and critiques.

This use of "pull" logic, rather than "push" logic, will tend to be applied to all types of resources as new technologies offer individuals a broader selection. Above all, it will provide the opportunity to react with flexibility to unanticipated events and to explore in creative ways the opportunities they create, without being held hostage to plans or forecasts authored by third parties (Hagel and Brown, 2008).

In the new organizations of the 21<sup>st</sup> century, value resides in knowledge and the more knowledge is shared the more value it creates; the "protection" of such knowledge, in terms of accumulation and secrecy, invariably results in its decline. It is the flow of knowledge, not its stockpiling, which is found at the origin of the creation of value.<sup>4</sup>

This new way of thinking represents a total revolution in the culture of many organizations and the end of the myth that power derives from privileged access to information. A symptomatic characteristic of successful organizations is the fact that their hierarchies are relatively poorly informed as they may never entertain the ambition to control the whole flow of information that comes across the organization.

### **e. The socio-professional rise of women**

In the second half of the 20<sup>th</sup> century, the entrance of women into the formal labour market assumed massive dimensions as a result of economic tertiarisation and the decline of employment in the secondary sector.

In a general way, the increase of female participation in the economy translated into an improvement of the social and family status of women and is associated with the acquisition of political and civil rights, improvements in access to education, and an increase in their qualifications.

Approximately two-thirds of new jobs created around the world in the last decades are filled by women who, as a result, accumulated growing purchasing power - it is estimated that they are already responsible for 80% of all purchasing decisions - and enjoy greater academic success than men.

However, in vast areas of the globe, the participation of women in the economy, society, and politics in equal footing with men, continues to be an illusion. Even in the most developed countries women earn less than men, are the most affected by instability and unemployment, and continue to be conspicuously absent from top positions in politics and in the economy.

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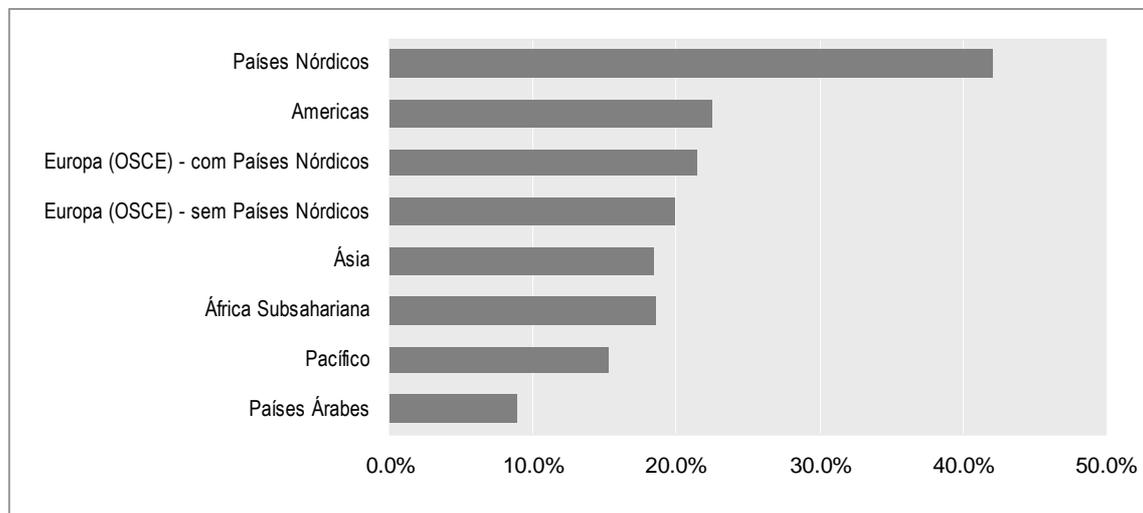
<sup>4</sup> The information that must be kept secret - that is, certain critical details about new products under development - represents a very small fraction of the information which circulates in an organization and in and out of its borders and does not call into question the general principle of openness mentioned.



A 2009 study on the composition of top executive organs in 599 companies representative of the largest publicly traded companies in various countries showed that in the European Union (UE-27) only 3% of presidents and 11% of administration council or equivalent organ members are female.

There is a similar situation regarding the exercise of political activities, as shown in Figure 3: with the exception of Northern European countries, the percentage of women in national parliaments is around 20% and in the Arab countries that percentage even falls below 10%.

**Figure 3 – Percentage of women in national parliaments around the world (2010)**



Source: Inter-parliamentary Union

The challenges women encounter result primarily from two obstacles. The first is an objective problem and has to do with family responsibilities and the overload of domestic chores, which may vary with cultural nuances but is always present to some extent.

The second challenge lies with myths and preconceived ideas regarding the ability and motivation of women to carry out top level functions: they are less committed to their careers, they are not available to travel or work the amount of hours needed, female temperament does not have the right characteristics, women are not sufficiently assertive (or, on the contrary, are excessively aggressive), etc.

It is imperative to overcome such obstacles in order to realize the formidable potential inherent to the full participation of women in the economy and society in equal terms with men. Women represent one half of the world population and there is not a single shred of evidence that intelligence, energy and other qualities are unequally distributed among genders; women benefit from an increasingly better education - in many cases equal or superior to that of men. Undertaking the role they are entitled to will strengthen the diversity and plurality of the work force, and will bring change in many aspects of organization culture, including leadership models, internal and external



communication, the nature and resilience of the "psychological contract", social responsibility, and work-life balance.

### **f. The change in the psychological contract**

In the second half of the 20<sup>th</sup> century, the psychological contract - that is, the beliefs, perceptions, expectations, and reciprocal informal obligations between the worker and the organization he/she works for - evolved towards a series of mutual guarantees with the goal of assuring labour stability and order: in exchange for the promise of employment security and stability, of equal treatment and social protection, workers compromised by remaining relatively complacent, by remaining committed and faithful to the organization, by accepting the separation between professional life and private life, and by deferring the management of their careers to the employer.

This tacit agreement is currently subject to unbearable tensions and ceased to make any sense to the generations that recently entered professional life.

The responsibility lies, in first place, with the organizations, whose behaviour in the last two or three decades<sup>5</sup> - lay offs, downsizing, early retirement, reduction in social protection, <sup>6</sup>rising insecurity....- points to a unilateral denunciation of the terms of the agreement. It is true that many of those measures were inevitable in the framework of an increasingly competitive global economy and may have contributed to saving many jobs. Nevertheless, workers see them as a breach of contract without any grounds on reprehensible behaviour on their part.

On the other hand, in the last sixty or seventy years, the relationship between the "life expectancy" of technologies, organizations, and careers has suffered a complete reversal. In the first part of the 20<sup>th</sup> century, a certain technology (for example, transport of merchandise by sea) had a window of applicability equal or superior to the "life expectancy" of the majority of the organizations which used it and those organizations employed successive generations of workers whose activity changed little over time. Nowadays, in order to survive, companies created to explore a certain technology must continuously reconvert to other technologies that replace the original one. Along the course of a professional life of 40 years (soon to be longer!), workers must constantly update their skills and, even so, will witness the disappearance of the companies they worked for or their transformation to the extent that the companies no longer have a place for them.

All this dynamic of destruction and "Schumpeterian" reconversion, all these constant mergers and acquisitions, instil in the worker a sense of vulnerability of the organizations and a suspicion that, even if the organizations were so inclined, they will not be able to fulfil their promises of employment security and stability long enough.

As discussed further along in the section on emerging values, the increase in the participation of women signalled the end of the acceptance of the secondary role of

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<sup>5</sup> Many authors place the genesis of this process in the early eighties, with the wave of liberalization and deregulation that started in the United States and the United Kingdom by the governments of Reagan and Thatcher, who had been recently elected.

<sup>6</sup> Notice, for instance, the conversion of retirement plans from "standard benefit" to "standard contribution" which has taken effect a little bit all over in the last two or three years.



personal and family life, and the pre-eminence of knowledge work replaced loyalty to the organization in favour of a stronger identity with the professional group.

In turn, the new generation born after 1980 - the Y Generation - which joined active life in the last decade seems to be guided by values which favour realization in professional, family, and personal areas over short term financial success, and submits its loyalty to any organization to high standards of ethics.

All these circumstances lead to the emergence of a new type of psychological contract where loyalty to the organization is no longer determined by the promise of security and stability but, instead, guided by expectations of growth, employability, and professional realization.

### **g. The erosion of traditional types of authority**

In its traditional form, authority is legitimized by status, not necessarily by competence. This type of authority still prevails today in countless organizations - in particular in small family organizations ruled by the patriarch and in large organizations strongly affected by the charisma of the founder - but it is increasingly questioned by the convergence of multiple developments observed in economy and society.

In knowledge-intensive organizations, the hierarchy is based on proven competence, since the knowledge worker has extreme difficulty in accepting any source of authority other than knowledge itself. This hierarchy is also extremely flexible: authority is transferred to the one, or ones, whose skills and capability offer better conditions for leadership.

The open structure of these organizations, their geographic dispersion and cultural diversity, as well as the informal nature of the relationship of many of the participants in knowledge production - service providers, members of practice communities, and even clients - makes the projection of authority through traditional means of coercion and punitive measures extremely difficult. Therefore, collaborative networks tend to be extremely egalitarian and usually function satisfactorily with a merely functional division of responsibility and minimal formally assigned coordination.

The younger generation, in turn, places great importance on the ethical dimension of authority whose legitimacy will depend not only on the characteristics of the person it is assigned to, - skills, relational ability, etc. - but mainly on the good will of his/her intentions. This requirement has been intensifying, naturally, in the sequence of the revelation of successive scandals, frauds, and other less dignifying episodes which, along the last decade, have destroyed the reputation of formerly highly regarded leaders.

All these processes have been fuelled by the increasing ubiquity of the Anglo-Saxon management model which encourages a more open and informal type of relationship between management and other employees. This model, however, derives from a cultural standard of equality and regard for individual responsibility and has met with implementation challenges in more "collectivist" cultures where there is greater "distance from power" (Hofstede, 1991).

In summary, there is a growing rejection toward externally imposed authority in favour of authority accepted in function of the leader's characteristics and *intentions*: his/her



capacity to guarantee access to the information and resources required for the success of a common mission, his/her charisma, ethic standing and acceptability of his/her objectives.

## **h. The emerging values**

The concern with ethics is not limited to the fundamentals of authority. In recent times there has been a growing support of themes such as corporate social responsibility (CSR), the importance of personal realization in work, and work-life balance. Beyond a certain opportunistic advantage, it seems there is a genuine concern with such issues.

The claim for greater balance between professional demands and family life results, to a large extent, from the increase in female participation in the work force. It is based on the quest for greater balance between the roles of men and women, both in the work place and in the family, and on the improvement in the quality of family life.

On the other hand, those values correspond closely to the ideas of the "Y Generation". The attitudes of this generation (see e.g. Pew Research Centre, 2007) reveal a somewhat paradoxical reality. On the one hand it is a rather narcissistic generation, raised in a strongly paternalistic and protective environment that made it believe it is truly special. Since it grew up during the boom years of the 1980s and 1990s, it benefited from far better consumer standards and education than their parents' generation did. It is also contemporary with the advent of competition based on the quality of service and the affirmation of client rights. It is used to demanding and has an acute brand sensibility - to the extent of excelling in personal branding.

On the other hand, many of these young adults witnessed their parents losing their jobs amidst the turbulence of the restructurings that took place in those decades. Furthermore, their entrance into active life coincided with the successive crises that shook up the early times of the 21<sup>st</sup> century and with the uncertainties related to the advent of a new world order marked by the symbolism of the September 11 attacks. Mainly in Europe, weak economic growth and unemployment are making difficult their access to sufficiently gratifying work and is delaying their moving out of their parents' homes.

The combination of these events lead them to rethink their life priorities and to place free time for personal life, the intrinsic nature of work, personal satisfaction, and professional growth at the top of their list. They desire to become part of organizations whose values are aligned with their own personal values and believe those organizations must be socially minded.

In the realm of politics and traditions - for instance, regarding issues like homosexuality, non-conventional families, immigration and intercultural relations - they exhibit a more cosmopolitan and tolerant attitude than any previous generation.

At work they are impatient and possess a high degree of self confidence, are strongly inclined towards innovation and technologies, and enjoy team work and interaction through informal networks. They display intense reluctance towards activities whose added value they cannot unveil. They do not understand or accept restrictions in access to information and contacts outside the organization.



It is this generation, with these values, who will coexist in the work force with not just one, but two, preceding generations - the so called "X Generation" and the "Baby Boomers" - whose values and priorities often differ substantially from their own.

**Figure 2 – Relative priorities of the 3 generations**

Relative Priority placed on work or family	Baby-boomers	X Generation	Y Generation
Work	22%	13%	13%
Both	37%	35%	37%
Family	41%	52%	50%

Source: *Generation and Gender in the Workplace*, 2002

## The future of people management

The complexity and intensity of the present factors portrays the scale of transformations that people management must undergo to respond effectively to the new reality.

### i. Managing scarcity

In the knowledge-intensive organizations which dominate the global economy, talent is the scarcest of all resources.

This scarcity has two origins: the ever quicker erosion of knowledge generated by the constant advancements of science and technology, and the retraction of the work force resulting from population decline and ageing. Each of these two causes calls for specific responses.

The constant erosion of the knowledge base requires the generalization of life-long learning. Professional development must not be seen as a scarce resource and, much to the contrary, needs to be vastly offered. However, the methods, formats, and distribution channels will be radically different from those that currently exist. The high risk of content becoming outdated will discourage long and broad-range professional development programs designed as heavy *ex-ante* investments with the goal of producing relatively long-term results. Such programs will be replaced by shorter modules of more assiduous undertaking, whose contents will be more likely to produce acceptable results while they remain up-to-date.

The fragmentation and modularization of content will also facilitate the personalization of learning and allow an almost unlimited variety of combinations able to meet the specific needs of each person to be trained. Professional development opportunities will also be omnipresent in the global network, in several formats and in accordance with different modalities: conventional text, hypertext, e-learning, animations, videos, podcasts, accomplishment programmes, online interaction with trainers, etc.



The modularization and ubiquity of contents will enable learning to become organized in a *pull* rationale where individuals locate, select, and combine resources that match their needs at each moment. It will allow leaning to abandon the *push* rationale where specialized information collectors decide what contents are needed for a whole group of individuals, as the result of centralized forecasts and ever more fallible and obsolete "average needs", as a consequence of growing uncertainty and diversity.

The central concerns of professional development will shift from centralized planning to the availability of access to content and to tools of self-diagnosis and needs-assessment by individuals. Content production will be increasingly more externalized and will enlist an ever larger contribution by the users themselves acting as training "prosumers".<sup>7</sup> Above all, successful organizations must be true "learning organizations", capable of generating, mobilizing, and diffusing knowledge in all their activities.

Measures to combat scarcity in the work force - immigration, extending working life -, as well as some of their possible consequences in the life of organizations and management of human capital, were previously identified in the section about global ageing.

Delaying the age of retirement brings up another very sensitive question - the issue of remuneration on the final stretch of one's career. Specifically, the rule that it increases (at least in unitary value) until the end of professional life will have to be re-examined. It is not that older workers are less productive; on the contrary, today we know that the decline of certain cognitive functions with age is compensated by experience. However, the combination between greater availability in this age group and the competition between this age group and the younger generation, generally better prepared, will inevitably apply some pressure on the compensation of the former. This tendency clashes with the current offer of financial incentives to postpone retirement.

## **j. Managing plurality**

The organizations of the future will operate in an environment of extraordinary plurality.

Here, the term is used to denote a broader and richer concept than that of simple "diversity". This plurality is displayed in several contexts and dimensions. It is possible to discuss:

- The plurality of the work force, characterized by multiple diversity dimensions: cultural diversity generated by global physical influxes (immigration, expatriation, travel) and by the remote interaction of workers from countries with different cultures; generational diversity caused by the new coexistence of three generations; the more balanced participation of men and women in all aspects of organizations; and finally, beyond work force in the conventional meaning, the diversity of input and involvement of a group of stakeholders who add their contribution to that of workers'.

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<sup>7</sup> This ability of the consumers to produce knowledge, as well as the involvement of clients in the internal processes of organizations represents the fulfillment of the "prosumer" (simultaneously producer and consumer) prophecy proposed by Toffler (1980).



- A functional plurality, present in the diversification and increasing individualisation of workers' activities.
- A structural and geographic plurality, as a consequence of internationalization, specialization, or even externalization of certain operations and of the idiosyncrasies of business units that enter and exit the periphery of organizations at the mercy of successive mergers, acquisitions, and break-ups; and also the possibility of knowledge workers being able to carry out their functions effectively, independently of their physical location.
- And even a chronological plurality, detectable in the coexistence of parts of an organization which are in different phases of their journey toward new paradigms.

This plurality represents a formidable source of wealth, and the organizations that can better capitalize on it will be the winners.

The development of intercultural intelligence will, thus, become a priority in people management. It is imperative that workers know not only how to value difference, but also how to manage the tools which are necessary to deal with and benefit from it: foreign languages, interpersonal communication, communication platforms and applications, knowledge of the characteristics of different cultures, and many others. Despite constant praise for the value of intercultural sensibility and its development, there is still a long way to go: how many collaborators of western organizations (or even how many executives) with business in Islamic nations are aware that the weekend in those countries falls on Friday and Saturday? And how many are able to recite the five fundamental principles of Islam?

It is also necessary to transit from the prevailing antagonistic attitude toward an attitude of quest for reciprocal benefit: in open organizations, the creation of value depends heavily on trust on the different types of "producers" who exchange knowledge across their borders - the clients who participate in innovation, professionals in the same area who contribute technical solutions, and even competitors who collaborate in the definition of norms and standards that benefit all in the logic of "coopetition" coined by Toffler (1980).

In short, we may say that, in face of the challenges and the opportunities of plurality, the role of people management must not lie so much in the search for the necessary balance to assure cohesion but, rather, in the creation of controlled imbalance susceptible to foster and draw value from differences while making sure that it does not go so far as to undermine cohesion.

### **k. Managing motivation and merit**

In open and pluralistic organizations, the motivation factors certainly differ greatly among the diverse groups that make them up. The identification and the understanding of such motivation factors is essential in order to properly orchestrate the total potential present in this "extended work force". To manage people means to provide to *all of them* these essential keys to understand and collaborate with one another. In the organizations of the future, managing motivation cannot be a task reserved to the



leader. The open and lateral nature of collaborative work requires that most workers be able to understand what motivates all those people with whom they work with.

It is common-place to defend merit as a structural principle of power relationships and authority within organizations. The problem lies with defining "merit". With some irony, we might say that "merit" resides in the behaviours and attitudes prized by the managing elite and which derive directly from objective contribution to the creation of value and "dedication to the company" (to be read as "number of work hours"), loyalty to certain circles, and unquestionable obedience to their superiors. However, this is not true, as the fundamentals of merit are one of the most powerful factors of attractiveness of an organization: where merit lies in affinity with the elite, you will only find their friends; and where there is unquestionable obedience, only the "yes men" will be attracted to and retained.

The organization of the future will be more demanding regarding the fundamentals of merit. In first place is, obviously, the creation of value. However, right along with it, are the behaviours and attitudes required by its operation: tolerance and valuing differences, communication capacity in any context, autonomy and initiative, quest for mutual benefit, curiosity and continuing learning, ethics, etc. Without these, value cannot be created. (And for many, *it is not worth creating.*)

### **I. Aging the flow of talent, rather than stocks**

The conventional model of talent management follows the principle of accumulation. Once acquired, talent must be preserved and retained at all costs - including several somewhat displayed forms of enticement and blackmail - and the loss to the outside is perceived as a contentious separation between the organization and the worker. Under these circumstances, it is legitimate to keep the worker out of sight to avoid interest by outside parties: participation in meetings, conferences and like events, such as participation in professional associations and social networks, constitutes grounds for disapproval. Even professional development training is usually held within the organization to minimize the risk of contact with outside elements.

Obviously, this model does not support the needs of the knowledge economy.

Nowadays, it is not possible to conceive talent development in a closed environment. For reasons mentioned above, enhancing and keeping the skills of the knowledge worker updated requires his remaining in constant contact with a network that extends far beyond the frontiers of his organization.

On the other hand, the new terms of the psychological contract - which, by the way, derive partly from a reaction against the paternalistic view - take away all meaning from the strategies of talent accumulation and preservation.

The new models of people management must, therefore, start to incorporate talent management beyond the frontiers of the organization - a radical change of mentality, since the contentious separation must be replaced by a friendly departure and, in certain cases, even recommended by the organization. In the organization of the future, the existence of available, beneficent, and recognized talent for the organization is an active asset of great value and easily superior to that of its eventual retention. The preservation of a good relationship between the parties allows the worker to



participate in the organization's networks, to be a partner in the sharing of knowledge, the source of opportunities for business and innovative ideas, and to contribute with technical solutions within his/her specialty.

Therefore, to manage the flow of talent means the following, in this order:

1. To understand the times, rhythm, and career motivations of each knowledge worker and to detect the moment when a transition makes sense to him/her.<sup>8</sup>
2. If necessary, take the initiative to recommend that transition: a well-founded and coherent recommendation, adjusted to the worker's projects, will reinforce the worker's gratitude and future good will, even if it does not materialize; besides, it allows more effective control of a direct loss in favour of competitors, which may rise obstacles for future cooperation;
3. Maintain and foster the relationship beyond the frontiers of the organization.

### **m. A new leadership**

Just like now, leaders of 21<sup>st</sup> century organizations will be responsible for motivating and fostering the growth of knowledge workers, for directing their collaboration, and guiding their careers - but they must do it in a totally different way.

Knowledge workers have an essentially egalitarian vision of themselves. They believe the value of contributions is based on their objective quality, not on the status of the people who make them. The nature of their work is more autonomous and demands more initiative on their part. Supervisors cannot be aware of all the information that comes across the workers and, much less, to control and filter that information as a way to exercise power. Thus, these workers expect their supervisors to provide guidance, incentive, and the means required to get the job done, rather than exercise a heavily prescriptive intervention or tight control over their activity.

So, the influence of leaders must be based on their proved ability to act in accordance with those expectations. It will be closer to the *auctoritas* of the Romans - the authority of savants, who convince through the pertinence and fairness of their arguments based on the credibility of their testimony - than to the *potestas*, the right of elected magistrates to exercise coercion and apply punishment.

Leadership based on *auctoritas* will play a fundamental role in the relationship among generations. The extension of working life, the gradual transition to retirement, and the migration of older workers to consulting and support functions, will result in an objective loss of the power they previously exercised. Older supervisors will gradually be replaced in their supervising duties by younger ones, but as they continue to work for the organization, the latter will, eventually, be supervised in the exercise of duties previously carried out by the former. It is doubtful that this older workers will accept any authority from the younger group based on coercion and punitive measures. The younger group will have to earn and deserve that authority based on proven merit - and this merit, in the sense defined above, is synonymous of competence and results, but also of loyalty, humility, and strict ethics.

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<sup>8</sup> This capacity is already reasonably understood by organizations that practice systematic internal rotation. The difference lies in the possibility of the "rotation" being external.



There is only one way to learn this form of management: by learning to be managed. Certainly, one can start by learning from the example set by good leaders, but one must also learn from everything that should not be done, from behaviours which rather than encouraging the worker's alliance cause him to be rebellious and defiant: arrogance, disloyalty with the people they manage, selfishness, inability to say "no" to their superiors, unethical behaviour - in summary, poor character. This "*followership*" training will provide candidates to future leadership positions with a very rich perspective of the human and ethical demands of leadership.

In short, this demand translates into respect for people, in general, and for each person individually; into respect for their values and interests, whether they are community service, protection of the environment, or simply enjoying more time with the family.

However, in order to respect, it is necessary to know, and knowing requires opening up, associating with others, and recognizing the individuality and particularities of others. The disperse and plural nature of 21<sup>st</sup> century organizations makes that discovery very difficult: how will we know someone we only meet through email or phone conversation, someone who lives and works thousands of kilometres away, who speaks a different language, and whose culture is so different from ours?

This is certainly one of the great challenges of people management in the upcoming decades: to help workers, despite all obstacles and difficulties, be recognized as flesh and blood human beings, with their ambitions and frustrations, their convictions and distresses, their happiness and sadness, their past and their future - not as mere abstract representations based on data, whose true essence no amount of information, however exhaustive, may capture

### **The situation in Portugal**

In general, in its essence, the issue of people management in Portugal does not differ much from the scenario presented here.

It is an economy with a strong tertiary component, with a service component that grew from 33% to 61% of the working population between 1974 and 2009 - a number that is characteristic of post-industrial economies. Portugal is, at the same time, a small open economy exposed to the tides of globalization and integrated in an area of free circulation of goods, people, and capital with participation of several multinationals.

Its population has one of the highest ageing rates, but data indicate that this rate is compatible with those of other Southern European countries; its fertility rate is below the average in the European Union.

Despite having received a considerable number of immigrants, it continues to be a source of emigration of workers with low qualifications for more developed economies and, in past years, "brain drain" has increased as a consequence of the difficulty for highly-qualified young people to find work that meets their expectations.

In the area of ICT, Portugal shows indicators compatible with those of many other developed nations (availability of internet and broadband services, participation in social networks...).



Portugal has one of the highest levels of female participation in the economy, one of the lowest gender salary differences in the European Union (9.2%), and a high percentage of female college graduates (64%). However, the access of women to economy and politics compares poorly to that of their male counterparts.

A history of economic instability, a tradition of dependence on power, a low level of individualism, and an extremely high index of resistance to risk-taking (Hofstede, 1991) lead to a situation where the stability of working for others is strongly valued in detriment of initiative and entrepreneurship, a fact further reinforced by the rigidity of labour laws.

Authority is marked by a great distance from power (Hofstede, 1991). It is based on the social acceptance of status inequality, on norms of reverence used, and on the existence of a much closed leading elite as the result of a small environment combined with relationships forged through participation in political and academic circles.

Generally speaking, the new values of organizations experience implementation difficulties. The concern with work-life balance is limited by the need to provide sufficient income for the family, a factor that keeps men and women away from home for long hours, made longer by commuting in large urban centres. The difficulty of young people in finding employment keeps them living with their parents for a rather long period, rendering that concept void of any sense. CSR appears not to generate great enthusiasm and is viewed with some scepticism, even in its environmental aspect (as can be attested by the relatively low degree of recycling); the level of voluntary work is low, despite sporadic efforts to join causes perceived as noble (like, for example, food bank campaigns or, in March of 2010, the "Clean-up Portugal" campaign).

In face of this scenario, it is not to be expected that people management tendencies in Portugal will differ all that much from what we enunciated in the previous chapter. There are, however, a few aspects that deserve special reference.

Regarding the management of plurality, Portuguese society appears to be rather open to accepting and benefiting from great exposure to diversity. Without much discomfort, it took in hundreds of thousands of immigrants in the past twenty years, despite noticeable discrimination against certain groups (poor Africans, gypsies) - and even this discrimination seems to disappear at the level of personal relations. However, we must not spare efforts toward a true intercultural education of the new generations through the learning of languages, opportunities for exchange, travel, periods of work and study abroad, participation in international social networks, etc.

Some of the cultural characteristics of Portuguese society - particularly the low index of individualism and the tradition of dependency (whether on the family, employer, or the government), blaming the occurrence of situations on external cause, strong resistance to risk-taking, envy, and the great distance from power - will certainly present great challenges to the implementation of some of the recommendations made.

The low degree of individualism and the resistance to risk-taking will tend to discourage professional mobility and to preserve the psychological contract in its paternalist version.

In addition, the development of a more open attitude regarding talent flow will clash head-on with the prevalence of the collective over the individual, with the tendency to



avoid uncertainty and ambiguity, and with the feeling of envy toward those who managed to achieve a better position in life. For these reasons, it will require a much greater effort. The same is true for the proactive search of mutual benefits.

The same way that resistance to risk-taking and urge for dependency will discourage older workers to start new enterprises in the last stretch of their careers, distance from power and status appreciation may pose obstacles to the coexistence and collaboration of different generations.

The advent of leadership based on *auctoritas* will experience difficulty overcoming the barrier of distance from power.

All these challenges are made more difficult by the nature of the Portuguese entrepreneurial fabric, where 95% of companies have less than 10 employees and, in their great majority, are based on family structure. Simply put, these micro-organizations do not have the size or resources necessary to carry out the measures mentioned in the previous chapter, even if many of them already operate in the sphere of a knowledge economy. The only exception might be with regard to leadership, as the small size facilitates a closer relationship between workers and their employer; however, the employers' lack of preparation (the majority only have the equivalent of a junior high education), their lack of sensibility to the meaning of leadership, and the typically paternalistic attitude of collectivist cultures pose great obstacles.

Nevertheless, the situation is far from being desperate. The challenges are only of quantitative nature and may be overcome with the right effort and investment. Several of the largest organizations currently present in Portugal, national companies or foreign multinationals, already adopted many of the standards and practices identified in this article.

In Portugal, good management of people in a knowledge economy is possible.

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## **Notes and Reflections**

### **INTERNATIONAL RELATIONS, HISTORY AND STRATEGY: CONFLICT AS EXPLANATORY DYNAMICS**

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Understanding relationships between states has always been essential for the exercise of their foreign policy. Knowing how to better defend their own interests to avoid exposing vulnerabilities to the greed and desire of others has been decisive, over time, for those in charge of negotiations to successfully conclude them with the least possible damage. The decision was itself surrounded by caution, after the decision maker had taken counsel from his most prudent and informed advisers. These were experienced and skilful men, in terms of the knowledge they possessed and in the way they manoeuvred the web of intrigue surrounding the business in question or the interest at stake. Experience and skills were acquired from practice or from the study of history. The latter stimulated plots, invoked reasons, and predicted consequences. In short, either due to experience or in-depth study, negotiating was an art that required finding out about other people's intentions and concealing own interests. It has always been so and will remain so.

However, the twentieth century brought us something new: the study of international relations gained scientific status and entered the universities. Consequently, attempts were made to find in it explanatory systems for the motives and behaviours of the actors involved in the international arena.

In an attempt to advance an academic explanation of what is meant by international relations, Jacques Huntzinger stated that they "[...] are concerned with the scientific study of international life"<sup>1</sup>. However, due to the extreme complexity of the latter, he adds that "*international relations is the science of internationalized social facts*"<sup>2</sup>.

This last statement allows us to include other entities, rather than just states, as important players in international life, as the former can limit the action and

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<sup>1</sup> Huntzinger, Jacques (1991) *Introduction to International Relations*, (Portuguese translation by Carlos Aboim de Brito), Lisbon: PE – Edições: 9.

<sup>2</sup> *Ibid*, *op. cit.* 11.



movements of the latter. This is because the poles of international relations' dynamics expand beyond the traditionally closed scope of foreign ministries, and act in fields that are quite different from merely diplomatic ones. In this light, and especially since the second half of the twentieth century, the international centres of decision and power have multiplied.

This increase has also led to an obvious expansion of the potential for conflict in international relations. Therefore, to be able to meet Huntzinger's first proposition (scientific study of international life), and as a result of the increase in the number of internationally relevant players, we need to be more scientifically rigorous, because the decision-making centres are dispersed and interests are more intertwined, the same applying to potential conflict situations. I believe it is important to consider that the international relationship – as in all relationships, can include both cooperation and latent or openly acknowledged conflict.

Further to this, I would stress that conflict is the primary framework in which international relations take place. This is because relationships disguises interest, and interest, by opposing the other party, generates the potential conflict that the sides involved will try to avoid in order to agree on a cooperation plan. Consequently, we can conclude that the main goal of the scientific study of international relations is, ultimately, to understand and explain the power relations which are dynamically and dialectically established between international players.

Marcel Merle draws our attention to the way historians and political scientists look at international relations, and he leaves us this clear message: "[...] the role [of historians] is to restore the past and not to explain the present. Political science is [...] more ambitious about its goals and more limited as to its means, since it proposes to accurately report the things of the past and the present alike, despite lacking the distance and the documentary sources which historians benefit from"<sup>3</sup>. In other words, according to this international relations theorist, there is a barrier between past and present which is not usually overcome by historians, leading to compartmentalized fields of analysis and knowledge.

However, Merle touches on a fundamental point, which is the difficulty encountered by political scientists in accessing sources. This difficulty increases as international life becomes more complex, due to the existence of numerous decision-making clusters scattered over several decision-making centres. Thus, it is easier to write history than do carry out scientific studies on international relations, because, in the case of the former, one has advanced knowledge of the players and results, i.e., and knows - or is able to know through a dynamic and interactive study of the historical actors - the web of conflict and cooperation that took place at a certain time and provoked a known reaction.

This ability allows us to conclude that historical knowledge is more reliable - because it is based on the dissection of an inert and far gone *corpus* – than the scientific knowledge of international relations, since the latter results from a current analysis, and lacks the guaranteed genuine sources which come from all the decision-making centres.

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<sup>3</sup> Merle, Marcel (1981). *The Sociology of International Relations*, (Brazilian translation by Ivone Jean), Brasília: Editora Universidade de Brasília: 40.



Of course, while carrying out their work, historians will always ask themselves: do we have all the information that determined an event? Has time or man taken away the information that would have given us a different understanding of the past? That is the question that historians can only overcome by advancing possible hypotheses supported by the documentation available to them. It must be pointed out that this uncertainty has its methodological parallel in the problem international relations researchers have to face, for they need to work with hypotheses too, as they do not have access to all sources and decision-making centres. As a result of the multiplication of decision-making centres in the international arena, these hypotheses will be more fallible and less consistent than those used by historians. There is a fluidity in international relations that does not exist in history. For this reason, looking at history and international relations as scientific ways of understanding and explaining the past and the present, we realize that the former is an excellent aid to the latter, because the present is somehow anchored on the understandings or misunderstanding of the past.

Facts taking place currently will hardly be detached from a set of former events. Thus, if scientific work in international relations is to be perfectly understood, this requires us to take into account the work of historians. However, the latter cannot merely give an account of the facts; they must go further in justifying and explaining the event.

As we have seen, the social relationship, whether it is limited to a small group or global in nature - thus entering the field of international relations - is, due to the interests at stake, always prone to becoming confrontational. Therefore, to understand the relationship is to understand the dialectics that dictated it, and this fact limits, at any given point, the stages that can lead to cooperation or to rupture of peaceful relations.

The scientific work of historians and political scientists who focus on international relations should be underpinned by a science that has moved recently from the realm of military academies to universities as it became much better understood, the same applying to its use: strategy. General Beaufre, one of the many authors considered to be a classic, proposed the following concept while trying to escape the strict definition of military strategy and confine it to the political level: "[...] the art of the dialectic of wills that employ force to resolve their conflict"<sup>4</sup>. As easily perceived from the above definition, understanding the strategy is understanding the conflict first, and, secondly, the dialectic of wills. This is because, for the purpose of our goal, we put aside the use of force, since it may eventually follow paths other than military or physical, as conflict can present itself in distinct forms<sup>5</sup>. Accordingly, I believe I am in a position to propose a more general and more comprehensive definition: *strategy is the art of the dialectics of confronting wills to resolve the conflict that opposes them*<sup>6</sup>. Therefore, studying strategy means studying the dialectics of conflicting wills<sup>7</sup>.

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<sup>4</sup> Beaufre, General (1980). *Introduction to Strategy*, (Castilian translation by Cármen Martín de la Escalera and Luis García Árias), Madrid: Ediciones Ejercito: 49.

<sup>5</sup> It must be stressed that nowadays, the most common form of conflict is of an economic nature. On this, General Gil Fiévet wrote a remarkable comparative study titled *From Military Strategy to Business Strategy*, published in Portugal in 1993 by Editorial Inquérito and translated by Isabel St. Aubyn.

<sup>6</sup> In the past, I have advanced the following definition: *strategy is the science that studies the distinct aspects of human social conflicts and the ways to solve or limit them* (*A Estratégia, a História e as Relações Internacionais. Revista Militar. No. 7/8 (July /August 1992): 495*). The fact that strategy is, above all, a science that aims to solve conflicts, is underlined here.

<sup>7</sup> Although I have no doubts about this approach, I believe it should be complemented by the statement made by Ana Paula Garcês and Guilherme d'Oliveira Martins (*Os grandes Mestres da Estratégia: Estudos*



To complete our discussion about the importance of the articulation between history and strategy in the scientific study of international relations, we just need to realize that the convergence point of all analysis - historical, strategic and political - must be conflict, bearing in mind that, until it becomes clear, it goes from the state of cooperation - where it is absent - to that of war - where it gets all the characteristics that define it as being fundamentally dialectical. By taking conflict or pre-conflict as an element of analysis, and resorting to it in their study of the dialectics that are intrinsic to it, both historians and political scientists will be able to explain the dynamics of past and present.

This idea has already been put forward in my master's thesis in Strategy<sup>8</sup>, and, in a more abridged version, in the research conducted for my PhD thesis<sup>9</sup>. In both works, my attention focused on the various internal and external conflict scenarios in order to understand and explain how Portugal's national interest, in its internal and external aspects, has benefited or been harmed.

This required an investigation of all kinds of conflict affecting the Portuguese society between 1914 and 1918 to explain internal and external political behaviours.

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*Sobre o Poder da Guerra e da Paz*): «An intelligence game for some, or a pragmatic exercise for others, an ongoing trial on right-wrong or a system of makeshifts, [...]. What is undeniable is that the person to codify the laws of war, Sun Wu, [...], emphasized that excellence in war is to win conflicts without needing to resort to strength » (p. 22). I stress the importance of this idea advanced by this Chinese general who lived in the 5th century BC because it sums up my own thoughts.

<sup>8</sup> Fraga, Luís Alves de (2001). *O Fim da Ambiguidade: A Estratégia Nacional Portuguesa de 1914-1918*, Lisboa: Universitária Editora. The title of the thesis submitted in 1990 to *Instituto Superior de Ciências Sociais e Política da Universidade Técnica de Lisboa* (Higher Institute for Social Sciences and Politics of the Technical University of Lisbon) was *Portugal e a Primeira Grande Guerra: Os objectivos Políticos e Estratégia Nacional: 1914-1916 (Portugal and World War I: Political Objectives and National Strategy)* and is kept at Biblioteca Nacional (National Library) in Lisbon. This is a pioneering study carried out in Portugal and abroad that examined existing conflicts and demonstrated that Portugal's involvement in World War I resulted from internal and external reasons determining the convenience for active military action as part of the worldwide conflict.

<sup>9</sup> *Ibid* (2010). *Do Intervencionismo ao Sidonismo. Os Dois Segmentos da Política de Guerra: 1916-1918 (From Interventionism to Sidonism. The Two Segments of War Policy)*, Coimbra: Imprensa da Universidade de Coimbra (University of Coimbra Press). It is a two-fold study. One aspect described the military effort in participating in the Great War; the other addressed the scenarios of the internal and external conflicts that contributed to the reduced importance of the political and military involvement of Portugal in World War 1.



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## **Notes and Reflections**

### **THE PORTUGUESE CRISIS, INTERNATIONAL RESCUE AND ECONOMIC GROWTH**

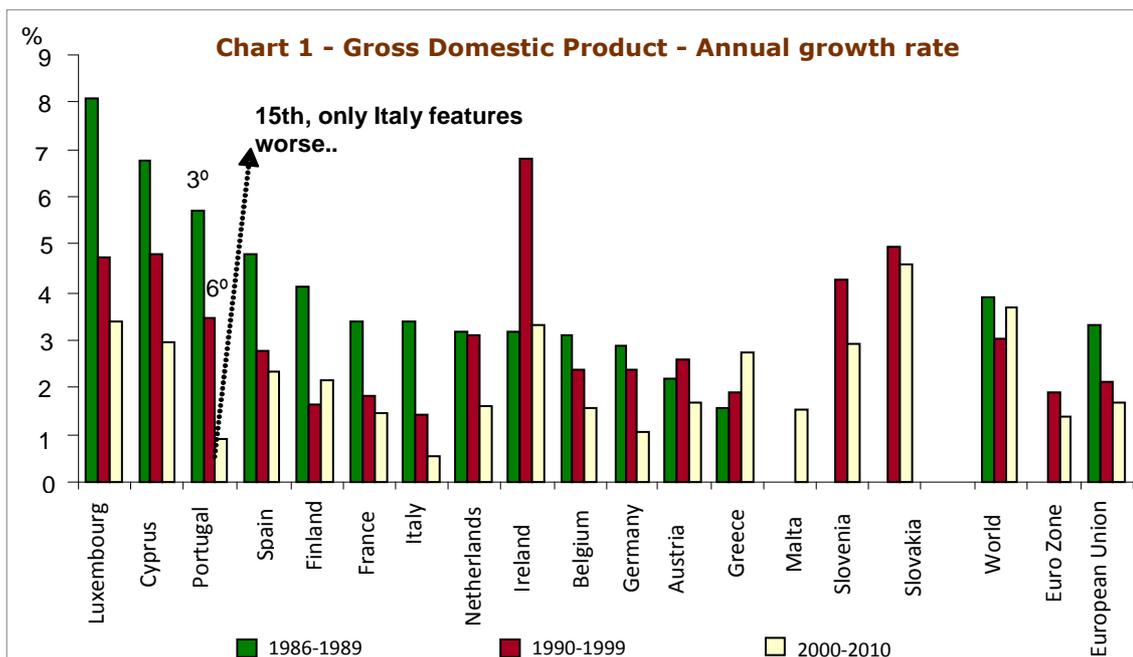
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The model on which economic growth was based in recent decades is depleted, and this depletion can be observed in the stagnation of economic growth over the last decade, the worsening of the imbalances, and in particular by increasing difficulties in securing the financing of the economy and of the state in acceptable conditions.



One must not think that the situation will be easier for Portugal due to the fact we entered a club of rich countries. In fact, we believe that a less restrictive economic policy, especially monetary policy, on the part of European entities could facilitate and alleviate the transition of the Portuguese economy to a new model. However, we must not have illusions about the limits of solidarity this club we are part of is prepared to concede.

The crisis we are currently experiencing, which emerged at the convergence of an international crisis with national foundations, is particularly complex due to the restrictions imposed on the Portuguese economy. The need for consistent and profound changes, if implemented with common sense and dialogue, has now become extremely urgent.

### 1. Portuguese economy and current restrictions

Monetary policy does not depend on us and may not be the most favourable. Further, given the weight and influence of Germany, any acceleration of the German economy, which is anything but unlikely, can lead to changes in monetary policy in a manner contrary to our interests. If this possible lack of synchronization is joined by some anti-inflationary orthodoxy, which is particularly disadvantageous in the current context, we have reasonable grounds to fear the effects of the euro zone monetary policy on our economy, namely due to the continuation of a strong common currency. Even the financing of our economy, hitherto heavily dependent on the goodwill of the European Central Bank, is likely to be faced with additional difficulties soon.

The state budget policy is and will remain limited by the Stability and Growth Pact, which in future will be even more rigid as a result of the sovereign debt crisis in several European Union countries and the set of constraints, obligations and penalties it will



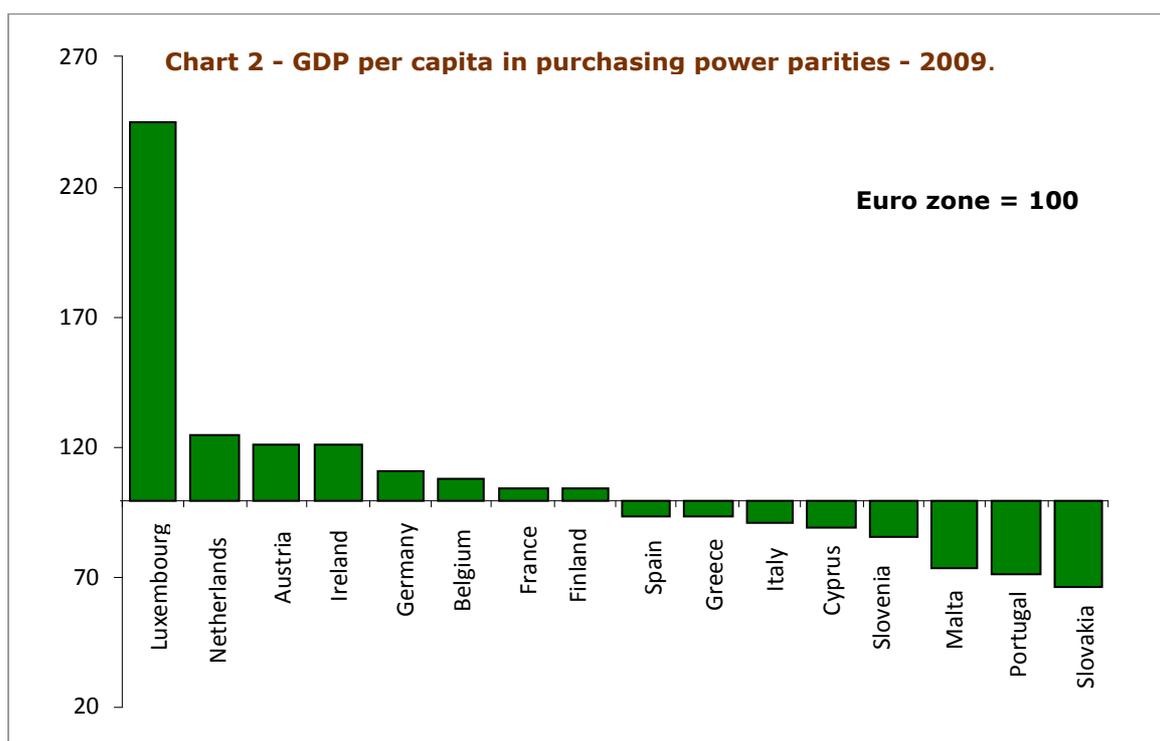
bring. The restrictions and resulting consequences will be even greater for the Portuguese economy.

The lower growth trend of our major partners, notably Spain, is also another factor hindering the growth of our exports and the improvement of some of the imbalances.

The European Union's external context is also very difficult for an economy such as Portugal's, which is uncompetitive and has a weak export tradition. The development of globalization and the growing importance of emerging countries have increased competition on our economy in areas and products where we have some relevance. Competition from new EU Member States and emerging economies (trade, attracting foreign direct investment, shared EU aid and business delocalization) is a tremendous challenge for the competitiveness of our economy and a further difficulty to our recovery in sustainable conditions.

On the other hand, labour costs rose and, due to globalization, there are many other alternatives that affect very negatively the attractiveness of the country with regard to international and even national investment. Moreover, as a result of European agreements and the difficulties which now Europe is facing, funds will certainly be reduced soon.

In this context, our peripheral geography, as mentioned above, stands out even more strongly, hampering the location of new businesses and forcing new relocation processes. We also believe that the actual systems to support economic activity will move further away from European standards, thus further hindering incentives to invest and produce, which will lead to a tendency for balances to adjust at lower levels in terms of products, wealth and quality of life and welfare. And lest we forget, in this respect, that, in terms of per capita income, our economy continues to compare poorly with the rest of Europe.





The social crisis that tends to deepen, with a whole procession of misery and suffering, the weakness of the government in the current policy framework and the lack of tradition of peaceful and fruitful social dialogue, will greatly hamper the possibility of a social pact, which is of great importance under current conditions, undermine social cohesion, and lead many Portuguese to resume the uncertain paths of emigration.

## **2. Future prospects or the labours of Hercules**

In addition to this crisis of productivity and competitiveness, expressed in the trend for widening imbalances, the international crisis has brought about a lack of demand that has destroyed a significant part of the productive apparatus, as attested by the numerous company bankruptcies and massive increase in unemployment. Unfortunately, this was coupled with a sovereign debt crisis that forces pro-cyclical policies that will continue to destroy productive capacity and generate unemployment. As a result, recession and stagnation seem to have found ripe conditions to settle in, leading the Portuguese to general impoverishment.

In such a situation, it is urgent to undertake a programme of structural adjustment and growth that dramatically reduces more immediate imbalances and pursues a policy that enables overcoming major obstacles and build a model of sustainable growth to ensure an annual growth rate of the economy above 2.5%. If we do not fulfil this goal, it will be very difficult to accommodate the consequences of past imbalances and restore the fundamental balance in a framework of social cohesion.

Thus, the direction we point to and believe reflects a broad consensus among economists can only be one of product growth, productivity and competitiveness, which will confer Portuguese economy a new feature: to become an international producer.

To this effect, the first fundamental guideline is to reorient supply towards tradable goods, particularly for export to new countries and regions of higher potential growth. The stimulus to export goods and services becomes a permanent orientation axis using all tools capable of delivering results in this area, ranging from developing an export credit and credit insurance policy to the allocation of tax benefits and implementation of an aggressive economic diplomacy.

This approach requires the development of more sophisticated strategies and business operations, involving a marked improvement of the country's capacity for innovation and productivity. This implies increased qualifications and skills on the part of entrepreneurs and workers and the implementation of active and selective public policies.

To solve a problem one must first identify it. And in the case of resources, we should understand that the weaknesses of businessmen and of Portuguese workers are rooted not only in organizational issues but also in its intrinsic quality, which can be improved with more and better training.

Improving the business environment, particularly through the timely operation of the judiciary system, and the removal of bottlenecks on infrastructure, such as the new airport or the rail and road links from our ports to the Spanish hinterland, should be included in the group of correct priorities to be delineated.



It makes sense to support some specific sectors, particularly where there is some consensus on the matter, mainly when dealing with sectors still far from maturity and consolidation, such as renewable energies or the electric car, or that may be associated with more specific resources, as the sea or the Mediterranean diet, where comparative and/or competitive advantages may already exist or be created. In this sense, competitive re-industrialization and the further development of agro-industrial activities emerge as guidelines to be implemented.

To be competitive and of high quality, supply needs our economy to be better equipped to attract national and international investment. Better and more investment will increase economic activity, output, employment, and income. However, one must not forget that an investment policy is both a policy for growth and for employment, which has perhaps the most sustained and real effect. Without the creation of job opportunities, improved qualifications and training alone may not achieve the desired objectives. Such measures require selective policies aimed not only at national investment but also at attracting international investment.

Given that public investment is severely limited, in the present context it should be very selective and focused on overcoming the structural bottlenecks that streamline existing private investment. Public investment in innovation and technology, modernization and development, should be strengthened in future as a means to induce a sustained growth of private investment in this area and more generally in the economy.

From our point of view, rather than create more favourable expectations of future cheaper redundancies for companies, action is needed on the factors that can influence direct investment in Portugal, particularly in terms of costs and taxes.

The restructuring of the tax system may be an indispensable tool to encourage investment. In a country without its own currency and monetary policy and with budgetary limits on a lavish management of finances due to existing restrictions (imposed by excessive debt), tax policy is a key instrument for the management of resources. Thus, the fact that the country already holds a high tax burden should not lead us to fiscal drag by simply defending its maintenance.

This means a policy that significantly reduces the costs of doing business and positively discriminates, in terms of taxation, the businesses and workers who contribute to the consolidation of our external accounts. This shock could incorporate a change in the financing system of Social Security, through a significant reduction in company contributions offset by tax increases or fees in the area of consumption and in sectors which hitherto have been protected.

At present, the development strategy still requires, from the supply side, wage costs control, although, of course, with employees having a share in eventual productivity improvements. A more flexible labour legislation with regard to management of working time may also contribute to improving business efficiency. However, it should be noted that wages and employment law have not been major obstacles to economic growth in Portugal, and their worsening to the detriment of workers will not be a condition for future development.

It must be stressed that, with regard to earnings, the average growth in nominal wages in the public sector was 3.4% between 2000 and 2009, whereas the average inflation in this period was 2.6%. This exposes the weakness of the argument that suggests that

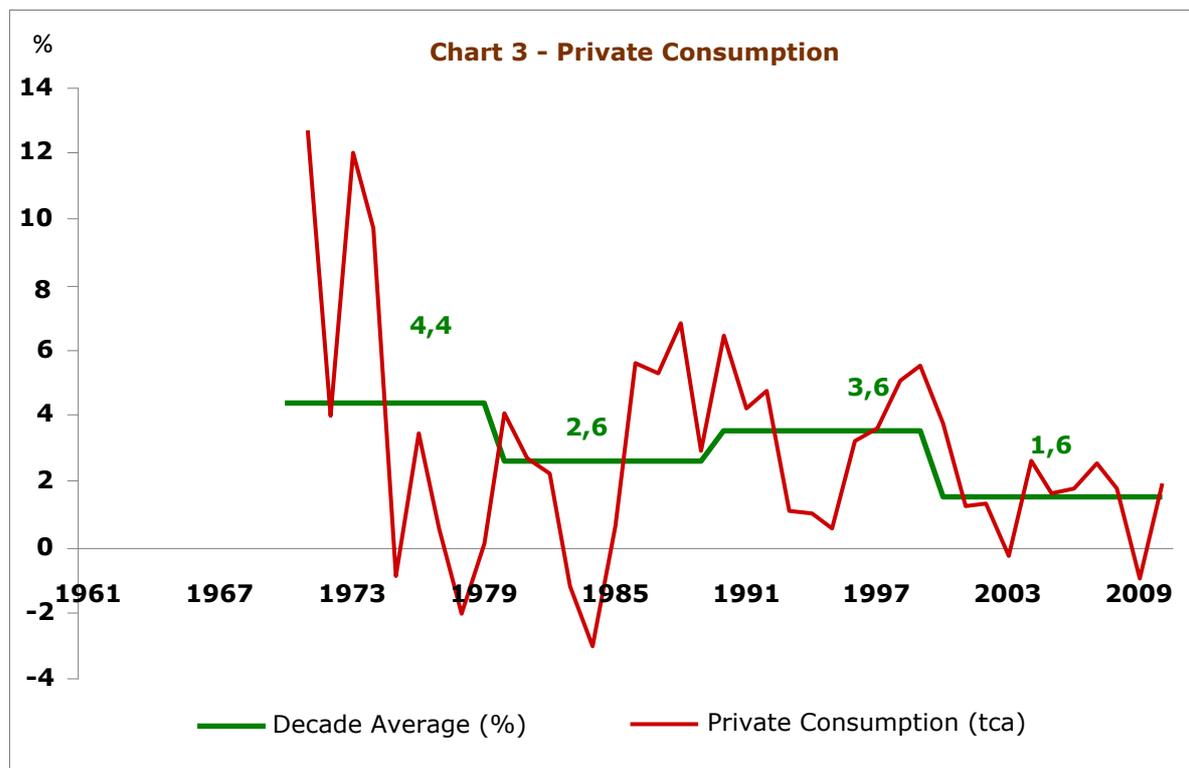


budget imbalances are responsible for the increase in wages. Furthermore, the average reduction in public sector wages by 5% in 2011 means that, between 2000 and 2011, the increase in real wages was 1.9%, i.e. less than 0.2% per year! This cannot be compared with the 6.6% real growth (annual average) in the 1990s, or 6.8% in the 1980s.

At this point, it should be noted that the development of the traded goods sector that is necessary to achieve the appropriate level of economic growth, to which we referred above, may be insufficient if we only insist on the exporting part. Indeed, the urgency and depth of the adjustment of supply that is required by the current magnitude of the imbalances, requires a broad process of increasing domestic production to replace products currently imported. The fact that there are many difficulties in its implementation and that it is "outmoded" should not hamper the changes in behaviour and attitudes that will enable it!

With regard to demand, it is therefore necessary to change attitudes and behaviours in order to reduce imports and stimulate increases in consumption especially aimed for domestic production. Some import substitution can be made operational immediately, and this only requires the will to do so. Most developed countries have induced *informal protectionist* attitudes and behaviours, as operative and effective as traditional prescriptions, which are obviously incompatible with the open economies of today.

To this effect, some taxes may have to be increased, penalizing consumption, so that others can come down significantly to allow companies to reduce costs and leverage investment. Moreover, it should be pointed out that private consumption has grown over the past decade well above the GDP, with a strong focus on import.





In the area of institutional reform, it is indisputable that some progress has been made among which we would highlight two examples: the reduction of bureaucracy, with several noteworthy measures, and social security reform, removing it from a clearly unsustainable path. However, in many other areas, reform attempts were unsuccessful, as in public administration, or produced totally opposite results, as is the case of justice.

In the short term, it is essential to reduce the size and cost of the state, increasing its efficiency. Examples of measures that need to be implemented include controlling public spending and eliminating unnecessary costs. This can be achieved by reducing the number of institutes and keeping only those of a technical or regulatory nature, and reducing the number of employees. Streamlining the autonomous public sector, particularly by promoting the physical and financial control of State-Private Partnerships (PPPs) in order to reduce the enormous damage they cause to the country, is certainly a national requirement. To pursue a policy of zero-based budgeting could also be a disciplinary tool of public spending.

Justice is also a key sector to enable us to pursue a strategy of sustainable development. In the past, the main defect of justice was its slowness and inefficiency, particularly in key areas for economic development. At present, one senses and speculates about more serious anomalies, such as the politicization of justice, which questions the third pillar of the Rule of Law and discredits the country. Without the introduction of a clear institutional break in this sector that can be perceived externally, the attractiveness of the Portuguese economy will hardly be noticed.

Education and training at various levels continue to limit the development of the country, despite the significant progress made and the much expenditure spent in this area. In any case, the improvement of their quality and raising the quality of our human resources should remain as an essential guideline. Simple measures, such as increasing the number of taught hours per week in subjects like mathematics, Portuguese and sciences, can significantly alter current results.

### **3. The need and limits of external assistance**

We are not unaware of the high social cost of many such measures, which therefore tend to be permanently postponed. But we believe that its postponement will have serious consequences for the country. The risk that our current operating model will collapse, with the consequent need for more restrictive measures as far as the standard of living of the population is concerned, is growing each day.

In this regard, when preparing a text for JANUS 2011 in October 2010, we wrote: *"It is for this reason that we stress the urgency, and also on behalf of such urgency, for external help to address this situation. We believe that such a programme will not run in an environment of total dependence of the so-called markets, i.e., in permanent harassment by international speculators pushing up the price of money in usurious fashion."*

Also in this framework we wrote then: *"For all this, resorting to the International Monetary Fund should be considered without prejudice and in a cost / benefit approach whose result we regard as positive. This is because it would create a stable framework for economic policy in, say, three years, as it would increase the credibility of policies"*



*nationally and internationally, reducing the cost of difficult measures that need to be implemented, and also because the financial effort would be less costly than continuing to resort to financial markets. By doing this we would be acknowledging the errors of our former economic policy, but this fact is not lost on anyone."*

The time wasted turned a request for assistance into an international bailout. Nevertheless, the negotiations currently underway with the "international troika" do not fundamentally change the direction we have been proposing, quite the opposite. It is necessary to take into account that the policies proposed by those international bodies cannot fail to be guided by an orientation of "*cosmopolitan*"<sup>1</sup> " nature that is limited and insufficient to meet the dual ambition of the national "Political Economy": the adjustment of national accounts (public and external) and the resumption of sustained growth in economic activity.

The implementation of such a programme requires a great deal of agreement on the part of social partners, breaking with tradition and finding new ways of consensus. However, in its absence and independently of the external support that we have to request at this stage, it is essential that employers, workers and government officials understand the basic truth that there is no royal road to sustained economic growth and improved well-being of the Portuguese, and that they must unite around a coherent, clear-sighted and pragmatic social agreement. Only then, and if this is done urgently, we will avoid the dark path that is outlined on the horizon right now.

#### **How to cite this Note**

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<sup>1</sup> List, Friedrich (2006). *Sistema Nacional de Economia Política*. Lisbon: Calouste Gulbenkian Foundation

## **Notes and Reflections**

### **PORTUGAL 2010: THE RETURN OF THE COUNTRY OF EMIGRATION?<sup>1</sup>**

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For about 15 years between the beginning of the 1990s and the end of the first decade of the twenty first century, Portuguese emigration acquired a status of near-invisibility in addressing migration issues associated with Portugal, both on the part of politicians and academics. Immigration, for many synonymous with developed country, in a context of modernization and economic growth, not only ensured employment for all indigenous people but also needed to fill various sectoral deficits (from the "classics" like those found in construction, public works or in domestic service to the "new ", such as agriculture, some segments of the industry and, increasingly, retail), took almost all the space reserved to the phenomenon of international migration in the political, academic and social agendas.

There is ample empirical evidence of this process. A governmental entity was set up in 1995 to address the issues associated with the integration of immigrants - the High Commission for Integration and Ethnic Minorities (ACIME) - which, in 2001, was converted into the current ACIDI, with corresponding upgrading of responsibilities, funds and resources, and, subsequently turned into the High Commission for Immigration and Intercultural Dialogue (currently called ACIDI, IP). This entity set up two National Centres to address the needs of this community, which were further complemented with the establishment of a network of 87 Local Centres. In addition, the Portuguese consular network was "optimized" and proximity to the various emigration nuclei was reduced, which demonstrates that the importance of emigration was, to some extent, played down. This is further corroborated by the gradual disappearance of mechanisms for collecting and disseminating regular information on Portuguese migration flows and stocks (data from the Survey on Outgoing Migratory Movements - IMMS - were no longer made available by the INE from 2003 onwards, and emigration

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<sup>1</sup> *In memoriam* of Maria Ioannis Baganha, a remarkable researcher in the area of migrations, and above all for having been a true friend.



estimates in the context of Demographic Statistics were published only a few months ago; the censuses almost exclude emigration), only countered with the creation of the Emigration Observatory in 2008.

Although some politicians may have recently drawn attention to the supposedly normal fact that Portugal has a "dual nature as a country of origin and as a country of destination of migratory flows"<sup>2</sup> (Vitorino, 2007:20), this happens only when information on the number of exits, even if incomplete and with gaps, points to an increase and diversification of migration. Indeed, in the 1990s and in the first half of the 2010s, when IMMS data estimates reported exits of about 27-28.000 people on a yearly basis (as in 1995-1999, 2002 and 2003) and emigrant remittances outweighed the volume of EU funds and still accounted for 3% of the GDP (nowadays they account for about 1.5%), the political agenda's myopia with regard to emigration flows was significant, as it only paid tentative attention to the consolidated, old and numerous "diaspora" (worth between 2.3 and 5 million, depending on whether Portuguese nationals, or of Portuguese origin, were counted)<sup>3</sup>, as evidenced by the reappearance of the Portuguese Communities Council (1996)<sup>4</sup> and the enactment of legislation in 1997 that extended, albeit with some restrictions, the right to vote in presidential elections to Portuguese living abroad.

However, and as mentioned earlier, throughout this period the views of Portuguese academics also reflected this process of relative lack of visibility of Portuguese emigration. While the number of publications on research on immigration has increased almost exponentially in the last 15 years, studies on migration abated. For example, it is significant that the literature on Portuguese emigration kept at the Emigration Observatory points to the publication of only 17 books on this subject in Portugal, while just at the Immigration Observatory, about 40 works on immigration to Portugal were published in just half of that period (this does not include dozens of works published by research centres and publishers ...)<sup>5</sup>.

This imbalance in the treatment of the two phenomena could also be found in the national media, which multiplied news about immigration and ethnic minorities between the mid-1990s and the second half of this 2010s<sup>6</sup>. As evidenced by Ferin Cunha and Santos (2006, 2008) in their studies on the presence of this phenomenon in the press and on television, between 2003 and 2005 the number of news increased, which justifies the assertion that these issues "definitely became a theme in television news" (Ferin Cunha and Santos, 2008: 100). As for Portuguese emigration, despite continuing to be in the national news during this period, it tended to be mentioned in a

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<sup>2</sup> Vitorino, A. (2007). "Introdução aos relatórios dos workshops realizados no âmbito do Fórum Gulbenkian de Imigração" in Vitorino, A. (coord.), *Imigração: Oportunidade ou Ameaça? – Recomendações do Fórum Gulbenkian Imigração*. Estoril: Príncipe: 19.

<sup>3</sup> Pires, R. P. (coord.) (2010). *Portugal: Atlas das Migrações Internacionais*. Lisbon: Tinta da China: 92.

<sup>4</sup> The first Portuguese Communities Council (CCP) was created in 1980 and carried out its activities as an advisory body of the Ministry of Foreign Affairs between 1981 and 1987, being deactivated in the following year. The current council was created in 1996 by Law No. 48/96 of 4 September. On this subject, see Aguilar, M. M. (2009) "O Conselho das Comunidades Portuguesas e a representação dos emigrantes", in Padilla, B. and Xavier, M. (org.), *Migrações*, No. 5, Lisbon: ACIDI, pp. 257-262.

<sup>5</sup> Historical publications exclusively about migration movements before the middle of the 20th century were not included in any of the reference information sources.

<sup>6</sup> Ferin Cunha, I. and Santos, C.A (2004). *Media, Imigração e Minorias Étnicas: Televisão e Imprensa 2003*. Lisbon: ACIME and Ferin Cunha, I. and Santos, C.A, (coords.) (2006). *Media, Imigração e Minorias Étnicas II*. Lisbon: ACIME.



more sporadic way, with a traditional increase in the summer months when the emigrants returned to Portugal to spend the summer period.

Naturally, one may ask if the enhanced visibility of immigration in the political and public agendas in that period was fully justified by both the significant growth and diversification of incoming flows (in regional terms, in the forms of professional integration..), particularly during the transition years from one century to the next, and by the need to provide an effective social response to the phenomenon, ensuring, simultaneously, equal rights, control of possible national xenophobia and fair integration conditions. Although we believe that was the case, this does not justify the erasure of emigration as a social and political phenomenon that has continued to take place in Portuguese society in the 1990s and the first decade of the present century. Indeed, what seems to have taken place, in addition to the normal turn towards immigration provoked by the latter's sudden and significant growth, was a social construction of a certain social invisibility of the emigration phenomenon in Portugal, particularly with regard to its scope and numbers. This took place as part of a process widely encouraged by the political power, which was joined by academics, the media and other powers - which portrayed emigration as part of a past that should be forgotten, because it allegedly meant lack of development, poor employment opportunities, and backwardness. However, and as we shall see next, Portuguese emigration always continued, and the social networks that support it were activated with greater intensity from the middle of this decade, when the economic model adopted for the country's growth in recent years began to show clear signs of exhaustion.

### **The recent evolution of Portuguese emigration – intensity, destinations and profiles**

While Portuguese emigration remained active in the 1990s, it was in the last decade that the various sources we have accessed begin to show signs of an increase in the number of exits, as part of a process that combined the search for new destinations (i.e. the United Kingdom and Spain, increasing between the late 1990s and 2007; Angola, in the last three years) with the revival of pre-existing emigration networks, such as Luxembourg and Switzerland.

In concrete terms, although there is no accurate data on current flows of Portuguese emigration, the figures point to a volume not far from 70,000 annual exits in the second half of the present decade. This figure, which is high and up by 30% between the first and the second half of first decade of the twenty first century (Table 1), must be interpreted in the light of two factors that differentiate it from the situation that occurred in the 1960s and early 1970s: on the one hand, the mobility framework has changed significantly, and a substantial part of this emigration has taken place in an area of free movement of workers within the EU; on the other hand, some of this mobility is temporary and of a non-permanent nature, something which has also been made possible thanks to the free movement. The relevance of the temporary nature of migration is supported not only by IMMS data released by the INE covering the period up to until 2002 and 2003, which showed a percentage of this type of flows corresponding to about  $\frac{3}{4}$  of the total, but also by the fact that Portugal is one of 6 countries in the European Economic Area with the highest volume of placements



abroad<sup>7</sup> in 2007 (Fig.1). This demonstrates that the Portuguese still use the European area as major emigration destination, and, above all, as an area for professional mobility, a process that has increased over the last years.

**Table 1 - Portuguese inflows at main destinations (averages 2005/06 and 2008/2009)**

	<b>Average (05-06)</b>	<b>Average (08-09)</b>	<b>Rate of change 05/06-08/09</b>
Germany	3395	4341	27,9
Spain	16993	13298	-21,7
Netherlands	1021	1993	95,3
Luxembourg	3779	4531	19,9
United Kingdom	10705	12605	17,7
Andorra	2438	722	-70,4
Switzerland	12290	15629	27,2
Angola	156	12631	7996,5
USA	1267	859	-32,2
Brazil	536	694	29,4
<b>TOTAL</b>	<b>52577</b>	<b>67302</b>	<b>28,0</b>

Notes: Netherlands and Luxembourg (2005/2006 and 2008); Angola (2006 and 2008/2009). There is no information for France.

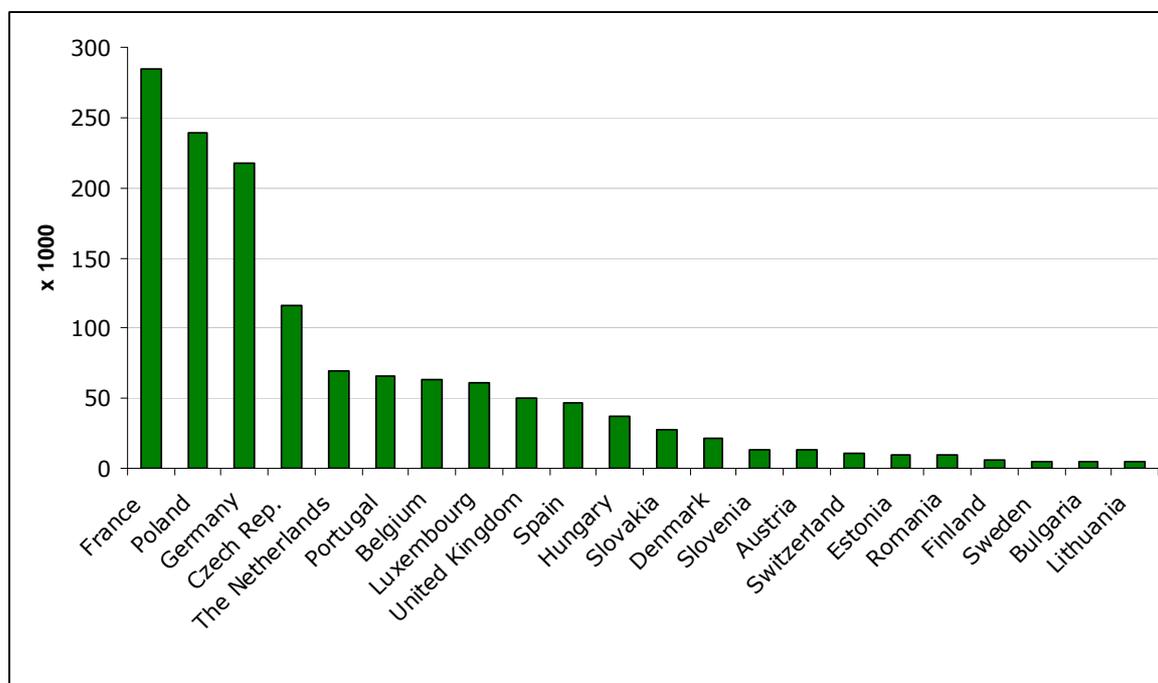
Source: Observatório da emigração (compilation of data based on various sources)

However, the analysis of the main countries of destination, with the exception of France, for which it was not possible to obtain information on annual flows, shows that Europe is not the only relevant target of Portuguese emigration, and that even within Europe some changes have taken place. Indeed, the emergence of Angola as a growing destination of Portuguese emigration after 2005/2006 (Table 1), is the best example of the present process of reorganization of the international mobility destinations of the Portuguese, who can take advantage of emerging countries with high economic growth rates, especially those that have Portuguese, Spanish or English as their official languages and have shortages of workforce with intermediate or higher qualifications in sectors such as construction, public works and tourism

<sup>7</sup> The placements abroad regulated by the European Union refer to "workers who, for a limited period of time, carry out their professional activity in a country other than the one where they normally work in". It leaves out people who are self-employed, and those who are in search of a job outside their own country. It therefore refers to professional workers employers deliberately relocate to other countries on a temporary basis to carry out their jobs. On this, see Directive 96/71/EC of the European Council and Eurofound (2010), *Posted Workers in the European Union*. Dublin, European Foundation for the Improvement of Living and Working Conditions.



**Figure 1 - Placements abroad in 2007 - countries of the European Economic Area with 5000 placements and over**



Nonetheless, this restructuring of the destinations for Portuguese emigration has also taken place in Europe itself, with Spain (the main destination of Portuguese emigration) and the United Kingdom emerging as highly attractive areas between the beginning of this decade and the 2008 crisis. However, in these cases, the qualifications of Portuguese emigrants are even more asymmetric, since the relatively high proportion of the workforce in highly qualified professions (almost 20% in the UK and around 11% in Spain) is counterbalanced by an even higher number of those who carry out unskilled activities (23.5% and 26%, respectively - Table 2).

**Table 2 - Comparative elements of the stocks of Portuguese immigrants in France, Luxembourg, Spain and United Kingdom, 2000 (some basic features)**

	France	Luxembourg	Spain	United Kingdom
Senior managers from the public and private sectors and leaders	3,4	2,6	7,1	12,1
Intellectual and scientific professions	2,0	1,4	3,6	7,4
Services workers and vendors	2,9	8,8	17,3	26,7
Labourers and related	51,4	34,1	23,8	5,7
Unskilled workers	8,4	32,9	23,5	25,9
Percentage de pop. Com ensino superior	4,1	2,9	7,5	19,3
Percentage of women	48,7	47,2	51,7	50,8
Percentage of population aged 15-24 in the over 15s	3,8	14,3	11,1	17,4

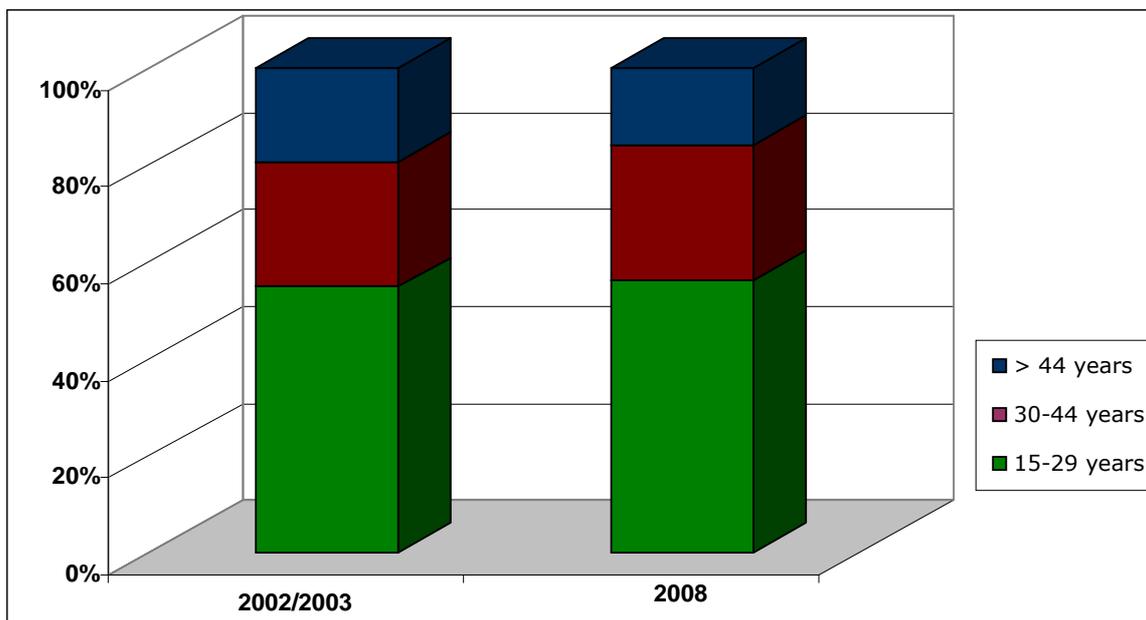
Source: OECD - DIOP - Database on Immigrants in OECD countries



With regard to the more traditional European destinations, Switzerland, which is the 2nd largest recipient of Portuguese emigrants, assumes prominence, alongside Luxembourg (and, to a lesser extent, Andorra) which, due to their demographic size, must be seen as relevant destinations for current Portuguese emigration. As for France, despite the shortage of information, and Germany, which, during the most intense period of the public reconstruction works in the States of the former GDR, became one of the most important two or three top destinations for the Portuguese, they have lost the standing they once enjoyed.

In short, current Portuguese emigration numbers are still significant and continue to make an important contribution to Portugal's GDP, despite the slight decrease noted after 2007 and which has to be attributed to the economic crisis in many major places of destination (2288.5 Euros in 2007; 2281.9 in 2009, which corresponded to about 1.4% of GDP). Despite continuing to use existing social networks in many countries (Switzerland, Luxembourg, Andorra ...), Portuguese emigration has undergone a reconstruction process that simultaneously takes advantage of geographic and historical-cultural proximity (Spain, Angola) and regional economic dynamics within a globalization and facilitation of worldwide mobility framework.

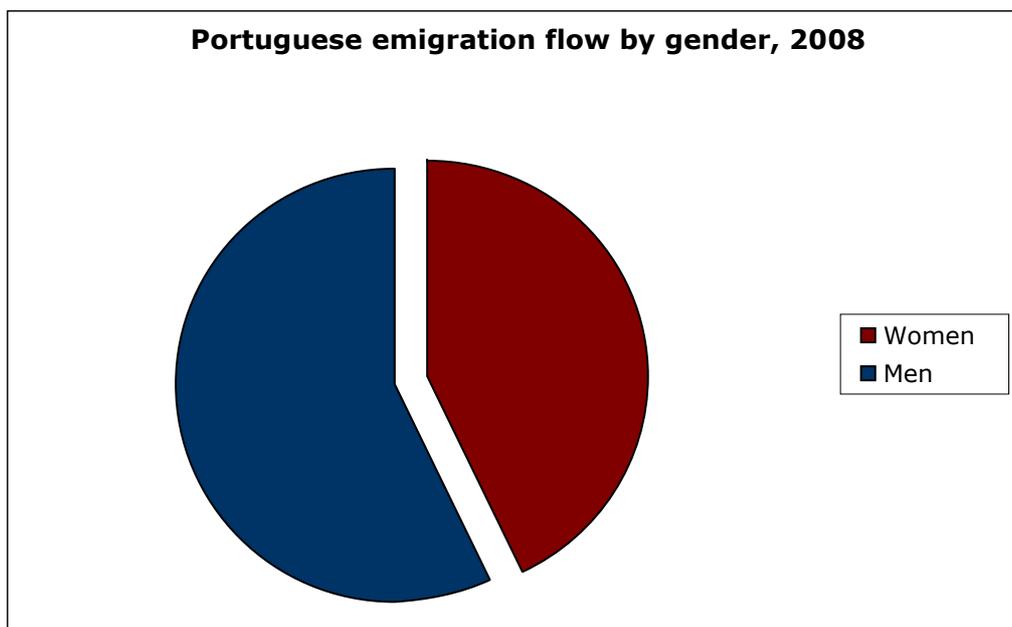
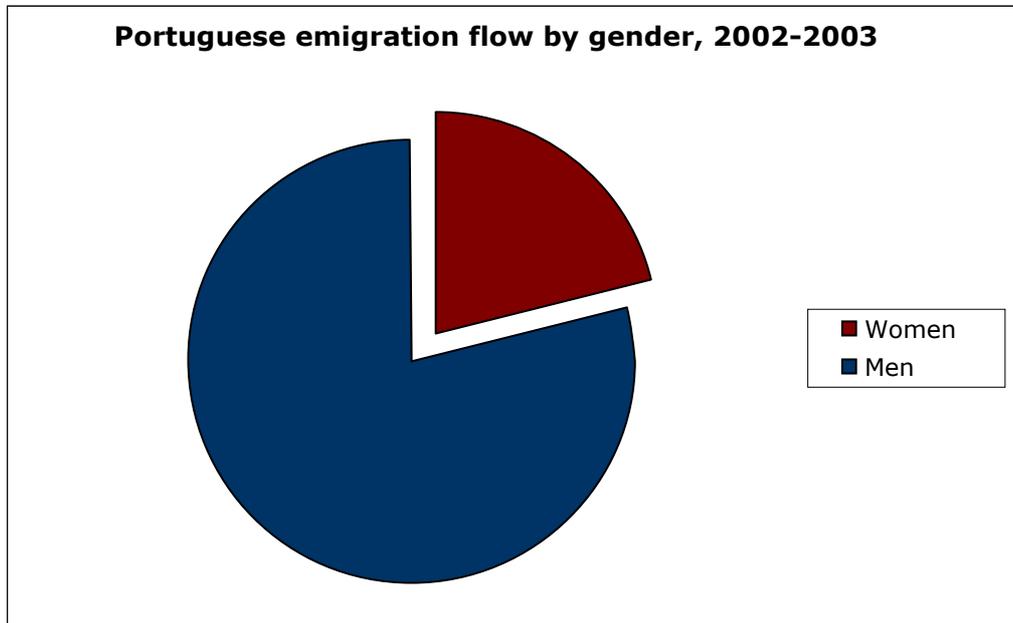
**Figure 2 – Age structure of Portuguese flows (02/03 and 08/09)**



In addition, the profiles of Portuguese emigrants seem to be undergoing changes. Structural changes in the educational levels of nationals, associated with rise in unemployment among young people, many of whom well-qualified, are contributing to the slight drop in age (Fig.2) and to the diversification of the types of "Portuguese emigrant". Although men still prevail over women, the number of women is increasing, exceeding 40% according to the data published by INE in 2008 (Figs. 3a and 3b).



**Figures 3a and 3b – Gender composition of Portuguese emigration 2002/03 and 2008**



Source: INE, Estatísticas Demográficas 2003, 2004 e 2010

As for professional integration, besides the differences and opportunities associated with the characteristics of labour markets at the various destinations, there is an important vulnerable group of emigrants with low education levels who take on unskilled jobs available in the market, and those with low-middle and intermediate qualifications who, in more recent countries of destination (Spain and especially the UK) are far more established in the services' sector than in the former countries of



emigration (France and Luxembourg), where construction works and, to a lesser extent, the transformation industry are dominant. In addition, there is a growing presence of qualified emigrants in the new destinations (Table 2), which attests the existence of a new face of Portuguese emigration. While it is simplistic to speak of "brain drain", already back in 2000 Portugal was the 3rd EU country with the highest rate of graduate emigrants (13%)<sup>8</sup>, and the number of highly qualified young people who go abroad to carry out a postgraduate course, an internship or look for their first job and do not return to the country is increasingly significant. Moreover, the prolonged economic stagnation with a systematic increase in unemployment, coupled with high levels of precarious work and the slow conversion of a production model that is traditionally labour-intensive and cheap, may further increase the number of exits and particularly hamper the eventual "go out-and-come-back " of skilled workers.

### **Current profile of Portuguese emigrants: from the cardboard suitcase to the leather suitcase, alongside executive folders and sports bags**

The contemporary Portuguese emigrant tends to be part of temporary flows rather than definitive ones. He/she is primarily young (over 55% are under 30 years of age) and predominantly male, although women now represent over 40% of the movement. Individuals with low or middle-low education levels are still significant in number, a fact that makes them join low-skilled sectors in the industry or civil construction business. However, an increasing number of young people with middle and higher education qualifications are emigrating, which is reflected in their greater presence in the trade and services sectors, and also in the most skilled professions (compare, in Table 2, the percentage of executives and scientific professionals in the older countries of emigration - France and Luxembourg - where they do not exceed 6%, with the percentage of the same professional groups in Spain - about 11% - and in the UK - almost 20%).

This diversification in profiles, which are younger, include a higher number of women, and are more qualified, has been accompanied by changes in major destinations. Since the 1990s, the UK has become the preferred destination in the EU, while Spain has emerged as the principal receiver in the present decade (receiving an annual average of almost 18 000 Portuguese emigrants between 2005 and 2009). As for major the traditional emigration countries, Switzerland remains a key destination (the annual average received in the aforesaid period is slightly above 14 000 persons), whereas the flows directed to Germany, Luxembourg, Andorra, Belgium, and Holland are still significant, although much less than in the case of Switzerland.

Outside Europe, the economic growth and modernization of Angola has attracted high numbers of Portuguese emigrants, especially after 2007, when the economic crisis took the edge off exits to destinations such as Spain.

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<sup>8</sup> Pires, R. P. (coord.) (2010). *Portugal: Atlas das Migrações Internacionais*. Lisbon: Tinta da China: 94.



## **How about the future? From emigration as a dramatic event to emigration as an asset...**

Given the scenarios of the Portuguese economy set for the next few years, Portuguese emigration will not tend towards a reduction, and will probably increase in the short term, particularly in the context of free movement in Europe, and especially if some of the states where Portuguese emigration networks are more consolidated recover quicker from the crisis than Portugal, and also if other countries with which there are intense socio-cultural links maintain or accelerate their pace of economic growth and modernization, as in the case of Angola and Brazil. In addition, other emerging countries are likely to become targets of skilled and technical emigration, like China, particularly if some encouraging factors are brought together (increased investment, promotion of Mandarin learning, use of Macao as a gateway). Finally, traditional destinations far less affected by the crisis (i.e. Canada) can also be reactivated, in addition to the fact that migratory movements (such as temporary work at various destinations) by many Portuguese professionals are not just expected to be maintained but to increase.

In terms of flows, predictions point to relatively high annual numbers in absolute terms (between 75 000 and 100 000), corresponding to about 1.3-1.8% of Portuguese workers, of whom an increasing number will have intermediate and higher education qualifications (although they may not be the actual majority), which means they will alternate between staying in Portugal or work abroad during the year. In short, it appears there is a dual diversification trend - i) one in terms of emigration destinations, mitigated by the fact that the Portuguese social networks act as drivers of movements heading to traditional destinations, ii) the profiles of emigrants, attenuated by the relatively low qualifications amongst older people<sup>9</sup>.

While these figures may, at first glance, be seen as almost dramatic, in economic (in terms of workforce) and demographic terms, as happened in the 1960s and in the early 1970s, such an interpretation should be subject to closer examination. Indeed, globalization and the European integration contexts currently delineate a situation that is completely different from the one that prevailed forty or fifty years ago. This means that open and peripheral small-scale economies, such as the Portuguese one, are inevitably forced to become both receivers and senders of workforce, in the framework of reinforced economic interdependence and international mobility of labour force, particularly in the free movement area, but not limited to it.

Given the inevitability of emigration, at last in the short and medium term, the challenge is how it should be incorporated into national policies. If the option is to "disguise" the outflows (given that emigration means backwardness and attests the reality of unemployment, etc.), relegating them to the periphery of the political agenda and not creating the necessary conditions for a movement quality (recognition of the added value brought about by financial remittances, in addition to added value associated with the experience and skills of the qualifications of young emigrants; enforcement of agreements between Portuguese and foreign companies and research centres that have emigrants as a connection point; maintenance of consular services to ensure a good service to the communities; enforcement of agreements with the

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<sup>9</sup> According to INE, in 2008 people over 44 years of age accounted for about 16% of the flow (Fig.2).



Confederation of Portuguese Speaking Countries - CPLP with regard to migration ...), then the loss can be significant.

If, however, emigration occupies a visible place on the political agenda - which also means conferring it respect and public social recognition, - and if Portugal recognizes the existence of a major "mobile nation" that may contribute to the development of the country, then emigrants can become an asset that will assist Portugal in the difficult process of national economic and self-esteem recovery.

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## **Notes and Reflections**

### **BOLÍVAR, 200 YEARS LATER**

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**"Bolívar 200 anos depois" (Bolivar, 200 years later)** is the title of a conference held at *Universidade Autónoma de Lisboa* - Autonomous University of Lisbon (UAL), on 11 October 2010. This event, organized by UAL and the *Instituto para a Promoção e Desenvolvimento da América Latina* - Institute for the Promotion and Development of Latin America (IPDAL), was supported by the Embassies of Panama and Colombia in Portugal.

The main ideas of Simon Bolívar<sup>1</sup> on political, economic and social issues were the subject of debate and reflection, particularly those that have an international dimension and were enshrined as principles of International Law: Security and Collective Defence, Respect for the Territorial Integrity of States and the Peaceful Settlement of Disputes.

More than a mere idea, the ideal of unity, which had been one of the greatest ambitions of the "Liberator of America"<sup>2</sup>, also deserved special attention. Indeed, throughout the work of Bolivar, the Liberator cites the word "America" as an expression of this ideal countless times. In most cases, Bolivar focuses on the idea of a Confederation of Hispanic-American Nations.

*"More than anyone, I want to see in America the forming of the greatest nation in the world, not for its size and wealth, but for its freedom and glory"<sup>3</sup>.*

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<sup>1</sup> Venezuelan military and politician, Simon Bolivar was born in Caracas in 1783. After the failure of his federal project following the disintegration of Gran Colombia, Bolivar died in Colombia in 1830.

<sup>2</sup> The territories (former colonies of Spain) liberated by Simon Bolivar correspond to the current states of Venezuela, Colombia, Panama, Ecuador, Peru and Bolivia.

<sup>3</sup> Letter from Jamaica (Reply from a Southern American to a gentleman from this island. Kingston, 6 September 1815). Letter by Simon Bolivar addressed to Henry Cullen.



On 7 December 1824, Bolívar sent an invitation from Lima to Colombia, Mexico, Argentina, Chile, and Guatemala to attend a Congress to be held in Panama.

*"It seems that if the world had to choose its capital, the Isthmus of Panama would be chosen for that privileged purpose, positioned as it is in the centre of the globe, looking at Asia on one side and at Africa and Europe on the other ... The Isthmus is equal distance from those ends and for this reason it could be the provisional location of the first Assembly of Confederate States..."<sup>4</sup>.*

At the Amphictyonic Congress of Panama<sup>5</sup> in 1826, Simón Bolívar proposed the signing of an offensive and defensive Alliance Treaty, a border demarcation that took into account the *utis possidetis* of 1810<sup>6</sup>, and the use of conciliation and mediation in conflict resolution. Federico Richa Humbert, the Ambassador of Panama in Portugal<sup>7</sup>, drew attention to the importance of this event, stressing that it was the first Conference of States that met in that part of the world, and which sought to solve common problems through international cooperation. However, the modest political will on the part of many of the governments involved, the lack of interest shown by the United States of America (USA)<sup>8</sup>, and especially the development of nationalisms, condemned this initiative to failure.

*"Even the press has fuelled this lack of control, by bringing about the idea of isolation in each individual, because by preaching that scandal will befall on everyone, it has destroyed the confidence of all ... Each province keeps for itself the authority and power, each one believes it should be the centre of the nation. We shall not speak of the Democrats or the fanatics, or talk of colours, because if we enter the bottomless pit of these issues, the genius of reason would be buried ... "<sup>9</sup>.*

After Panama, there were several unsuccessful attempts that insisted on the *Bolivarian* dream, such as in Lima (Conferences of 1847 and 1865), and Montevideo (1888 Conference). Instead of a confederation of American Nations – based on equality

<sup>4</sup> Lima Circular Letter, 7 December 1824. In *Obras Completas de Bolívar*, Vol. II. Caracas: Ministério de Educação Nacional, s.d. p. 52.

<sup>5</sup> The Amphictyonic Leagues in Ancient Greece consisted of individuals from various city-states who came together to worship a particular deity, with the aim of ensuring mutual defence and cooperation. This type of association – with a sacred nature – is considered to be the precursor of the current idea of Federation.

<sup>6</sup> The border demarcation of the new American States should respect at the outset, that is, temporarily and before a new treaty, the boundaries that existed prior to independence.

<sup>7</sup> He was invited to participate as a speaker at the Conference "Bolívar 200 years later," organized by UAL and IPDAL and held on 11 October 2010.

<sup>8</sup> Among the causes of US lack of interest we can highlight Bolívar's insistence on two matters, the independence of Cuba and Puerto Rico, and the abolition of the slave trade in Hispanic America.

<sup>9</sup> Letter by Simon Bolívar addressed to General José António Páez, 8 August 1826.



between all states – from 1889<sup>10</sup> (with the holding of the first Pan American Conference, organised by Washington) the "Inter-American system" was set up.

This was clearly a hierarchical system that adopted the Inter-American Treaty of Reciprocal Assistance (Rio Pact, 1947) and the Organization of American States (OAS, 1948) as its main legal instruments. Thus, the *Bolivarianism* ideal yielded against *Monroism* realism<sup>11</sup>.

The project to create an Ibero-American Community of Nations was another issue discussed at the Conference "Bolivar 200 years later". Fernando Garcia Casas<sup>12</sup> reminded us that, in 1970, Spain proposed the creation of an Ibero-American Community (CoIBA) with the clear political objective of promoting democracy in the region. Indeed, the end of dictatorships in Portugal and Spain, and the democratization process that gained momentum in the late 1980s in Latin America, near the end of the Cold War<sup>13</sup>, had created the best conditions for a compromise between Spain and Portugal and their former colonies.

When the first Ibero-American Summit was called in 1991, there was unprecedented euphoria among the parties, as it was the first time - after Panama in 1826 - Latin American states could meet without the presence of the USA.

A forum for dialogue and political cooperation between Iberian countries and Latin America, with a great potential, especially in political, social and economic areas, the CoIBA project is currently facing serious difficulties, like many other forms of cooperation and integration. The reasons for this include the growing political weight of bilateral agreements in detriment of multilateral ones<sup>14</sup>, the growing ideological, political and economic heterogeneity of states that make up the region, and, once again, the emergence of nationalism, often invoked by "populist governments" at what they see as new forms of external hegemony.

Latin America, 200 years later, is considered to be a broad zone of peace. With a GDP growth of 6% (2010) and relative tranquillity derived mainly from exports of raw materials, the region is immersed in a democratization process that, although incipient, extends throughout the territory, with the exception of Cuba.

The paradigmatic case of Brazil, already seen as an emerging power that claims more "voice" and increased "democratization" at major decision-making worldwide events (Security Council, IMF, WB, ... G20), must be underlined. In addition, Brazil's

<sup>10</sup> 1<sup>st</sup> Pan-American Conference (USA, 1889-1890), 2<sup>nd</sup> Pan-American Conference (Mexico, 1902), 3<sup>rd</sup> Pan-American Conference (Brazil, 1906), 4<sup>th</sup> Pan-American Conference (Argentina, 1910), 5<sup>th</sup> Pan-American Conference (Chile, 1923), 6<sup>th</sup> Pan-American Conference (Cuba, 1928), 7<sup>th</sup> Inter-American Conference (Uruguay, 1933), 8<sup>th</sup> Inter-American Conference (Peru, 1938), 9<sup>th</sup> Inter-American Conference (Colombia, 1948).

<sup>11</sup> The Monroism represented the views of the North-American vision of Pan-Americanism, based on U.S. predominance over other American states. Its first manifestation was precisely the presidential message of James Monroe, sent to Congress in 1823, where he advocated the idea "America for Americans", ie, away from European interests.

<sup>12</sup> Fernando Garcia Casas, Cabinet Chief of the Ibero-American Secretary General. He was invited to participate as a speaker at the Conference "Bolivar 200 years later," organized by UAL and IPDAL and held on 11 October 2010.

<sup>13</sup> With the end of the Cold War, Latin America clearly is no longer a priority of U.S. foreign policy.

<sup>14</sup> It must be noted e that the FTAA project was delayed and in its place, several bilateral agreements were signed between the U.S. and some Latin American countries like Colombia, Chile and Peru. Relations between the EU-Mercosur regional blocs or EU-CAN seem stagnant. The relations between the EU and Brazil or the EU-Chile are quite more dynamic. However, Mercosur ebbs and flows depending on the circumstances and difficulties that arise between the Member States.



diplomatic arm is looking for increased South American integration and aims to become the regional leader<sup>15</sup>.

Fernando Garcia Casas also pointed out that Latin America is currently facing serious challenges, such as the fight against poverty. In fact, 32.1% of Latin Americans remain in poverty and 12.9% are considered indigent. This corresponds to 180 million poor people, including 72 million in a situation of deprivation. According to the Economic Commission for Latin America (ECLAC), poverty continues to affect more children and adolescents than other sectors of society<sup>16</sup>. And although the balance of the last seven years is positive, Latin America continues to be the most unequal region in the world. According to the first Report on Development for Latin America and the Caribbean of the United Nations Development Programme (UNDP), inequality persists and tends to perpetuate itself in areas where social mobility is low and represents an obstacle to progress in human development<sup>17</sup>. Moreover, despite the absence of interstate conflict that could develop into armed conflicts or wars, other non-traditional threats to security, such as drug trafficking and urban violence, make this region one of the least safe in the world<sup>18</sup>.

To this complex scenario fraught with uncertainty about the future, Jorge Volpi<sup>19</sup> adds little cultural knowledge or ignorance of each other, and the total disappearance of all distinctive Latin American characteristics. According to the Mexican writer, Latin America as a prototype, imprinted on Western imagination as the land of dictators, guerrilla fighters and magical realism, has been fading over time. Lacking real power, the Latin American identity is constantly challenged by countries like Mexico - completely bound to the United States and Canada - a country whose settlement, political and economic decisions are made towards the north, no longer the south. However, it is in the south that we find incipient integration mechanisms that are starting to work<sup>20</sup>. Volpi tells us of a likely scenario for the future, a continent with two major regional blocs, one in North America, which will eventually absorb the Caribbean, and one in the South, with Brazil as the main centre of gravity.

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<sup>15</sup> The 1st Latin America and Caribbean Summit (33 countries), held in Costa de Sauipe (Bahia) in December 2008, and the agreed compromise to be an Organization of Latin American States and of Caribbean countries was a perceptible setback to the foreign policies of Spain and the United States and a genuine triumph for Brazil, who started the initiative.

<sup>16</sup> See the CEPAL Report (2010), "Social Panorama of Latin America 2010".

<sup>17</sup> See the PNUD Report (2010), "Acting for the Future: Breaking the Cycle of Intergenerational Inequality."

<sup>18</sup> According to the UN Office on Drugs and Crime (UNODOC), it is estimated that around 40% of the global total of violent crimes are committed in Latin America and the Caribbean.

<sup>19</sup> Jorge Luis Volpi Escalante is a Mexican writer (winner of the 2nd Prize for Essay Debate-Casa de América, 2009, for his book "El insomnio de Bolívar"). He was invited to participate as a speaker at the conference "Bolívar 200 years later," organized by UAL and IPDAL, held on 11 October 2010.

<sup>20</sup> The Union of South American Nations (UNASUR) is formed by the twelve countries of South America. The treaty that formed it was signed in Brasilia on May 23, 2008. Apart from the Councils of Heads of State, Foreign Ministers and delegates, seven sectoral ministerial councils were created to promote integration and cooperation in the following areas: energy, health, defence, infrastructure and planning, social development, combating drug trafficking, and education, culture, science, technology and innovation.



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## **Critical Review**

**Barbé, Esther (Director) (2010). *La Unión Europea más allá de sus fronteras. Hacia la transformación del Mediterráneo y Europa Oriental?*. Madrid: Tecnos: 196 pp.**

**by Rita Duarte**

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The work I propose to review, *La Unión Europea más allá de sus fronteras –Hacia la transformación del Mediterráneo y Europa Oriental?* is the result of a three-year research project headed by Professor Esther Barbé. It was carried out at the Observatory of European Foreign Policy of the *Institut Universitari d'Estudis Europeus* at *Universitat Autònoma de Barcelona*. Esther Barbé is a Professor of International Relations at the Autonomous University of Barcelona and coordinator of research programmes at the Barcelona Institute of international Studies.

The book was coordinated by Anna Herranz Surrallés, coordinator of the Observatory of European Foreign Policy and researcher at *Institut Universitari d'Estudis Europeus*, who was involved in the research project. This study also reflects the direct participation of 13 researchers, mostly lecturers at the Autonomous University of Barcelona, in addition to other scholars such as Eduard Soler i Lecha, Programme Coordinator for the Mediterranean at the CIDOB Foundation.

Structurally, the book is divided into seven chapters. The first is different from the others as it explains the purpose of the work, raises the questions and identifies the variables that define the analytical framework of the study, in addition to justifying the criteria for choosing the case studies examined.

The subsequent chapters seek to answer the questions raised, based on the analysis and comparison of several case studies (273 in total). These case studies are examined in light of a two-fold stance: thematic and geographical. Accordingly, each of the six chapters addresses one of the six major themes chosen for analysis: trade, environment, energy, foreign policy, migration policy, and good governance. The relationship the European Union (EU) maintains with its seven neighbouring states, namely: Algeria, Morocco, Russia, Ukraine, Moldova, Georgia, and Turkey with regard to each of these sectors is analysed in all chapters.



The choice of countries reflects a geographical rationale that seeks to encompass neighbouring states from the east and south. But it also aims to account for the different postures of neighbouring states towards the EU, since it includes a state that is the process of accessing the EU - Turkey -, countries that aspire to eventually join the EU - the case of the Ukraine and Moldova - and countries that want to work with the EU on an equal footing, such as Russia or Algeria.

The choice of thematic areas aimed to cover topics clearly "communitised by the European Union - such as trade and environment - policies which have a predominantly intergovernmental character - such as foreign policy and the politics of good governance - and also intermediate areas such as migration policy and energy policy" (p. 33).

### **International Context**

The authors of *La Unión Europea más allá de sus fronteras* frame this research study within the current context of international power structure, of a multipolar nature, where the EU has been losing influence, hand in hand with the emergence of a Sino-American G-2 leadership. However, from the outset, this study draws attention to the fact that the neo-realist interpretation, by assigning polarity exclusively to states, becomes reductive when applied to the EU, since its characteristics as a power are not associated with its nature but with the recognition of its action as a power. Rather, the authors emphasize the increasing importance of multilateralism, especially due to the indisputable effect of institutions within that international system. In the case of the European Union, as a result of the adoption of the European Security Strategy in 2003, multilateralism has become its international identity reference point. It has since developed the concept of effective multilateralism, which requires an institutionalized international order anchored on law.

Based on this multilateral framework and the EU's loss of influence, and in the knowledge that the EU's ambition is, since 2001 with the Laeken Declaration, to play the role of global actor (power), the authors raise the question: is the European Union a "normative regional hegemony" (p. 17), in which its action involves a type of "bilateralism as practiced in its European Neighbourhood Policy that is nothing else but one way of hiding the unilateralism that marks the EU's relations with its neighbours" (p. 18), or is it a "normative power whose foreign policy is based on "universal principles and values more than on material interests" (p. 21)?

### **What regulatory convergence?**

The relevance given to the EU's neighbouring countries originated, on the one hand, in the actual Treaty of Lisbon, as it highlights the importance of EU's neighbouring countries (with whom it maintains preferential relations), and, on the other, in the need to ascertain whether the Union's ascendancy at regional level allows it to ensure it is recognized as a global power. Thus, the authors examine the EU's contribution to the promotion of regional security, focusing mainly on the strategy adopted to establish relations with its neighbouring states in the east and south.



This is the starting point for the major analysis in the study: in its aim to bring together distinct institutional, legal and political systems, which convergence strategy does the Union promote? Are the EU's relations with its neighbours asymmetric, whereby the latter undergo a process of Europeanization and are subject to the interests and unilateral transfer of the rules of that institution? Or is the relationship process more complex and there are other models that can be taken into account?

The authors seek to demonstrate that the latter option is more consistent with reality, and claim that, in a complex and flexible international system, "several normative levels - bilateral, European, international - and explanatory variables - power, legitimacy - coexist and enable the construction of different models of regulatory convergence between the EU and its neighbours - coordination, Europeanization, internationalization" (p. 18). The case studies used in this analysis, which, must be stressed, sets a double comparison in thematic and geographical terms, allow us to empirically identify which model was applied in each situation and why.

Thus, besides the convergence model described as Europeanization, which involves the partial or full adoption of EU legislation - the case of Turkey in its accession process - there are two types of convergence: international and bilateral. Generally, the authors see the international model when the "politics of convergence is based on standards developed by other international institutions" (p.25), and give as an example the various Action Plans of the European Neighbourhood Policy that mention agreements, regulations, protocols, and international institutions rules, like the United Nations or regional ones, such as the Council of Europe or the Organization for Security and Cooperation in Europe. The third regulatory model is based on a convergence of policies through "standards developed bilaterally between the EU and the neighbouring country to adapt to the situation in question" (p. 25).

Given that, according to the book, the transfer of the EU *acquis* to its neighbours is just one of three possibilities for delineating a process of policy convergence, then it is necessary to understand which variables - which the authors refer to as independent - influence the choice of the convergence model according to which the European Union's relationship with each of its neighbouring states will be based.

These independent variables are the EU's bargaining power and the mutual perception of legitimacy by the neighbouring state. The bargaining power of the European Union refers to "its ability to provide sufficient incentives or disincentives (economic or political sanctions, for example), to neighbouring countries so that they adopt the standards outlined by the Union " (p. 27). Starting from a cost / benefit rationale, this variable involves the neighbouring state choosing between the expected benefit from the incorporation of EU standards and the cost its implementation will represent.

The second variable - mutual perception of legitimacy - "refers to the degree of coherence between the standards provided by the EU and the existing body of regulations in the neighbouring country" (p. 28). This variable is based on a constructivist approach that advocates the adoption of new standards by an actor whenever these are deemed appropriate to the social context of that actor. In turn, this variable is influenced by "i) degree of identification of the neighbouring country with the Union as a community to be part of, independently of the fact this has been recognized by the Union or not, ii) the authority which the neighbouring country attaches to the European Union as a promoter of norms and iii) if the process of setting convergence



standards is seen by the neighbouring country as being unilateral or a result of proper consultation with relevant actors in neighbouring countries "(p. 28).

Consequently, the choice of convergence model that is most appropriate to each situation depends on the relationship established between the model in question and these independent variables. In the light of these factors, the authors define three working hypotheses for the choice of convergence model, stating that the convergence of standards based on EU norms will be the more demanding model, as it implies a strong bargaining power on the EU's part and a good sense of legitimacy on the part of the partner state.

In turn, they assume that convergence through international standards can be a less expensive model, since international organization norms are more general and comprehensive than the EU's. However, it also implies a strong sense of legitimacy of international standards (greater than that attributed to possible European counterparts), and also requires a good bargaining power on the part of the EU. And, finally, it is suggested that the least invasive and more legitimate model, from the viewpoint of the neighbouring state, is the model for convergence of standards developed on a bilateral basis. This model - coordination - is used when the EU's bargaining power and perceived legitimacy are low and generally reflects "a balanced mix of political views and interests of each of the parties involved" (p. 30).

### **The empirical analysis**

This combination of factors - models of convergence, independent variables, subject areas, and neighbouring states - shows how difficult it is to establish the convergence model to be adopted beforehand. Furthermore, we are shown that each of the different convergence models corresponds to distinct impacts and modes of interaction. Accordingly, the various examples drawn from case studies become confusing for those who seek to establish a set of pre-set rules for implementing each convergence method.

In Chapter III, for example, which focuses on energy issues, the authors demonstrate that, although the primary convergence model is done in accordance with European standards (often due to an international normative vacuum), acceptance of those European standards does not imply immediate Europeanization, rather a "selective and gradual reform" (p. 82) in the energy sectors of the countries examined.

In turn, the immigration and asylum policies referred to in Chapter VI shows us that even within the same topic, different models of convergence can be applied, since in the illegal immigration subsector, the European Union fundamentally promotes convergence through Europeanization, while in the legal immigration subsector, convergence is made through bilateral norms, and in asylum-related issues, there is a combined convergence between international standards and EU standards.

Regarding the influence of independent variables, the authors demonstrate that in the case of good governance (Chapter VII), the convergence model depends not only on the theme but also on the country in question. For example, Algeria, which has a very high bargaining power due to its energy resources, becomes a "reluctant partner" (p. 171) with regard to the European Neighbourhood Policy and seeks to maintain a relationship and a level of cooperation among equals.



The specific case of Algeria shows that only 5% of the relations with the EU are made by convergence through Community rules (p. 177), and that standards negotiated bilaterally have a strong prevalence. On the contrary, it is demonstrated that in countries where the European Union's bargaining power is higher, as in the case of Ukraine and Moldova, which have confirmed their aspiration to join the EU, Europeanization is the most frequent convergence model.

## Conclusion

This work is very rich in practical examples that respond to issues raised at the beginning. The conclusions contradict the theory that the EU acts unilaterally, as the convergence model based on community standards is the least used (the only exception is the case of Turkey, given the country's situation in the process of accession). In fact, this analysis demonstrates that "EU standards appear as patterns of convergence in only 23% of the cases examined, which is a smaller percentage than standards negotiated bilaterally" (p. 181). The most common convergence model is based on international standards, due to the independent variables: it reflects a lower bargaining power on the part of the EU and is more likely to be perceived as legitimate by the neighbouring state.

In this light, the EU's action in its relationship with neighbouring states does not fit the initially identified concept of "normative regional hegemony." Although it appears that its European Neighbourhood Policy was created with the aim of convergence of standards across the Union, the European Union is "subject to a series of internal and external constraints" (p. 190), like any international actor. At a critical moment of European integration as the one we are witnessing, these reflections are undoubtedly very useful.

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## **Critical Review**

**Blair, Tony (2010). *A Journey*. London: Hutchinson: 718 pp.**

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Since the day Tony Blair left office, in June 2007, he has never really been away from the spotlight. This is mainly because the constant controversy around the 2003 Iraq war remains intact and questions over the motives and reasons behind Blair's decision are still seeking an answer.

Today, after a deliberate period of silence, Blair's memoir *A Journey* offers him the chance to *say* and *explain*<sup>1</sup>.

Indeed, the book includes testaments over various events from his private life, such as the devastating feeling after the loss of his mother to whom he had a special connection or the surprising relationship with alcohol.

But as far as the politician is concerned, his book seems to be a personal account of a leader in a certain period of time, his vision and decisions, an instrument to preserve his legacy, justifying the war against Iraq, and staying loyal to New Labour.

Blair writes about his first day in office. He was inexperienced but determined to make a difference. Since the beginning, he created a personal warm relationship with the people of Britain, in particular after Princess Diana's death, when in his speech really captured the public mood.

But this relationship between Blair and the public was not to last long with the false prospectus of the Iraq War, which marked the lowest point of his popularity.

After the publication of Blair's memoir, the British newspapers concentrated mostly on his rivalry relationship with Gordon Brown. Alongside Gordon Brown and Peter Mandelson, Blair was indeed the driving force behind New Labour. However, it was not until June 2007, the end of Blair's premiership, that Blair would finally give way to

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<sup>1</sup> Kettle, Martin. "World exclusive Tony Blair interview", *The Guardian*, Wednesday, 01.09.2010. Available at: <http://www.guardian.co.uk/politics/2010/sep/01/tony-blair-a-journey-interview> Accessed on: 31.01.2011



Brown. And Brown in fact had worked with strong political skills to ensure that there would be no rival for the succession.

Although domestic politics figure notably in Blair's book - the 1997 labour party campaign was fought almost exclusively on a domestic policy base - is his foreign policy that really defines Blair's decade in office, from 1997 to 2007. And it is his controversial performance in the world scene that really captures the mind of the reader abroad.

Blair admits *my awakening on domestic politics took place over time. Probably I only fully found my voice on domestic reform in the last term. The awakening on foreign policy was, by contrast, abrupt. It happened over Kosovo.*<sup>2</sup> This successful military intervention was to influence his subsequent decisions on Sierra Leone, Afghanistan and, crucially, Iraq.

Blair is a liberal interventionist. He does not withdraw anything he said in his Chicago speech, on 22 April 1999, and its liberal interventionist *doctrine of international community*.<sup>3</sup> Starting from the reality of interdependence in an age of globalisation, a world where events in a faraway place can have immediate effect on our national security, he argues that intervention to bring down a despotic dictatorial regime could be justified on grounds of the nature of the regime, not merely the immediate threat to national interest.

Yet, the *Blair doctrine* has challenged notions of national sovereignty and non-interventionism principles going back to the Peace of Westphalia in 1648. And it appeared to justify the approach to Afghanistan and Iraq in which battle was to take place at a different scale. As a result he knows that his historical legacy is likely to be most closely linked to the ultimate outcomes of those wars. Therefore, he devotes a considerable amount of space in his memoir to defending military adventurism, especially in Iraq.

*I have often reflected as to whether I was wrong. I ask you to reflect as to whether I may have been right.*<sup>4</sup>

The book contains lengthy passages on 9/11 terrorist attacks in New York and Washington. For Blair this was definitely a war, a war that had to be fought differently from any other. Precisely, it was an ideological battle, the *mores and modus vivendi of religious fanaticism versus those of an enlightened secular system of government that in the West, at least, incorporated belief in liberty, equality and democracy.*<sup>5</sup>

Blair does not proclaim that he did not fight for the British national interest. But, what he claims to be the focal point of the foreign policy of our days is globalisation. He does believe that the defining characteristic of today's world is its interdependence; and that unless we articulate a common global policy based on common values, we risk chaos threatening our economic and political stability.

And in practice, the terrorist attacks of 9/11 in New York and Washington, 11/03/2004 in Madrid, and 21/07/2005 in London, prove clearly that terrorism can knock our doors, claiming thousands of innocent lives with no previous notice.

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<sup>2</sup> *A Journey*, p. 223

<sup>3</sup> Blair, Tony (1999). "Doctrine of the International Community", Speech at the Economic Club of Chicago. Available at *Downing Street website*: <http://www.number10.gov.uk/Page1297> Accessed on: 10.02.2011

<sup>4</sup> *A Journey*, p. 374

<sup>5</sup> *Ibid*, p. 346



For Blair, the enemy has to know that we are determined to act. This drove his policy drastically in Afghanistan and as well as in Iraq.

*To win in this way would not and does not require simply a military strategy to defeat an enemy that is fighting us. It requires a whole new geopolitical framework. It requires nation-building<sup>6</sup>. [...] it had to be fought on the high ground – our values versus theirs [...] Like it or not, from then on, we were in the business of nation building.<sup>7</sup>*

To the question is Iraq better now than in Saddam's time, Blair answers: *of course*. In 1979, when Saddam took the power, Iraq was richer than Portugal. By 2003, the population was dependent on food aid, by 60%. Today, GDP per head in Iraq is three times that of Iraq in 2003.<sup>8</sup>

However, Blair does not address critically the practical challenge of nation-building. He simply reasserts that the price must be paid in the battle against terrorism and radical Islam. Though he showed courage in the Iraq war, the war itself has been a failure. Indeed, there was no legitimising reasoning behind the endeavour, nor from the United Nations (UN) neither from the public opinion. There were not found Weapons of Mass Destruction (WMD) in the possession of the Saddam regime. And definitely there was no planning for the aftermath reconstruction and stabilisation of the country. The Shia-Sunni gap has been wider across the Muslim world. The situation in Iran has been more aggressive too.

In addition, the case for a new *international community* is strong and Blair has often put it clearly. There have been some notable successes, as in Sierra Leone and Kosovo. But this community will only come into being if pursued through example and persuasion, not through war. Subsequently, the attempt to impose Western values on distant states through armed force is doomed to failure.

Blair in his memoir admits that there was not an active WMD programme in Iraq as they thought, yet he repeats the same arguments as to the reasons why he still would do the same thing, such as the tyranny of Saddam regime, the international law violations, the security threat to his neighbors and the world.

The books shed little light to Blair's feelings over the resignations and the hundreds of thousands of people who marched in protest in Britain and across the world. The list of those who disagreed with the invasion and occupation of Iraq was long, including personalities who fought for personal freedom and justice for years, like Nelson Mandela.

I finished reading his memoir still thinking of Tony Blair as an enigmatic leader. Enigmatic, as one can be easily inspired by his values and his philosophical conceptions about modern politics, but at the same time one can be profoundly disappointed by his unquestioning acceptance of US policy and interventionist approach in Iraq.

For Clausewitz<sup>9</sup> moral courage and determination is what makes a great strategist. Blair had both, love him or loath him.

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<sup>6</sup> *A Journey*, p. 349

<sup>7</sup> *Ibid*, p. 357

<sup>8</sup> *Ibid*, p. 378-379

<sup>9</sup> Clausewitz, Carl von (1984). *On War*, Princeton: Princeton University Press.



In the end, his Journey was definitely as much a *triumph of the person over politics* as was a *triumph of the politics over the person*.<sup>10</sup>

#### How to cite this Critical Review

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<sup>10</sup> *A Journey*, p. 691

## **Critical Review**

**Rajan, Raghuram G. (2011). *Linhas de Fractura – As fracturas escondidas que ameaçam a economia mundial (Fault Lines: How Hidden Fractures Still Threaten the World Economy)*. Lisbon: Babel: 429 pp. ISBN 978-972-22-3024-7 (Translated by Carla Pedro)**

**by Amadeu Paiva**

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This is the Portuguese edition of a book about, according to the first words written on it<sup>1</sup>, "the financial collapse of 2007 and the "Great Depression" that followed". In other words, this is a book about the newly enshrined word, the "crisis" which shook the financial world in the U.S. and Europe, and which, due to the configuration of the world economy, impacted on virtually all sectors of society worldwide, something we are still experiencing.

It is a very compelling book, essential for anyone wishing to know more about this issue. The author has a PhD in economics from MIT, and he has been the IMF's chief economist, professor of finance at the University of Chicago and contributor to the Indian government as an adviser and chairman of the committee for the regulation of the financial sector. Such a curriculum, in addition to winning the Fischer Black Prize awarded by the American Finance Association, leaves him particularly well placed to deal with this topic.

However, this is also due to the fact that he was one of the economists who predicted this crisis. The episode of his participation in the 2005 meeting of the Jackson Hole conference is often cited. This conference annually brings together the governors of main central banks, and experts in the fields of economics and finance are invited to submit their contributions. The work he presented at this meeting - titled "Has financial development made the world riskier?" - advanced that prediction and had a visible impact on the audience because, as the author writes in his Introduction, "it was not in tune with the general tone" which, at the time, marked the discussions on issues relating to the financial industry.

What makes this book indispensable is the recognition it attained, having been considered the best business book of 2010 and awarded the Financial Times/ Goldman Sachs Prize.

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<sup>1</sup> The original book is Rajan, Raghuram G. (2010). *Fault Lines: How Hidden Fractures Still Threaten the World Economy*, Princeton University Press. The edition from which the translation into Portuguese was made is not mentioned.



The book was written for an audience broader than just specialists in this area, and focuses on the economy of the United States<sup>2</sup>, the home of what is deemed to be the most sophisticated financial system in the world. Accordingly, the main question that occurred to me when I was asked to make a presentation for janus.net, was to know whether a book that was just written in February 2010, when the crisis is not yet over, and centred on the North American reality, could be of interest to Portuguese speaking readers who are not specialists in this field, because, should that be the case, they would have already read the English version. And I also wondered about the contribution the book could make to readers who are experiencing the crisis from a Portuguese and European perspective.

Portuguese readers who are aware of the news and debates in the general media, are exposed to the social environment, have seen the film "Inside Job", and read the references and jokes circulating on the internet<sup>3</sup>, not to mention the Memorandum of Understanding agreed between Portugal and the "Troika"<sup>4</sup>, will not find that the topics exposed in the book or even the language used constitute big news. However, I think readers will benefit from the reflections that may arise from reading the book, and from the comparisons they will be able to make between events described in the book and those currently experienced in Portugal and elsewhere in Europe. Nevertheless, readers should not stop being critical, because both the arguments used and the theses are not irrefutable<sup>5</sup>.

The book focuses on the forewarnings resulting from the crisis and proposes a set of reasons for explaining it, putting them in context and analyzing them. This analysis is the starting point from which the author presents what he believes to be the difficult political choices that will fight the real causes of this and potential future crises.

The approach method the author uses is based on the concept of 'fault lines', i.e., sets of interacting forces which cause huge tensions which, in turn, generate crises, like the fault lines created by the contact or collision of tectonic plates on the Earth's surface, which result in earthquakes. He believes that these fault lines are in fact systemic, and he moves away from the explanation he classifies as simplistic, according to which the crisis could be explained only by the behaviour of individuals or specific institutions.

Besides an "Introduction" and an "Epilogue", the book is divided into ten chapters. In the first seven, the author explains all three sets of fault lines he has examined. The last three chapters are dedicated to reforms and other proposed policy measures. These three sets of fault lines are the result of the contact (i) between politics and financial markets, (ii) between countries, especially among the economies that consume too much, like the United States, and those that do not consume enough, such as Germany and Japan and, increasingly, China; and (iii) between different types

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<sup>2</sup> A useful book with a non-American perspective of the financial system, based on the experience of European countries, is: Dewatripont, Mathias; Rochet, Jean-Charles and Tirole, Jean (2010). *Balancing the bank: global lessons from the financial crisis*, Princeton University Press.

<sup>3</sup> *Subprime Crisis* by Bird and Fortune (<http://www.youtube.com/watch?v=mzJmTCYmo9g>) is quite an interesting example.

<sup>4</sup> On this, see the commentary on Collateralized Debt Obligations and on the *European Financial Stability Facility* (EFSF) by Zingales, Luigi, published in *Negócios Online* (Online Businesses), on 7 January 2011, titled *A alquimia financeira da Europa* (*The financial alchemy of Europe*). ([http://www.jornaldenegocios.pt/home.php?template=SHOWNEWS\\_V2&id=461849](http://www.jornaldenegocios.pt/home.php?template=SHOWNEWS_V2&id=461849))

<sup>5</sup> On this it is interesting to read Paul Krugman's critiques of some of the theses and arguments advanced by Rajan in his book (<http://www.nybooks.com/articles/archives/2000/sep/30/slump-goes-why/>) and also Rajan's actual reply (<http://forums.chicagobooth.edu/faultlines?entry=24>).



of world financial systems, specifically between transparent and non-favoured financial systems – like in the U.S. and in the UK - and less transparent financial systems that exist in most part of the world, given that they operate based on different principles and are subject to different forms of government intervention, which means they tend to distort the functioning of each other whenever they finance each other.

The most important example of the first type of fracture line is the one that results from rising income inequality in the United States – which the author attributes to the insufficient results of undifferentiated socialization of education and learning in general, which has been generating deficits in the human capital that the U.S. economy needs - and the political pressure that was created to facilitate credit giving.

In this situation, the political response to rising inequality was to use credit as a stopgap: consumption not supported by a low income may be supported by affordable credit. "The benefits - increased consumption and more jobs - were immediate, postponing the payment of the bill into the future" (p. 24). In particular, the author discusses the controversial policy to promote wider access to home ownership.

Another example of fracture resulting from contact between politics and financial markets, to which the author gives great importance for its harmful effects, is precisely how the U.S. monetary policy is influenced by political considerations, along the same lines of credit facilitation, in order to respond to a situation where economic recovery is done without an increase in jobs, in a country where the duration of unemployment benefits is short and medical care benefits are not available to the unemployed. Hence, a policy of low interest rates stimulates job creation, but in a deregulated financial market, it turns out to have adverse effects by causing the price increase of raw materials, the price of assets that are not remunerated by interest, the tendency for the financial sector to take more risks and make credit more easily available.

Going beyond mere economic logic, "the economic recovery has everything to do with jobs, not with production, and politicians are prepared to offer fiscal and monetary incentives to the economy until jobs start to reappear" (p. 34). The second series of fault lines emanates from the contact between economies with high levels of consumption and economies with relatively lower levels of consumption. In the first case, we have the United States, which, according to the book and as a result of their relative scarcity of savings, funded "... their expenditure in 2006 by borrowing about 70% of the world's surplus savings" (p. 363). In the second case, the author refers in particular to Germany, Japan and China, countries that have based their growth on exports. This means they had surplus production capacity with regard to their domestic consumption, which enabled them, in the late 1990s and in the 2000s, to meet an important part of U.S. demand. In this context, the author finds a second fault line: the excessive dependence of countries with growth based on exports vis-à-vis foreign consumers, which undermines the global economy for the pressure that these countries exert on importing countries to maintain their pace consumption, since their protected and inefficient domestic markets are unable, by themselves, to promote the growth of their own economies.

The last set of fault lines was brought about by the contact between different types of financial systems. On this topic, three main sets of considerations stand out in the book. The first deals with "the flighty unpredictable foreign funding", putting emphasis on the reasons why, in the process of "developing countries" seeking financing, the



tensions and confrontation between the consequences of their "less transparent financial systems", which is the result of assistance given by banks and governments - and the "more transparent" financial systems of the lenders, contributed to those countries becoming net exporters, and thus cease to contribute to the absorption of global oversupply.

The second set of considerations exposes one of the weaknesses of "transparent and non-favoured" financial systems: the fact that investors trust, without much scrutiny, their safety, in addition to the ratings they attribute to assets traded in these systems, as well as the market prices that are formed therein, leaving them unprepared when something does not work that well.

Finally, the author examines the explanations advanced for the behaviour of financial agents who helped trigger the crisis, leading them to exaggerate their risk taking.

The policy measures the author proposes to remedy and especially prevent future crises, presented in Chapters 8, 9 and 10, leave, somehow, a feeling of dissatisfaction. Let us examine how they are presented right in the "Introduction":

"There are no miracle solutions. The reforms will require careful analysis and sometimes a tedious attention to detail. I shall examine this topic (...) by focusing on more comprehensive approaches. My proposals, if implemented, could substantially transform the world we live in and make it leave the path of deepening crisis for a path of greater economic and political stability and cooperation. (...).Reforms will require societies to change their way of life, how they grow and how they make choices. They will involve a significant short-term pain, but, in exchange, we will attain enormous and widespread long-term gains. These reforms are always difficult to sell to the public, so they are not very attractive to politicians. But the cost of doing nothing is perhaps a worsening of the turbulence we experienced recently, because the fault lines, if not identified, only tend to deepen even more"(p. 42).

When we read these proposals, some seem superficially presented, and some side effects appear to have been neglected; and those steps that appear necessary to make are few and far between, especially those outside the scope of strictly monetary and financial matters. This is further aggravated by the fact that some have not been implemented and others were so skewed that fail to guarantee that, as originally worded, they would have been effective.

Chapter 8 is about reforming the financial sector, and considers that the main issue is to make the private sector re-evaluate risk properly, without assuming that the government will intervene. "Transparency will need to be encouraged to make people interested in monitoring the relationship between the government - or the regulator - and the financial sector. Much of what I propose falls short of the expectations of those who want drastic solutions" (p. 326).

The author then presents a list of measures that are certainly not alien to the reader and which were in general widely referenced in the media, whose implementation has been attempted or achieved. These measures are related to salaries and incentives for managers of financial firms, to the distortions in assessing risk, managing the expectations of government intervention, the end of government subsidies and privileges to financial institutions, the introduction of a type of regulatory mechanism



that is cycle-proof, comprehensive, non-discriminative, and cost-effective, and also to measures related to competition and innovation...

It is interesting that the author suggests that "one possibility is to keep the deposit guarantees for small banks which, in turn, should pay a fair insurance premium, reducing them gradually in the case of larger banks, until they are phased out" (p. 322).

The chapter titled "Improving access to opportunities in America" proposes reforms in the U.S. economy, which, as expected and given the prominence given to the respective fault lines, are related to quality improvement of human capital and strengthening the safety net both for the protection of the unemployed and for access to health care, security of pensions, labour mobility, and, marginally, to encouraging savings and fiscal policy.

In the last chapter ("The fable of the bees replayed"), the author addresses the question of current international economic relations, the role of multilateral organizations and, in particular, the positioning of China in this context, without explaining who will make a change in the *status quo* and how.

Two final considerations:

One may argue whether this crisis is more or less similar to previous ones or if it is completely different. Reading this book also helps to reflect on this. At least apparently, when one casually leafs through a book on financial history, the general features of all crises are alike. Does the germ of the crisis in the financial industry have a congenital and chronic nature?

Consider, for instance, this description referring to an event that took place in the eighteenth century: "Warsaw organized a major bills of exchange business, which was based on, and aimed to guarantee, the usury of bankers. In order to get money they could lend to the great squandering lords at an interest rate of 8% and above, they sought and found outside the country bills of credit that were not based on any trade in goods, and that the foreign drawer accepted indulgently until the remittances obtained by means of speculation failed. With the bankruptcy of Tepper and other highly reputable bankers in Warsaw, they paid dearly for this business"<sup>6</sup>.

One may equally argue whether "the financial sector actually contributes to economic growth and well-being or whether it is only a secondary element, largely irrelevant, that only makes its presence felt when it periodically implodes" (p. 282).

It would be highly desirable not to have any doubts about these two issues.

### How to cite this Critical Review

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<sup>6</sup> Büsch, J. G. (1808). *Theoretisch-praktische Darstellung der Handlung...*, 3rd ed., volume II, Hamburg: 232s pp., quoted in Marx, Karl. *The Capital*, Book 3, vol. 5, Ed. Civilização Brasileira / Centro do Livro Brasileiro.